Stars and Stripes®

2008 INSURANCE GUIDE

August 9, 2008

Making a safe transition to civilian life

Bank crisis: Is your cash insured?

Everything you need to be covered

SGLI: Do you know the facts

An Advertising Supplement to Stars and Stripes

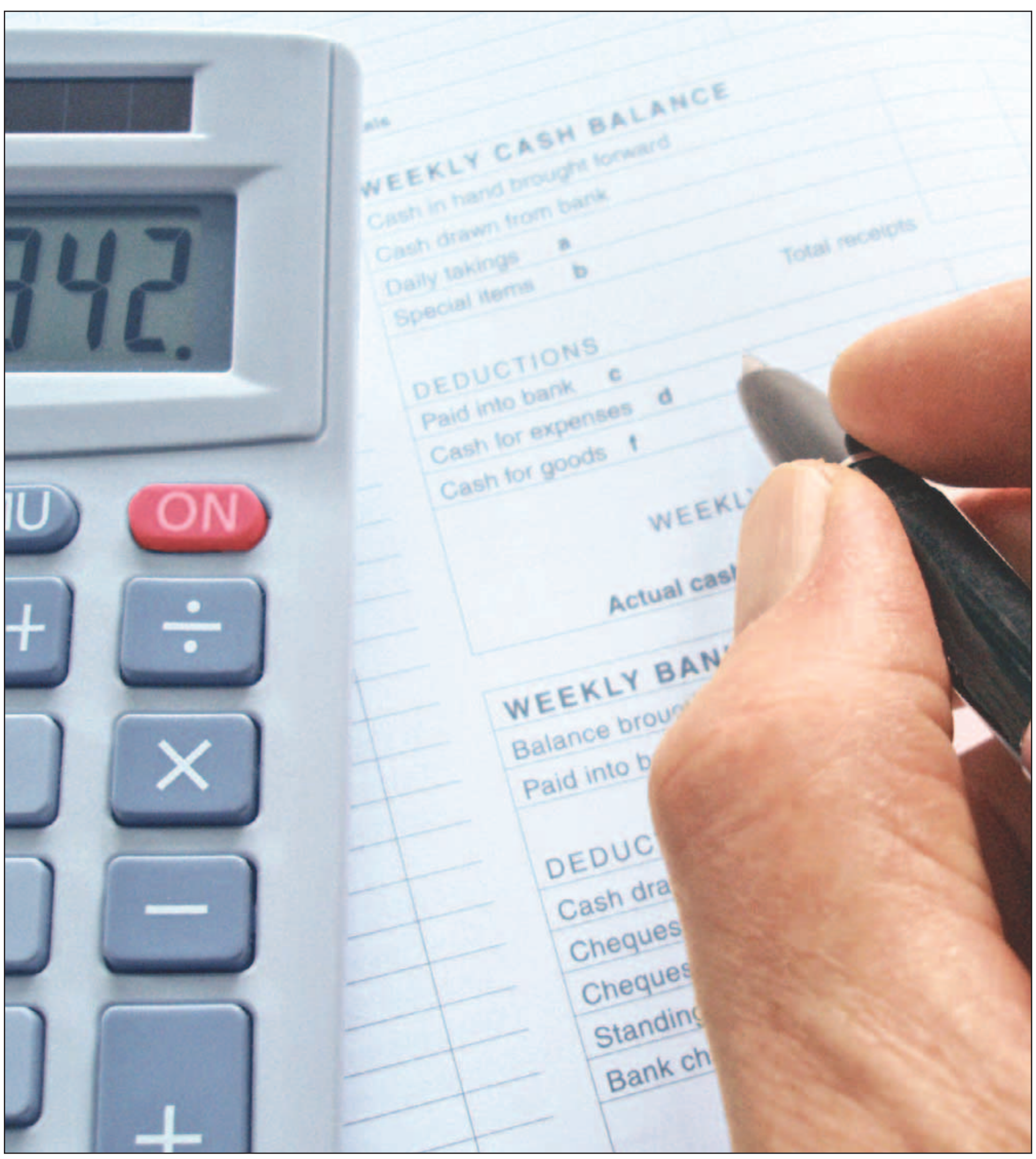
2008 Insurance Planning Guide

STARS AND STRIPES

2007 Insurance Planning Guide

Dan Krause,
Advertising Director
202-761-0910
kraused@stripes.osd.mil
Doug Dougherty,
Advertising Manager
202-761-0776
doughertyd@stripes.osd.mil
Mike Henry,
Account Executive
202-761-0928
henrym@stripes.osd.mil
Eric Brandner,
Section Editor
202-761-0760
brandnere@stripes.osd.mil

. . .



Always be ready

A quick guide to insurance basics

Any time you deal with finances, you need to have a solid game plan. The same is true with insurance. Here's a basic rundown of three types of insurance, what they cover, and what you should look for when purchasing them

Life insurance

Many financial experts consider life insurance to be the cornerstone of sound financial planning. It can be an important tool in the following situations:

1. Replacing income for dependents

If people depend on an individual's income, life insurance can replace that income if the person dies. The most common example of this is parents with young children. Insurance to replace income can be especially useful if government- or employer-sponsored benefits of the surviving spouse or domestic partner will be reduced after their companion dies.

2. Pay final expenses

Life insurance can pay funeral and burial costs, probate and other estate administration costs, debts and medical expenses not covered by health insurance.

3. Create an inheritance for heirs

Even those with no other assets to pass on, can create an inheritance by buying a life insurance policy and naming their heirs as beneficiaries.

4. Pay federal and state "death" taxes

Life insurance benefits can pay for estate taxes so that heirs will not have to liquidate other assets or take a smaller inheritance. Changes in the federal death tax rules between now and January 1, 2011 will likely lessen the impact of this tax on some people, but some states are offsetting those federal decreases with state-level increases.

5. Make significant charitable contributions

By making a charity the beneficiary of their life insurance policies, individuals can make a much larger contribution than if they donated the cash equivalent of the policy's premiums.

SEE BASICS ON PAGE 4

Basics: Life, long-term and disability

BASICS, FROM PAGE 3

6. Create a source of savings

Some types of life insurance create a cash value that, if not paid out as a death benefit, can be borrowed or withdrawn on the owner's request. Since most people make paying their life insurance policy premiums a high priority, buying a cash-value type policy can create a kind of "forced" savings plan. Furthermore, the interest credited is tax deferred (and tax exempt if the money is paid as a death claim).

