

What Is the Difference Between SGLI and VGLI?



As a current or former member of the United States military, you have access to either the Servicemembers' Group Life Insurance (SGLI) or Veterans' Group Life Insurance (VGLI) program to help ease the financial stress that may be placed on your family or beneficiaries should you pass away unexpectedly. Servicemembers on active duty receive SGLI, while those who separate or retire from the military become eligible for VGLI.

SGLI and VGLI are great coverage options for active duty servicemembers and those planning to transition back to civilian life. Below we will address the four most common questions about the differences between SGLI and VGLI. Knowing what changes when you switch programs is important to properly prepare for your post-military financial life.

What is SGLI?

SGLI is a term life insurance policy that offers up to \$400,000 in coverage. All active duty servicemembers are automatically enrolled for the maximum amount of coverage, though servicemembers can reduce or refuse coverage entirely by logging in to the SGLI Online Enrollment System through [milConnect](#).

SGLI is exceptionally cost-effective life insurance coverage, with a premium cost of only \$0.06 per \$1,000 of coverage plus an additional \$1.00 for up to \$100,000 of Traumatic Injury Protection (TSGLI) coverage. This means that for \$400,000 of coverage, a servicemember would pay only \$25.00 per month. Additionally, if a servicemember deploys to a qualifying location, they may not have to pay for coverage during their deployment at all. To make payment simple, this premium is automatically withdrawn from a servicemember's pay.

SGLI coverage expires 120 days after a servicemember separates from the military.

If a servicemember were to pass away on active duty, their designated beneficiary would need to submit a [claim for death benefits](#) in order to receive payment from the Office of Servicemembers' Group Life



Insurance (OSGLI). It is important to keep those beneficiary designations up to date, as what is listed with OSGLI will take precedence over what is listed in a will. If the servicemember did not otherwise designate how their beneficiary would receive the death benefit, the beneficiary can choose to either open an Alliance Account – which allows the beneficiary access to the benefit through a book of drafts – or choose to receive a check, an electronic funds transfer, or 36 equal monthly installment payments.

Beneficiaries also have access to free financial counseling through [Beneficiary Financial Counseling Service](#).

What are the benefits of SGLI?

- SGLI pays benefits for all deaths, including those that happen due to an act of war. Many commercial insurance policies have an exclusion clause that prevents them from paying out in such cases.
 - Note that Navy Mutual has no military service restrictions. There are no war, aviation, terrorism, or travel clauses for active duty servicemembers.
- SGLI does not require a medical exam; all servicemembers qualify for coverage.
- SGLI policyholders automatically receive TSGLI, which provides servicemembers who receive a severe injury while covered by SGLI a cash payment to provide financial support during their recovery.
- Insurance rates are the same irrespective of gender, age, health, and lifestyle.
- SGLI can be converted to a permanent commercial policy within 120 days of a servicemember leaving the military; this conversion does not require a medical exam.

Remember, though, that SGLI has a \$400,000 coverage limit. Although this is a large amount of money, it may not be enough coverage to provide replacement income, cover future education costs, and pay off a mortgage. Many families find they require additional coverage to cover their obligations.

Read more: [Why You Need Life Insurance Beyond SGLI](#)

What is VGLI?

VGLI is a term life insurance policy that provides up to \$400,000 of coverage to veterans after they have separated from the military. The one caveat to coverage is that veterans must apply for VGLI within one year and 120 days of leaving the military. After this period of time passes, veterans are no longer eligible for coverage.

Veterans are initially eligible for VGLI coverage in an amount equivalent to their SGLI coverage while in the service. Every five years, however, veterans can increase their coverage amount by \$25,000 – up to the \$400,000 limit. Veterans cannot increase their coverage after they reach age 60.

VGLI insurance allows veterans to continue to get life insurance even after their service has ended, provided they pay the premiums. However, premiums might be higher than for commercial term policies they could get elsewhere.

VGLI premiums are not calculated in the same manner as SGLI premiums. Instead of a flat cost for the duration of coverage, premiums increase every five years, and they depend on both the age of the veteran and the amount of coverage elected. For this reason, costs vary dramatically over time. A 25-year-old veteran with \$400,000 of coverage can expect to pay \$28 per month, while a 45-year-old veteran with the same amount of coverage would pay \$84 per month. While costs are relatively



affordable when veterans are young, they can get more prohibitive with age: a 70-year-old veteran with full coverage would pay \$904 per month.

Upon the death of a veteran, their designated beneficiary would need to submit a [claim for death benefits](#) in order to receive payment from the Office of Servicemembers' Group Life Insurance. The benefit may be received in the same manner as SGLI death benefits, and the beneficiary has the same access to free financial counseling.

What are the benefits of VGLI?

- VGLI does not require a medical exam if a veteran applies within 240 days of leaving the military. This makes VGLI a great option for veterans who may not qualify for other life insurance policies due to a health condition.
- VGLI offers lifetime coverage as long as the veteran continues to pay premiums that increase with age.
- VGLI can be converted to a [permanent commercial policy](#) at any time. This conversion does not require a veteran to undergo a medical exam.

Both SGLI and VGLI policy holders may be able to access their death benefit early in the case of a terminal illness diagnosis. A servicemember or veteran must provide a statement from their doctor stating that they have at most nine months left to live to receive an accelerated death benefit – they could receive up to 50% of their coverage amount in increments of \$5,000. The remainder of the death benefit will be paid to the policy's beneficiaries upon their death.

Servicemembers and veterans receive great coverage through SGLI and VGLI. However, coverage maxes out at \$400,000, which may not be enough to cover family needs. Long-term, you may want to provide a large enough death benefit that your income is replaced and any future expenses, like education, are covered. In this case, you may consider purchasing a supplemental policy from a private insurer.

Navy Mutual provides affordable life insurance coverage to current and former servicemembers and their families, including the option for a [no-exam-necessary whole life insurance policy](#) – if you are within 120 days of separating. Let us help provide financial security to your loved ones and protect those who matter most to you. [Get a quote online](#) or give us a call at [800-628-6011](tel:800-628-6011).