

How Does Military Life Insurance Work?



One of the key benefits provided to active duty servicemembers upon joining the military is affordable, set-it-and-forget-it life insurance coverage. Service in the military lends itself to worry, but by taking advantage of military life insurance, financial security in the future is one less stressor that families have to contend with.

How does military life insurance work?

[Servicemembers' Group Life Insurance \(SGLI\)](#) is provided to all servicemembers when they join the military. It is supervised by the Department of Veterans Affairs (VA) and administered by the Prudential Insurance Company of America. SGLI is open to all active members of the Army, Navy, Air Force, Space Force, Marine Corps, and Coast Guard; commissioned members of the National Oceanic and Atmospheric Administration and the U.S. Public Health Service; and cadets and midshipmen at U.S. military academies. Members of the Ready Reserve or National Guard assigned to a unit and scheduled to perform at least 12 periods of inactive training per year and those who volunteer in an Individual Ready Reserve (IRR) mobilization category are also eligible. Reservists in non-pay status may be eligible for coverage.

Upon joining the military, servicemembers are automatically provided with \$400,000 worth of coverage. If they would like to decrease this amount, servicemembers can do so in increments of \$50,000 – or they can opt-out of SGLI coverage altogether, though this could leave the servicemember and their family vulnerable. No matter how much coverage is selected, SGLI costs six cents per \$1,000, which means \$400,000 of coverage costs only \$24 per month. All who participate in the SGLI program also pay a \$1 per month premium for Traumatic Injury Protection (TSGLI) coverage. This provides temporary financial support to servicemembers who are injured while in the military.

Another benefit of having SGLI is that the spouses of servicemembers also qualify – they can get up to \$100,000 of coverage without medical underwriting. This coverage is not free, but it is very inexpensive.



Children of SGLI policyholders are also given a \$10,000 policy, premium-free. This coverage is provided under the Family SGLI (FSGLI) program.

SGLI coverage remains in effect until 120 days after a servicemember separates from service (or two years after separation in the case of those suffering from qualifying disabilities who extend their coverage). From there, a servicemember has two options for continuing their coverage:

1. SGLI can be [converted to specific commercial life insurance policies](#) within 120 days of separation without proof of good health. Spouses are also eligible to convert their coverage provided they were covered by FSGLI, though children are not.

2. SGLI may be converted to a Veterans' Group Life Insurance (VGLI) policy within one year and 120 days of discharge. If the veteran wishes to avoid providing proof of good health, they must apply within 240 days of separation. Note that VGLI does not provide coverage to spouses or children.

A veteran's initial VGLI coverage amount is based upon their SGLI coverage at the time of separation, but it can be increased by \$25,000 every five years – up to \$400,000 – until the veteran turns 60 years old. Coverage remains in effect for as long as premiums are paid. Every five years, premiums, which are based on the veteran's age and their coverage amount, will increase. However, a major bonus of VGLI coverage is that it will cover any veteran, no matter their health or disability status, provided they apply within 240 days of separation. This ensures that they can maintain life insurance coverage when they may not otherwise be medically eligible for a policy.

If the veteran decides not to convert their SGLI to VGLI or a commercial life insurance policy, they need to remember that their SGLI coverage will terminate after 120 days. It's important to note, though, that veterans and spouses may have the option of applying for life insurance from a company outside of those that partner with the Office of Servicemembers' Group Life Insurance. While this coverage might require a medical exam, coverage amounts could be higher than \$400,000 and premium amounts may be lower.

At Navy Mutual, in addition to our [term life insurance](#) options, we offer recently separated servicemembers and their families a [permanent life insurance alternative to VGLI](#) *without requiring a medical exam*. Servicemembers who have been separated from the military for 120 days or less and were covered by SGLI are eligible for up to \$400,000 of Flagship Whole Life coverage. Furthermore, provided they were covered by FSGLI, spouses are eligible for up to \$100,000 of Flagship Whole Life Coverage, and children under 21 years of age are eligible for a \$10,000 Child Benefit Rider.

Do servicemembers need additional coverage?

Though a \$400,000 death benefit will cover a number of expenses, for many active-duty families, it may not go as far as they would like. Servicemembers with children, mortgages, debt, or other ongoing expenses should consider meeting with a [life insurance expert](#) to determine whether additional coverage is necessary to protect their family members from the financial impact of their loss.

Besides increasing the total death benefit, adding on a supplemental policy can include other benefits like inexpensive child riders, the ability to convert from temporary coverage to permanent coverage, and the ability to access the death benefit in the case of chronic or terminal illness. Add-ons and riders enhance a policy to provide more robust protection than one would receive from a standard policy.

How does military life insurance differ from individual life insurance alternatives?



Some aspects of military life insurance policies and individual alternatives function in the same manner, as both require premium payments to maintain the policies and both provide a tax-free death benefit that can be used in any way the beneficiaries see fit. However, individual policies often have a level premium cost (unlike VGLI) and a much larger potential coverage amount than what is offered through either SGLI or VGLI.

- SGLI and VGLI both max out at \$400,000 of coverage for the servicemember or veteran. Individual policies may be able to offer \$1 million of coverage or more.
- SGLI offers up to \$100,000 of coverage for spouses and \$10,000 for children, but VGLI offers no family coverage. Individual products may offer riders to insure children, though adults often have to get their own policies to incorporate those riders. The exception is employer-sponsored group life insurance coverage, which may offer a small policy for the employee's spouse – but not their children.
- SGLI automatically includes TSGLI coverage, which provides up to \$100,000 in the event of a servicemember being injured while on active duty. Neither VGLI nor most individual life insurance alternatives offer an equivalent lump-sum payment in the event of disability.

Practically speaking, servicemembers don't have to remember to make payments toward SGLI or FSGLI as their premiums are automatically taken out of their paychecks. VGLI and individual policy owners will need to either set up automatic payments (if offered) or remember to pay their premiums regularly.

Whether you're transitioning away from military life or think you may need more coverage than is offered, we're here for you. At Navy Mutual, we can help you determine your life insurance needs and make sure your family is protected. [Schedule an appointment](#) or [get a quote online](#) to get started.