Types of life insurance

There are two major types of life insurance: term and whole life.

1. Term life

Term insurance is the simplest form of life insurance. It pays only if death occurs during the term of the policy, which is usually from one to 30 years. Most term policies have no other benefit provisions.

There are two basic types of term life insurance policies: level term and decreasing term. Level term means that the death benefit stays the same throughout the duration of the policy. Decreasing term means that the death benefit drops, usually in one-year increments, over the course of the policy's term.

2. Whole life/permanent life

Whole life or permanent insurance pays a death benefit whenever the policyholder dies. There are three major types of whole life or permanent life insurance: traditional whole life, universal life, and variable universal life, and there are variations within each type.

In the case of traditional whole life, both the death benefit and the premium are designed to stay the same (level) throughout the life of the policy. The cost per $1,000 of benefit increases as the insured person ages, and it obviously gets very high when the insured lives to be 80 years old or beyond.

The insurance company keeps the premium level by charging a premium that, in the early years, is higher than what is needed to pay claims, investing that money, and then using it to supplement the level premium to help pay the cost of life insurance for older people.

By law, when these "overpayments" reach a certain amount, they must be available to the policyholder as a cash value if he or she decides not to continue with the original plan. The cash value is an alternative, not an additional, benefit under the policy.

3. Universal life

Universal life, also known as adjustable life, allows more flexibility than traditional whole life policies. The savings vehicle (called a cash value account) generally earns a money market rate of interest. After money has accumulated in the account, the policyholder will also have the option of altering premium payments — providing there is enough money in the account to cover the costs.

4. Variable life

Variable life policies combine death protection with a savings account that can be invested in stocks, bonds and money market mutual funds. The value of the policy may grow more quickly, but involves more risk. If investments do not perform well, the cash value and death benefit may decrease.

Some policies, however, guarantee that the death benefit will not fall below a minimum level.

Another variant — universal variable life — combines the features of variable and universal life policies. It has the investment risks and rewards characteristic of variable life insurance, coupled with the ability to adjust premiums and death benefits that is characteristic of universal life insurance.

Disability insurance

Forty-three percent of people who are 40 or older will have a long-term disability (lasting 90 days or more) by age 65. Disability income insurance, which complements health insurance, can replace lost income if a worker becomes disabled and unable to work as a result of an accident or illness. There are three basic ways to replace income:

1. Employer-paid disability insurance

This is required in most states. Most employers provide some short-term sick leave. Many larger employers provide long-term disability coverage as well, typically with benefits of up to 60 percent of salary lasting for a period of up to five years until the age of 65, and in some cases extended for life.

2. Social Security disability benefits

This is paid to workers whose disability is expected to last at least 12 months and is so severe that no gainful employment can be performed.

3. Individual disability income insurance policies

Other limited replacement income is available for workers under some circumstances from workers compensation (if the injury or illness is job-related), auto insurance (if disability results from an auto accident) and the Department of Veterans Affairs.

Workers who buy a private disability income policy can expect to replace from 50 percent to 70 percent of income. Disability benefits paid out on individual disability policies are not taxed; benefits from employer-paid policies are subject to income tax.

There are two types of disability policies: short-term disability (STD) and long-term disability (LTD). Short-term policies have a waiting period up to 14 days with a maximum benefit period of no longer than two years. Long-term policies have a waiting period of several weeks to several months with a maximum benefit period ranging from a few years to the rest of the policyholder's life.

Disability policies have two different protection features. Non-cancelable means the policy cannot be canceled by the insurance company, except for nonpayment of premiums.

This gives the policyholder the right to renew the policy every year without an increase in the premium or a reduction in benefits.

Guaranteed renewable policies give the policyholder the right to renew the policy with the same benefits and not have the policy canceled by the company. However, the insurer has the right to increase premiums as long as it does so for all other policyholders in the same rating class.

There are several options that can be added to a traditional disability policy.

1. Additional purchase options

The insurance company gives the policyholder the right to buy additional insurance at a later time.

2. Coordination of benefits

The amount of benefits policyholders receive from insurers depends on other benefits they receive because of the disability. The policy specifies a target amount the policyholder will receive from all the policies combined and will make up the difference not paid by other policies.

3. Cost of living adjustment (COLA)

The COLA increases disability benefits over time based on the increased cost of living measured by the Consumer Price Index. Policyholders will pay a higher premium if they select the COLA.

4. Residual or partial disability rider

This provision allows workers to return to work part-time, collecting part of their salaries and receiving a partial disability payment if they are still partially disabled.

5. Return of premium

This provision requires the insurance company to refund part of the premium if no claims are made for a specific period of time declared in the policy.

6. Waiver of premium provision

This clause means that the policyholder does not have to pay premiums on the policy after he or she is disabled for 90 days.

Long-term care

Long-term care insurance pays for services to help individuals who are unable to perform certain activities of daily living without assistance, or require supervision due to a cognitive impairment such as Alzheimer's disease.

The best policies pay for care in a nursing home, assisted living facility, or at home. Benefits are typically expressed in daily amounts, with a lifetime maximum. Some policies pay half as much per day for at-home care as for nursing home care. Others pay the same amount, or have a "pool of benefits" that can be used as needed.

Each policy should state the various conditions that must be met. They can include:

1. The inability to perform two or three specific "activities of daily living" without help

These include bathing, dressing, eating, using the toilet and "transferring" or being able to move from place to place or between a bed and a chair.

2. Cognitive impairment

Most policies cover stroke and Alzheimer's and Parkinson's disease, but other forms of mental incapacity may be excluded.

3. Medical necessity

The recognition or certification by a doctor that long-term care is necessary.

Most policies have a "waiting period" or "elimination" period. This is a period that begins when an individual first needs long-term care and lasts as long as the policy provides. During the waiting period, the policy will not pay benefits.

The policy pays only for expenses that occur after the waiting period is over, if the policyholder continues to need care. In general, the longer the waiting period, the lower the premium for the long-term care policy.

Benefit periods for long term care may range from two years to lifetime. Premiums can be kept down by electing coverage for three to four years — longer than the average nursing home stay — instead of lifetime.

