

## MQFP® Study Guide 1.3: Active-Duty Life Insurance

### Learning Objectives:

#### 1.3 Active-Duty Life Insurance

a. Identify default SGLI enrollment and how to elect coverage, name beneficiaries, and make subsequent changes to coverage or beneficiaries.

Servicemembers Group Life Insurance (SGLI) is low cost term life insurance. The follow personnel are eligible for full SGLI coverage:

- Active duty Army, Navy, Marine Corps, Air Force, Space Force, or Coast Guard
- A commissioned member of the National Oceanic and Atmospheric Administration (NOAA) or the U.S. Public Health Service (USPHS)
- A cadet or midshipman at a US military academy
- A cadet or midshipman in an ROTC program engaged in an authorized training program
- A member of the Ready Reserve or National Guard, assigned to a unit, and scheduled to perform at least 12 periods of inactive training per year
- A volunteer in an Individual Readiness Reserve (IRR) mobilization category
- If you are in a non-pay status with the Ready Reserve or National Guard, then you are eligible only if you are scheduled for at least 12 inactive duty for training periods for the year AND you're drilling for points rather than pay.

The servicemember can elect coverage up to \$500,000 in increments of \$50,000. If the servicemember is qualified for coverage, he/ she will be automatically enrolled in the program by their service.

To reduce, turn down, or restore SGLI coverage and to update/ change beneficiaries, the servicemember must log into milConnect and then proceed to the SGLI Online Enrollment System (SOES).

#### **Exercise 1:** SGLI Enrollment

Explain the default enrollment status for Servicemembers' Group Life Insurance (SGLI) for active-duty service members.

#### **Exercise 2:** Electing Coverage

Describe the process for electing coverage for SGLI, including the available coverage amounts.

#### **Exercise 3:** Naming Beneficiaries

Discuss how service members can name beneficiaries for their SGLI policy.

#### **Exercise 4:** Making Subsequent Changes

Explain how service members can make subsequent changes to their SGLI coverage or beneficiaries.

**b. Discuss Servicemembers' Group Life Insurance Traumatic Injury Protection (TSGLI)**

Servicemembers' Group Life Insurance Traumatic Injury Protection (TSGLI) provides financial assistance after a service member sustains a severe injury while serving in the military.

To be eligible for assistance the service member must have TSGLI coverage and ALL of the following must be true:

- Have a loss that is a direct result of the traumatic injury
- The traumatic injury occurred before midnight on the day you left the military
- The servicemember suffered a loss within 2 years (730 days) of the traumatic injury
- The servicemember survived at least 7 full days from the date of the traumatic injury (168 full hours after the injury)
- The servicemember was an active duty military member, a Reservist, National Guard member, on funeral-honors duty, or on 1 day must duty.

TSGLI provides \$25,000 - \$100,000 in assistance to help with recovery.

**Exercise 5: TSGLI Coverage**

Describe the coverage provided by Servicemembers' Group Life Insurance Traumatic Injury Protection (TSGLI).

**c. Discuss Family Servicemembers' Group Life Insurance (FSGLI)**

Family Servicemembers' Group Life Insurance (FSGLI) provides group life insurance coverage for servicemembers' spouses and dependents. Family members of servicemembers who are active duty or SGLI eligible members of the Reserve or National Guard.

Spouses are covered for up to \$100,000 (cannot exceed the servicemembers SGLI benefit) and dependent children are covered for up to \$10,000.

Dependent children are covered until age 18. In certain circumstances children can remain covered after age 18 if a full time student or the child becomes permanently and totally disabled before the age of 18.

Servicemembers spouses and dependent children are automatically enrolled in FSGLI if the service member is enrolled in full time SGLI.

To make changes the servicemember must log into milConnect and then use the SGLI Online Enrollment System (SOES) to reduce, turn down, or restore FSGLI benefits.

**Exercise 6: FSGLI Coverage Options**

Explain the different coverage options available under Family Servicemembers' Group Life Insurance (FSGLI).

**d. Identify methods to calculate insurance needs and timing of purchasing civilian insurance**

There are several methods to calculate life insurance needs. The most common are:

- Needs Analysis method: based on the final expenses; debt obligations; income replacement; and additional goal expenses (ie education; etc)
- Income Replacement method: based on the income the insured would earn over their lifetime if they worked until retirement
- Human Life Value method: based on income, retirement age, expenses and inflation rate and attempts to answer the question “if you were to die, how much money would it take to replace the economic value you would have brought to the family”. The Human Life Value method is useful when the client is younger and provides an idea of the maximum amount of insurance needed. In general, this calculation is best completed with an online Human Life Value calculator ([USAA Article on Human Life Value](#)).

In general, life insurance rates are lower for a younger, healthier person. However, purchasing a whole life insurance policy means paying premiums for, likely, a longer period of time or purchasing term life insurance may mean that the policy will expire earlier than desirable. Therefore, timing the purchase of life insurance is an important consideration.

The following are some factors to consider when determining when to purchase life insurance: family situation; life events (ie birth of a child); financial obligations; long term financial goals; etc.

**Exercise 7: Calculating Insurance Needs**

Discuss the various methods to calculate the insurance needs of an active duty service member.

**Exercise 8: Timing of Purchasing Civilian Insurance**

Explain the factors that determine the appropriate timing for purchasing civilian life insurance in addition to SGLI.

**Quiz: (Multiple Choice)**

1. What is the default enrollment status for Service members' Group Life Insurance (SGLI) for active duty service members?
  - a) Automatic enrollment at the maximum coverage amount
  - b) Automatic enrollment at the minimum coverage amount
  - c) No default enrollment; service members must actively elect coverage
  - d) Enrollment depends on the service member's rank and branch

2. How can service members make subsequent changes to their SGLI coverage or beneficiaries?

- a) By submitting a request to their commanding officer
- b) By visiting the nearest military installation finance office
- c) Through the online SGLI Online Enrollment System (SOES)
- d) By mailing a letter to the Department of Veterans Affairs (VA)

3. True or False: Servicemembers' Group Life Insurance Traumatic Injury Protection (TSGLI) provides coverage for injuries sustained off-duty.

- a) True
- b) False

4. Family Servicemembers' Group Life Insurance (FSGLI) offers coverage for which of the following family members?

- a) Spouse and dependent children
- b) Parents of the service member
- c) Siblings of the service member
- d) Grandparents of the service member

**References:**

- SGLI and TSGLI Overview, U.S. Department of Veterans Affairs (VA):  
<https://www.benefits.va.gov/insurance/sgli.asp>

- Family Servicemembers' Group Life Insurance (FSGLI), U.S. Department of Veterans Affairs (VA):  
<https://www.benefits.va.gov/insurance/fsgli.asp>

- SGLI Online Enrollment System (SOES), U.S. Department of Veterans Affairs (VA):  
<https://www.benefits.va.gov/insurance/SOES.asp>

\*Answer Key can be found at: <https://mqfp.org/study-guides/8> \*