

# SGLI STOPS 120 Days After You Separate. What Next?... VGLI?

By Bill Cutler, C-View Corporation

Servicemembers' Group Life Insurance (SGLI) is the life insurance most military members have while on active duty. It's a great value and available to all at the same price for as long as they are on active duty. However, SGLI stops 120 days after a service member separates or retires. Those separating or retiring can elect Veterans' Group Life Insurance (VGLI) within a year and 120 days. There is no medical underwriting requirement if done within 120 days of separation. If done after 120 days, but within 1 year and 120 days, proof of good health is required (and you could be disapproved if you are not in good health). You can covert, however, as much SGLI coverage you had to VGLI coverage. Neither SGLI nor VGLI coverage amounts can exceed \$400,000.

VGLI is great if you are not in good health and are unable to meet the underwriting requirements from commercial insurance companies. In addition, VGLI is a renewable term plan that will last for life, although at significantly high premiums that increase every five years. Here's the important thing to remember: If you are in good health, you should shop around and compare VGLI prices to other companies.

It's also wise to seek the advice of a professional financial or insurance advisor. They can help you work through a needs analysis to assess the amount of insurance that's right for you. For example, if your children are all grown, educated and on their own, you probably don't need the same amount of coverage compared to when your children were younger. Perhaps you have less debt and financial exposure now compared to when you were first married with young children.

Lisa Milman, Vice President for Marketing and Sales for the Army and Air Force Mutual Aid Association (AAFMAA), a non-profit life insurance association located at Fort Myer, Va., said, "I am amazed at the number of people who are putting their families at financial risk by not adequately addressing their insurance needs. We're trying to make it as simple and straightforward as possible for military members to understand their insurance options. When it gets confusing and complicated, they tend to procrastinate and not take action."

So if you currently have VGLI, and are in good health, shop around.

## Let's Make It Simple

First we should explain something about insurance that causes a great deal of confusion.

Accident insurance is not the same as Life Insurance. Accident insurance does not pay anything if you die from bad health. In other words, you must die in an accident. Recently, I received a notice from my home mortgage company offering accidental death insurance that will pay off my mortgage. It was much more expensive than my life insurance policy, all things being equal...coverage amount and period of coverage. Many of us could easily mistaken this as life insurance.

Likewise, health insurance does not cover death costs. This type of insurance only covers your health care costs.

There are two basic kinds of life insurance:

- 1) Term Insurance: Coverage for a limited period of time.
- 2) Permanent or Whole Life Insurance: It does not stop. You keep it until you die.

Term is like renting — you have a specific amount for a specific period of time. Permanent is like buying. You own it.

Term costs less. Permanent costs more.

Insurance, whether term or permanent, generally costs more the older you are when you purchase it. Insurance, whether term or permanent, generally costs less the younger you are when you purchase it.

Make sure you understand the limitations of the coverage when you buy insurance. When comparing insurance make sure they are the same types, amounts, terms and have the same limitations. Some life insurance costs more if you are in the military or fly an airplane. Some life insurance will not cover you if you deploy overseas. ●

This article was written and submitted by Bill Cutler, Vice President, C-View Corporation, an independent marketing and consulting company, engaged in working with AAFMAA, a non-profit association. Contact: [wrcutler@gmail.com](mailto:wrcutler@gmail.com), or call 703-526-1669.