Most long-term care policies pay on a reimbursement (or expense-incurred) basis, up to the policy limits. In other words, if the policy has a $150 per day benefit, but the policyholder spends only $130 per day for a home long-term care provider, the policy will pay only $130. The "extra" $20 each day will, in some policies, go into a "pool" of unused funds that can be used to extend the length of time for which the policy will pay benefits.

Other policies pay on an indemnity basis. Using the same example as above, an indemnity policy would pay $150 per day as long as the insured needs and receives long-term care services, regardless of the actual outlay.

—Insurance Information Institute

Identity theft: Are you getting the protection you need?

A recent Federal Trade Commission (FTC) study found that 8.3 million Americans were the victims of identity theft in 2005, and the number is rising. In at least half of the incidents, thieves obtained goods or services worth $500 or less; however in 10 percent of cases, thieves got at least $6,000 worth of goods or services.

Fifty-six percent of all victims were unable to provide any information on how their personal information was stolen. Identity thieves use personal information to impersonate a victim, stealing from bank accounts, establishing phony insurance policies, opening unauthorized credit cards or obtaining unauthorized bank loans.

Use of stolen credit card and debit card numbers is among the most common forms of identity theft, but some schemes use electronic means, including online scams like "phishing," in which thieves use e-mail inquiries purporting to be from financial or other online organizations, to obtain sensitive account information. Others might use more old-fashioned methods, such as "dumpster diving"—rooting around in people's garbage to collect financial information.

The advent of new, "no-swipe" credit cards that transmit account and user information through radio frequency identification may make it possible, in some cases, for identity thieves to use a simple electronic device to capture the information.

Victims of identity theft are often left unable to use existing credit or obtain a new loan, harassed by debt collectors, are subjects of criminal investigations or civil suits and in some instances arrested.

Identity theft may be covered by insurance. Identity theft protection and resolution service is included in some companies' homeowner and auto policies at no additional cost. The service provides the consumer with a fraud specialist to assist and guide them through the process of restoring and protecting their identity

Some companies include identity theft coverage as part of their homeowners insurance policy; selling it as either a standalone policy or as an endorsement to a homeowners or renters insurance policy. This coverage provides the customer reimbursement for the expenses associated with the identity and credit restoration process including phone bills, lost wages, notary and certified mailing costs, and sometimes attorney fees (with the prior consent of the insurer).

Tips for Avoiding Identity Theft

1. Keep the amount of personal information in your purse or wallet to the bare minimum. Avoid carrying additional credit cards, your social security card or passport unless absolutely necessary.

2. Guard your credit card when making purchases. Shield your hand when using ATM machines or making long distance phone calls with phone cards. Don't fall prey to "shoulder surfers" who may be nearby.

3. Always take credit card or ATM receipts. Don't throw them into public trash containers, leave them on the counter or put them in your shopping bag where they can easily fall out or get stolen.

Proceed with caution when shopping online. Make sure that you are buying from a reputable retailer with a secure network.

4. Monitor your accounts. Don't rely on your credit card company or bank to alert you of suspicious activity.

Carefully monitor your bank and credit card statements to make sure all transactions are accurate. If you suspect a problem, contact your credit card company or bank immediately.

—Insurance Information Institute

Deposit insurance: Is your bank safe?

When IndyMac Bank FSB, of Pasadena, Calif., failed, streams of depositors gathered in lines outside. It looked like a scene from the Great Depression. If your bank fails, will your money be protected?

Q: Is my money safe?

A: Your money is safe if your bank is federally insured and the amount you have on deposit falls within federal insurance limits.

Q: How do I know if my bank is federally insured?

A: Call the Federal Deposit Insurance Corporation (FDIC) toll-free at 877-275-3342 or use its Web site, www.fdic.gov.

The FDIC is an independent agency of the U.S. government. It protects depositors against the loss of their insured deposits if an FDIC-insured bank fails. The FDIC is backed by the full faith and credit of the U.S. government.

Q: What's the limit?

A: The insurance limit is generally $100,000. So if you have no more than $100,000 on deposit at a single bank, your money is fully insured — even if your bank fails, said Mark Higgins, dean of the University of Rhode Island's College of Business Administration.

Q: What if I have more than $100,000 on deposit at a single bank?

A: Your money may still be fully insured. That's because federal deposit insurance really applies per depositor, per ownership category, per bank.

Each category is separately insured for up to $100,000, said FDIC spokeswoman LaJuan Williams-Dickerson. So if your money is spread across several ownership categories, all at the same bank, all of it may be fully insured — even though the combined total exceeds the standard limit of $100,000 mentioned above.

Q: What about my retirement money?

A: There's a separate ownership category for retirement savings accounts. And because of legislation approved by Congress and signed into law by President Bush in 2006, the insurance limit for that category is $250,000.

Q: What if some of my money at a bank doesn't fall within federal deposit insurance limits and the bank fails?

A: The uninsured balance isn't covered.

For example, suppose you have $120,000 at a single bank and the bank fails.

The FDIC is obligated to cover only the first $100,000; the remaining $20,000 is uninsured.

The FDIC might pay you a portion of that $20,000 up front, and a little bit more later on, but you can't count on getting the entire $20,000.

At IndyMac, about $18 billion in insured deposits, held by more than 200,000 customers, is fully protected, the FDIC has said.

But about 10,000 depositors have about $1 billion in uninsured deposits. The FDIC will pay the uninsured depositors, in advance, 50 cents for each dollar of their uninsured deposits, said FDIC chief Sheila C. Bair. "As assets of IndyMac are sold, they may receive even more," Bair said in a statement.

Q: Should I be worried about my bank?

A: There are nearly 8,500 federally insured banks nationwide. IndyMac Bank is only the fifth FDIC-insured bank to fail this year.

"The overwhelming majority of banks in this country are safe and sound," Bair said. "The chance that your own bank will be taken over by the FDIC is extremely remote. And if that does happen, you will continue to have virtually uninterrupted access to your insured deposits," she said.

Q: What about my credit union?

A: The National Credit Union Administration (NCUA) generally insures credit unions. The NCUA's deposit insurance rules are essentially the same as the FDIC's.

—SHNS

AAFMAA: Ways to supplement your SGLI

Servicemembers' Group Life Insurance (SGLI) is a program of group life insurance for servicemembers on active duty, ready reservists, members of the National Guard, members of the Commissioned Corps of NOAA and the Public Health Service, cadets and midshipmen of the four service academies, and members of the Reserve Officer Training Corps.

Coverage is available in $10,000 increments from $50,000 to $400,000. Premiums, effective July 1, are 6.5 cents per $1,000 of insurance coverage.

In addition to this coverage, active duty servicemembers have a $100,000 death gratuity, making the maximum coverage available $500,000. While this may sound like a lot of money, it may not be enough if you have a spouse and children.

It is important to evaluate your life insurance needs and determine if you have adequate coverage for your family. The rising costs of housing, fuel and college expenses are all things that need to be considered and protected for your family.

While the $500,000 coverage applies to the servicemember, what covers the spouse? SGLI offers spousal insurance up to $100,000 of coverage. That small amount is often inadequate to cover the expenses that would be incurred from the loss of a spouse, either one who stays at home with children, or who brings an income into the household. The sudden financial burden of childcare expenses or the loss of a spouse's income can be devastating to the family's lifestyle.

SGLI is also only in effect while on active duty, or within 120 days after separation. It does have a guaranteed conversion option to Veterans' Group Life Insurance (VGLI). That is an important — though costly — feature for those who cannot medically qualify for a new life insurance policy somewhere else. VGLI premiums increase every five years and become very costly the older you get. If you can medically qualify for another policy, you owe it to yourself to check out the alternatives. New employers will generally not be able to offer you a benefit anywhere near the $500,000 you are losing when you leave the service.

For Army and Air Force servicemembers, you can look into the Army and Air Force Mutual Aid Association (AAFMAA) at www.aafmaa.com. This is a non-profit association dedicated to providing low-cost life insurance and Survivor Assistance Services to the Army and Air Force communities. For those in the Marine Corps or Sea Services, Navy Mutual Aid Association is available. Both companies offer individual policies for servicemembers (while on active duty or at separation or retirement), spouses and children.

You would be wise to look into supplementing your SGLI life insurance when you are young and healthy. Generally, the younger and healthier you are, the lower your premiums.

Also, you should be able to find a policy that will not end when your service does. You will be able to keep that policy after separating or retiring. And, while on active duty, be sure to look for companies like AAFMAA and Navy Mutual who offer policies which do not have any war, aviation or terrorist clauses. You owe it to your family.

—Lisa G. Milman, AAFMAA
Special to Stars and Stripes

Photo Courtesy of Ryan Reese

YOUR SERVICE MAY END. YOUR COVERAGE WON'T.

AAFMAA –Better Coverage- Lower Cost- Continues With You

$400,000 Coverage	
AAFMAA	SGLI
$19.00*	$26.00**
Continues to age 50	Stops 120 days

*Monthly premiums shown. Subject to terms and conditions of the policy. Coverage ends at age 50 or 60 based on nicotine use. ** Does not include $1 charge for TSGLI.

$400,000 Follow-On Coverage; 10 years, Age 50		
AAFMAA	VGLI	
$29*	$144**	$268**
No Increases	Age 50-54	Age 55-59

*Level Term II monthly premium. This is best non-nicotine rate class. Rates may be higher depending on individual health and lifestyle. **Monthly premiums shown

Compare AAFMAA's Level Term I low-cost alternative to SGLI. A great way to supplement your coverage. Unlike SGLI, which stops 120 days after separation or retirement, Level Term I can continue to age 50. AAFMAA's Level Term II is a great follow on with even greater savings. You pick the amount and the term (5 to 30 years) and your rates never change. VGLI increases every 5 years. For over 129 years, military families have trusted AAFMAA.

No war, No aviation, and No terrorist clauses.

For complete details call AAFMAA toll free: 1-877-398-2263

www.aafmaa.com

Insurance from a name you can trust®...AAFMAA

STABILITY • REPUTATION • LOW COST • SINCE 1879

Army and Air Force Mutual Aid Association,102 Sheridan Avenue, Fort Myer, VA 22211-1110

The U.S. Government does not sanction, recommend or encourage the sale of this product. Subsidized life insurance may be available from the Federal Government.

STARS AND STRIPES

News & Information—and a Whole Lot More!

Games & Giveaways

Nothing covers gaming in the military the way **Stripes *GAMER*** does. Six times a year, we deliver the scoop on new releases and console developments– and what gamers in the military think.

No other publication brings you reviews and views of your fellow players.

Visit GAMER online at http://games.stripes.osd.mil/

Photo Share Site

Stripes SPOTTED is the photo share site for the military community wordwide. And it's completely **FREE!**

Stripes SPOTTED is the perfect place to post those pictures of last night's game–or Welcome Home ceremony. It allows visitors to upload pix of their kids, pets, friends, family or unit.

Stars and Stripes provides all the online tools. The images to share and galleries to visit are set up right away.

Stripes SPOTTED is **YOUR** community and **YOUR** photos.

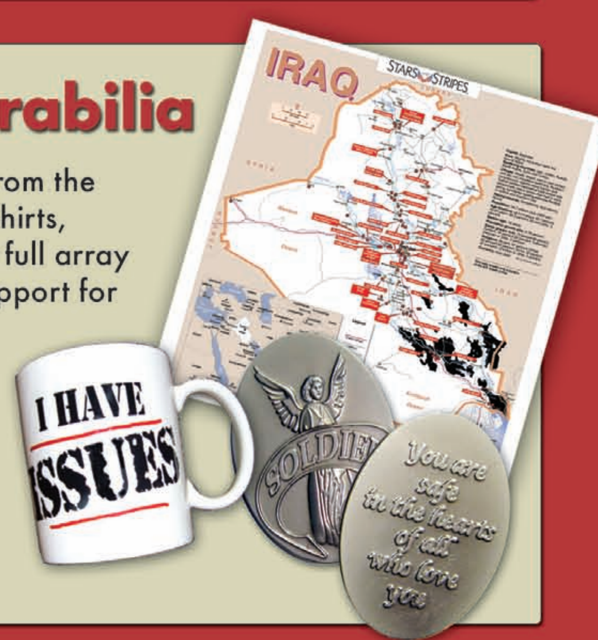
Go to http://spotted.stripes.com and get **SPOTTED** today!

Gifts & Memorabilia

Calendars featuring images from the front taken by our readers, t-shirts, DVDs, keepsake coins, plus a full array of merchandise that shows support for our troops....

It's all available online at our Stars and Stripes store.

Shop online at www.stripesstore.com



Stars and Stripes delivers independent news and information daily to the U.S. military community worldwide.

Transitioning to civilian health care

Before you leave active duty, you need to arrange for health insurance to protect yourself and your family. Most people leaving government service obtain civilian jobs that provide health insurance. Sometimes, however, there is a gap between when your military coverage ends and your new employer's coverage begins.

Get check-ups before you leave

Separation physical: There is no longer a requirement for military personnel to undergo medical exams or sign waivers in conjunction with transition, except for retirees and certain discharges. The Department of Veterans Affairs strongly suggests you request and receive a separation physical with medical documentation. Physicals should be arranged in the four-month window before separation since this will establish a basis for any future disability claims.

Dental examination: Within 90 days of discharge or separation from the service, the VA provides one-time dental care for veterans who were not provided a dental examination or treatment. The time limit does not apply to veterans with dental disabilities resulting from combat wounds or service injuries. If you are unable to obtain a dental examination prior to separation, ask the dental clinic staff to annotate your dental records. Your servicing transition center will then annotate your DD Form 214, and the VA will provide one-time dental care, if you apply within 90 days after your separation date.

Medical/dental records: Your records and those of your family members belong to the U.S. Government. Before you leave your installation, visit the patient assistance or patient advocate office at the hospital or clinic and ask for your medical and dental records so that you can make copies.

It is recommended that you make two personal sets of all medical and dental records for yourself and your family members.

These records will provide useful background information to the health care professionals who will assist you in your upcoming civilian life.

Transitional health care

Your eligibility to continue to receive government-sponsored health care is determined by the nature of your separation.

Voluntary separation: If you separate voluntarily, you and your family are not eligible to use military treatment facilities or the TRICARE health care plan. However, you may purchase extended transitional health care insurance, for up to 18 months of coverage, through the Continued Health Care Benefit Program (CHCBP). You have 60 days after separation to enroll in CHCBP. Your coverage will start the day after your separation.

Eligible Involuntary Separation: You and your family are authorized to use military treatment facilities for a period of 60 days (if you served fewer than six years) or 120 days (if you served six years or more).

During this period of transitional health care, you will have the same priority as family members of active duty personnel.

After this 60-to-120-day period, you and your family are no longer eligible to use military treatment facilities or the TRICARE health care plan. However, you may purchase extended transitional health care insurance, through the Continued Health Care Benefit Program (CHCBP), for up to 18 months of coverage. You have 60 days after your initial transitional health care ends to purchase CHCBP.

Continued Health Care Benefit Program (CHCBP): Under the CHCBP program, separating military personnel may purchase temporary, TRICARE-like transitional medical coverage for three months at a time, for up to 18 months total. The CHCBP program covers pre-existing conditions.

The Department of Defense uses a civilian third-party administrator to provide information, marketing and administrative support. You have 60 days after your initial transitional health care ends to purchase CHCBP. To request an application, obtain premium rates and get more information, visit the CHCPB Web site at http://www.tricare.osd.mil/chcbp/.

—Army Career and Alumni Program

SGLI: What it means to you

SGLI is a program of low cost group life insurance for servicemembers on active duty, ready reservists, members of the National Guard, members of the Commissioned Corps of the National Oceanic and Atmospheric Administration and the Public Health Service, cadets and midshipmen of the four service academies, and members of the Reserve Officer Training Corps.

How much coverage is available?

SGLI coverage is available in $50,000 increments up to the maximum of $400,000.

How much does SGLI cost?

SGLI premiums are currently 7 cents per $1,000 of insurance, regardless of the member's age.

How coverage do I really need?

The Department of Veterans Affairs can help your figure out how much insurance you need. To assess your life insurance needs, follow this link to our Insurance Needs Calculator: http://www.insurance.va.gov/sgliSite/ calcuator/LifeIns101.htm.

What happens after I separate?

Servicemembers with SGLI coverage have two options: They can convert their full-time SGLI coverage to term insurance under the Veterans' Group Life Insurance program, or convert to a permanent plan of insurance with one of the participating commercial insurance companies.

What is the SGLI Disability Extension?

The SGLI Disability Extension allows servicemembers who are totally disabled at time of discharge to retain the Servicemembers' Group Life Insurance (SGLI) coverage they had in service at no cost for up to two years.

Of note:

Servicemembers should contact their personnel office for changes to Basic SGLI or Family SGLI coverage.

Servicemembers should contact their flight, payroll and/or finance office for SGLI and Family SGLI premium payment information along with SGLI and Family SGLI premium refunds.

Servicemembers and their beneficiaries should call, e-mail or write the Office of Servicemembers' Group Life Insurance (OSGLI) for pending SGLI or Family SGLI claims.

—U.S. Department of Veterans Affairs

Insurance facts every defense civilian needs to know

What happens to my life insurance if I am sent to a combat zone in a support capacity?

Being sen t to a combat zone does not cancel FEGLI coverage. Civilian employees who are sent to a war zone or combat zone in a support capacity keep their FEGLI coverage, including accidental death & dismemberment (AD&D) coverage. Being sent to a combat zone does not affect the amount of your FEGLI coverage.

If a federal employee working in a war zone is killed, "regular" death benefits are payable to the employee's beneficiaries. Accidental death benefits are also payable under Basic insurance (and Option A, if the employee had that coverage) unless the employee was in actual combat (or unless nuclear weapons were being used) at the time of the injury that caused the employee's death. The Office of Federal Employees' Group Life Insurance (OFEGLI) decides whether to pay accidental death benefits only after thoroughly studying the facts and documentation surrounding an employee's death. The determination is made on a case by case basis. While the U.S. Office of Personnel Management cannot say that in 100 percent of civilian deaths AD&D benefits will be payable, it can say that it is highly unlikely for a civilian to be in actual combat.

Accidental death benefits are in addition to regular death benefits. Even if accidental death benefits are not payable, regular death benefits are payable.

What happens to my life insurance if I am called-up to active duty?

If you are put in a non-pay status while on military duty, you can keep your Federal Employees' Group Life Insurance (FEGLI) coverage for up to 12 months.

This coverage is free. Being called-up to active duty does not affect the amount of your FEGLI coverage. At the end of 12 months in non-pay status, the coverage terminates.

Employees get a free 31-day extension of coverage and have the right to convert to a non-group policy.

Being called up to active duty status or being sent to a combat zone does not cancel FEGLI coverage. Nor does it automatically make an employee ineligible for accidental death and dismemberment coverage.

All FEGLI coverage remains in effect for the period of time described above. If a federal employee with FEGLI is called up to active military duty and is killed, "regular" death benefits are payable to the employee's beneficiaries. Accidental death benefits are also payable under basic insurance (and Option A, if the employee had that coverage) unless the employee was in actual combat (or unless nuclear weapons were being used) at the time of the injury that caused the employee's death.

What happens to my life insurance if I leave my federal government job to go into the military?

If you separate from service to enter the military, you are considered to be in a non-pay status for FEGLI purposes. As long as you have re-employment rights under USERRA, you can keep your FEGLI coverage for up to 12 months, or until 90 days after your military service ends, whichever date comes first. This coverage is free. At the end of 12 months (or 90 days after the military service ends), the coverage terminates. You also get the 31-day extension of coverage and the right to convert.

If a FEGLI enrollee is in a war zone and is killed, "regular" death benefits are payable to the employee's beneficiaries. Accidental death benefits are also payable under basic insurance, unless the employee was in actual combat (or unless nuclear weapons were being used) at the time of the injury that caused the employee's death. The Office of Federal Employees' Group Life Insurance (OFEGLI) decides whether to pay accidental death benefits only after thoroughly studying the facts and documentation surrounding an employee's death. The determination is made on a case by case basis.

At the end of 12 months, or 90 days after your military service ends, whichever date comes first your former agency must complete an Agency Certification of Insurance Status (SF 2821) and a Notice of Conversion Privilege (SF 2819). If a claim needs to be filed while you are still covered under FEGLI, you or your survivors should contact your former employing agency.

—U.S. Office of Personnel Management

VGLI: Protection after your service

VGLI is a program of post-separation insurance which allows servicemembers to convert their SGLI coverage to renewable term insurance. Members with full-time SGLI coverage are eligible for VGLI upon release from service.

How much coverage is available?

VGLI coverage is issued in multiples of $10,000 up to a maximum of $400,000. However, a servicemember's VGLI coverage amount cannot exceed the amount of SGLI they had in force at the time of separation from service.

How to I convert my SGLI to VGLI?

An eligible member must submit an SGLV 8714, Application for Veterans' Group Life Insurance to the Office of Servicemembers' Group Life Insurance with the required premium within one year and 120 days from discharge. Servicemembers who submit their application within 120 days of discharge do not need to submit evidence of good health. Servicemembers who apply after the 120-day period must submit evidence of good health.

—U.S. Department of Veterans Affairs

Benefits of association group term insurance

Term life insurance is designed to provide affordable low cost financial protection for the family for a specific period of time, in the event that the breadwinner dies prematurely. It is a good choice for younger families who have long term financial obligations but have limited assets.

Association group term insurance is term coverage that was developed for a specific group of people, such as members of the military and federal civilian communities. Founded in 1956, MBA is one of the nation's largest non-profit associations offering insurance plans and other valuable membership benefits to military service members and federal civilian employees.

Military service members join MBA for its excellent insurance plans, separate spousal coverage up to $250,000, child coverage options and for the financial and lifestyle benefits MBA membership offers. Military retirees, honorably discharged veterans, federal civilian employees and their spouses are also eligible to join.

MBA-sponsored group term insurance is a better alternative to the government SGLI plan, because when you leave the service, you do not have to convert to the more expensive VGLI plan. The life insurance, underwritten by Government Personnel Mutual Life Insurance Company, allows members to retain and adjust their coverage when they retire or leave government service.

In addition to attractive life insurance options, MBA offers a selection of valuable benefits to promote the economic interests and improve the quality of life of for our members and their families:

MBA Scholarship Program awards five $2,000 scholarships annually to dependent children of members

MBA's Goldshield Benefits program offers discounted travel, medical, legal, and telecounseling services

USBank VISA credit card with no annual fee

Hertz Corporation offers discounts on car rentals

VALoans.com provides expert assistance in obtaining VA home financing and other military benefits.

MBA stands by its commitment to provide members with reliable life coverage. Since March 2003, MBA has paid over $23 million to the families of members who died in military hostilities in Iraq and Afghanistan. While saddened by the loss of life, we are grateful to have provided family financial security as our fallen members intended.If you would like more information about MBA, please visit www.militarybenefit.org or call 1-800-336-0100.

—MBA
Special to Stars and Stripes

Choose a financial planner wisely

Whether you are buying a house, planning for college or laying the groundwork for retirement, the choice of a financial planner can be the first step on the road to achieving your financial goals, according to the Insurance Information Institute (I.I.I.).

However, the process of selecting the right advisor can be confusing.

"Choose carefully. Your goal is to find a financial professional you can trust, who understands your goals and tolerance for risk, who has the right areas of expertise for your situation and who will create a plan tailor-made for you," said Jeanne Salvatore, senior vice president and consumer spokesperson for the I.I.I.

To make the selection process easier, the I.I.I. offers these tips for choosing a financial planner.

1. Find a planner you can trust. One of the best ways to get started is word of mouth.

Ask for referrals from people you trust: friends, family members, your insurance agent, or your accountant. Get at least three names and schedule appointments for a consultation with each. Check that the first consultation is free of charge.

1. Ask about credentials and qualifications. The term "financial planner" is used by many financial professionals. It is important to look at education and professional designations to find a person who is truly qualified for the job. Designations include: Certified Financial Planner (CFP), Personal Financial Specialist (CPA-PFS), and Chartered Financial Consultant (ChFC).

Each of these has received extensive training and has passed rigorous tests to earn their designation and they are all accredited by a recognized program.

Depending on your needs, look for a planner with experience in topics such as insurance, annuities, tax planning, investments, retirement and estate planning. Whoever you chose, check his or her credentials.

2. Ask about experience. Find out how long the planner has been in practice and choose one who is seasoned, and experienced in counseling individuals on their financial needs. Remember, you are looking for someone who will be with you for the long haul.

3. Ask about compensation. An advisor usually gets paid in one, or a combination, of the following ways: an hourly fee, usually $100 to $300 per hour; a fee based on the percentage of assets managed on your behalf, typically 1 to 1.5 percent; a commission derived from the investment products sold to you; or a flat fee for all services provided.

After the initial consultation, the financial planner should be able to provide you with an estimate of possible costs based on the work to be performed.

Proceed with caution if you feel there is a possibility that the advisor might be paid more for suggesting a course of action that is not as suited for you — for example if the planner gets a commission for selling certain mutual funds and suggests only those funds.

4. Find a planner who listens to you and "speaks your language." Communication style is important, especially when dealing with complex financial information. An advisor should welcome your questions and take the time to answer in ways you understand. Whether you prefer to have proposals and information presented in the form of graphs and charts, or you feel more comfortable with detailed written materials make sure the advisor is able to adapt.

—Insurance Information Institute

When disaster strikes, have a plan ready for your pets

Advanced planning is the best way for people and their pets to survive a disaster according to the Insurance Information Institute.

"People have lost their lives because they did not want to leave their pets behind when ordered to evacuate their home when a hurricane or other disaster is imminent," said Jeanne Salvatore, senior vice president and consumer spokesperson at the I.I.I. "To avoid leaving a pet behind to fend for itself it is important to include pets when creating a disaster evacuation plan."

The I.I.I. offers the following tips to protect your pets during a disaster.

1. Find a safe place ahead of time.

Most of the public shelters that are set up for disaster victims will not accept any animals other than service animals. Although 16 states have laws requiring emergency managers to consider the needs of pets in disaster planning, the majority of states do not do so. It is your responsibility as a pet owner to research the various options in order to safeguard your pet in a disaster.

2. Contact hotels and motels outside your immediate area to check policies on accepting pets.

Make a list of boarding facilities and veterinarians outside your area that might be able to shelter pets in an emergency. Include emergency phone numbers.

3. Ask your local humane society or emergency management agency for information regarding community disaster response plans that might include pets.

In the event you are not home when disaster strikes, make advance arrangements to have a friend or neighbor pick up your pets and meet you at a specified location.

4. Make a disaster kit for your pets.

Just as you should have a disaster kit for your family, you should prepare a similar kit for your pets containing:

Medication and medical records (including proof of rabies vaccination) in a waterproof container.

Leashes, harnesses and carriers for transporting pets.

A muzzle, if your pet requires one.

Food and water for three days; a manual can opener.

If you have a cat, litter and a litter box.

Current photo and description of your pet in case you become separated.

Name and phone number of your veterinarian.

Insurance company contact information and policy number, if you have pet insurance.

5. If you evacuate, be sure to take your pets.

Be prepared to leave early; do not wait for an official evacuation as you might be ordered to leave your pets behind.

6. Keep pets on leashes or in carriers at all times.

Your pet should wear up-to-date identification at all times. Include the phone number of a friend or relative outside your area in case your pet is lost or you cannot be reached.

Birds should be transported in a secure travel cage or carrier. During warm weather, carry a plant mister to mist the birds' feathers periodically. Do not put water inside the carrier during transport; instead provide a few slices of fresh fruits and vegetables with high water content.

7. Returning home.

Once you return to your home, do not allow your pets to roam loose right away. Familiar landmarks and smells might be gone, and your pet may be disoriented. Pets can easily get lost in such situations, so give them some time to get used to their "new" surroundings.

8. Be patient.

Try to get your pets back into their normal routines as soon as possible, and be on the lookout for stress-related behavioral problems—if these persist, talk to your veterinarian.

— Insurance Information Institute

Breaking down travel insurance

Are you one of those type-A personalities who must have all your ducks in a row before leaving on vacation? Do you worry about what could go wrong on your trip before you even leave the house? Then travel insurance might be for you.

Going rates for most travel-insurance packages are about 8 percent of the cost of your trip. That would mean a $4,000 vacation could be insured for $320.

Let's see what that $320 buys you.

A typical package (they come pre-bundled) covers baggage loss and delay, trip cancellation and delay, and car-rental loss and damage.

Rental cars: If you have a comprehensive insurance policy on your regular car at home, it likely covers rental cars as well. Look for a section in your policy that describes "non-owned vehicles."

That's industry-speak for rentals. A decent policy will afford the "broadest coverage" for rentals that it offers your normal car. And if you rent a car using a credit card, that card could have rental coverage already built in. There, you're double-covered without spending an additional dime.

Luggage loss: While you are in their care, airlines will reimburse you for up to $3,000 if your bags are damaged or stolen. This is a federal mandate, but be prepared to show $3,000 worth of receipts before they'll start issuing checks. Your homeowner's insurance might also provide financial backstops for lost belongings. Again, double-coverage, no extra insurance.

Change of plans: Afraid you'll have to cancel your trip or delay it? There's help for that, too.

Many airlines will reschedule your flights or refund your money in the event of death or illness, but you might be asked for documentation. Trips purchased on credit cards could have built-in protection. But beware: If you buy from a travel aggregator site and later have to cancel, you could wind up with a big goose egg. Ah, the price of cheap trips.

The point is, you've got options. Buying travel insurance is a personal choice. Spending $320 on travel insurance might buy you peace of mind on your vacation, or it could buy a really amazing day at your hotel's spa.

—Shopzilla.com

Home improvements can lower your insurance costs

Home repairs can be a two-for-one special.

First, maintenance work upgrades your home. And second, repairs and home improvements could lower the cost of your home insurance bill, according to insurance experts.

"If you've made significant improvements to your home, you should, by all means, notify your insurance company," said Jeanne Salvatore, a spokeswoman for the Insurance Information Institute. "You want to make sure that you get every available discount that you are entitled to."

Here's a rundown of potential savings:

Inquire about discounts: A new roof or roof repairs may translate into a discount. Upgraded plumbing or a new heating/air conditioning system may also qualify for discounts, according to Matt McWilliams, co-founder of HometownQuotes.com, an online insurance portal.

Some insurance companies offer 5 percent to 15 percent discounts if you have upgraded or modernized the wiring in your home within the last 10 years, according to the Insurance Information Institute.

Safety and burglar alarms. You could qualify for a discount of 15 to 20 percent off your home insurance premium for good fire alert or security systems, Salvatore said. Insurers provide the greatest discounts to systems that alert authorities or other emergency systems. Security lights, smoke detectors and deadbolt locks can yield discount points of 5 percent or higher.

Look for obscure savings. If your home is near a fire hydrant or in a municipality with professional firefighters (versus volunteers), your insurer may provide discounts.

—MCT

Knowing the deal on car policies

Are you assigned extended TDY, PCS, or will soon deploy to an overseas assignment? Don't cancel your vehicle insurance just yet.

Be aware that there are many issues surrounding vehicle insurance for those on the move. Because not all domestic insurance companies follow the same practices, you should communicate your particular circumstances to your insurance company to better understand the options available to you.

Keep in mind the following information when you contact your insurance company:

Understand that the Soldiers' and Sailors' Civil Relief Act (SSCRA) does not address the problems surrounding vehicle insurance. Vehicle insurance is regulated by state law and may vary from state to state.

If you choose to store your vehicle while you are overseas, you may have the option of suspending liability coverage during the period.

However, you should maintain comprehensive coverage to protect your vehicle from damages caused by nature or vandalism. Maintaining comprehensive coverage may also preserve the current rates for the insured vehicle.

If you choose to cancel all insurance coverage (both liability and comprehensive) while your vehicle is stored, you run the risk of becoming "newly insured" when reapplying for insurance and you may have to pay higher premiums as a result.

If you take your vehicle overseas and insure the vehicle with a foreign company, you also run the risk of being considered a "newly insured" applicant when reapplying for insurance in the United States. However, some domestic insurance companies may extend their "prior insurance discount" to applicants returning from overseas if applicants can prove that they were insured for liability coverage either immediately prior to leaving the country or while out of the country.

If your vehicle was insured by a foreign company, you may qualify as "continuously insured" and may receive lower rates with proper documentation (such as overseas driving record). Unfortunately, many foreign insurers do not provide driving records. This may become a problem because some domestic insurers will not extend preferred rates when they cannot verify the applicant's driving record abroad.

Finally, keep in mind that a number of domestic insurance companies extend their automobile policy overseas.

Before decidingwhat to do with your vehicle's insurance, contact your insurance company as well as other insurance companies to better understand the services these companies provide.You need to understand the options available to you before you make such an important decision.

—From Office of the Staff Judge Advocate, Fort Sill, Okla.

For teen drivers, safety and cost-cutting go hand-in-hand

As soon as your teenager begins to drive, notify your insurance agent that there will be an additional driver in the house.

Since teenagers are inexperienced drivers, they tend to get into a lot of accidents.

This will, unfortunately, be reflected in higher insurance rates. If you have a daughter, you can expect your insurance to go up as much as 50 percent. A son will increase your car insurance by as much as 100 percent. Consider also raising liability limits or buying an umbrella liability policy for additional protection.

Here are nine ways to keep the increased cost to a minimum:

Insure your son or daughter on your own policy. It is generally cheaper to add your teenagers to your insurance policy than for them to purchase their own. If they are going to be driving their own car, insure it with your company so that you can get a multi-policy discount.

Let your insurer know if your teen goes away to school. If your kids are living away at school — at least 100 miles from home — you will get a discount for the time they are not around to drive the car. This, of course, assumes that they leave the car at home.

Encourage your teen to get good grades and to take a driver training course. Most companies will give discounts for getting at least a "B" average in school and for taking recognized driving courses.

Shop around. Insurance companies differ dramatically in how they price policies for young drivers.

Pick a safe car. The type of car a young person drives can dramatically affect the price of insurance.

You and your teenager should choose a car that is easy to drive and would offer protection in the event of a crash. You should avoid small cars and those with high performance images that might encourage speed and recklessness. Trucks and SUVs should also be avoided, since they are more prone to rollovers. For more information, see Teenagers & Safe Cars.

Talk to them about safe driving. Driving safely will not only keep your son or daughter alive and healthy, it will also save money. As your teenager gets older, insurance rates will drop — providing he or she has a good driving record.

Talk to your teen about the dangers of combining driving with alcohol and distractions. Accidents occur each year because a teen driver was using a cell phone, playing the radio or talking to friends in the backseat.

Be a good role model

New drivers learn by example, so if you drive recklessly, your teenage driver may copy you. Always wear your seatbelt and never drink and drive.

—Insurance Information Institute

Stay covered with renter's insurance

Suppose you came home from work to find your apartment had been broken into and your TV stolen. Or suppose there was a fire in your kitchen. You can't assume your landlord will pay for the damage.

With renters insurance, you'll be able to replace what's damaged or stolen. Renters insurance covers your possessions against losses from fire or smoke, lightning, vandalism, theft, explosion, windstorm, and water damage from plumbing.

However, renters insurance does not cover floods, earthquakes or routine wear and tear. You can, however, buy separate policies for flood and earthquake damage.

If you're forced out of your home because of a disaster your additional living expenses will be covered.

Renters insurance pays the reasonable additional costs of temporarily living away from your home if you can't live in it due to a fire, severe storm or other insured disaster.

Renters insurance also covers your responsibility to other people injured at your home or elsewhere by you, a family member or your pet and pays legal defense costs if you are taken to court.

How to buy renters insurance

Renters insurance is a form of homeowners insurance and the same rules apply when you shop for it. The National Association of Insurance Commissioners (www.naic.org) has information to help you choose an insurer in your state. Also check consumer guides, insurance agents, insurance companies and online insurance quote services.

Decide how much you need

Add up the cost of everything you would want to replace if it were damaged or stolen. This could also serve as the basis for an inventory that will make filing a claim easier. For an inventory, also record model numbers, dates and places of purchase. Take photographs or make a video of these items and place a copy of the inventory in safe place away form your home.

Check with an insurance company or agent about the following:

Theft Limits: Ask for a list of standard coverage limits so you know whether you'll need to get additional coverage for some of your belongings. For expensive possessions, you may want to buy a "floater," which provides higher limits and broader coverage than those included in your basic policy. There is also no deductible in a floater.

Cash Value or Replacement Cost: There are two types of renters policies. Cash value coverage takes into account the age and condition of items at the time of damage or loss. You would be reimbursed for the value of the item minus depreciation. Replacement value pays the cost of buying an item of similar kind or quality today. The price of replacement cost coverage is about 10 percent more but is well worth the extra cost.

Deductibles: A deductible is your out-of-pocket cost before the insurance pays. The higher the deductible, the less you will pay in premiums. However, make sure you have enough money to cover the deductible, if you have a loss.

Don't forget to modify your policy in the event of a major change in your life. If you are getting married or divorced, call you insurance agent. You may need to change the names on the policy.

If you make a major purchase such as a diamond engagement ring you may need to increase your coverage limits.

—Insurance Information Institute