



Federal Life Insurance

A Beginner's Guide





Questions about life insurance?

You're not alone.

A lot of people want to know whether it's right for them and how to choose the best plan for their families. WAEPA has been answering your questions since 1943, so we hope this guide makes life insurance easier to understand.

What is life insurance?

Life insurance provides money for your loved ones when you die. It's called a "death benefit." There are different kinds of life insurance, but most involve paying a recurring premium—weekly, monthly, annually, or biannually—in exchange for a guaranteed lump-sum payout for your beneficiaries if you're covered when you pass away.

Why is it so important?

Life is unpredictable. So is death. Life insurance helps protect your loved ones from the worst-case scenario. Costs, goals, and recurring payments can add up without the steady income a policyholder provides. Life insurance helps provide the peace of mind that your family will have one less thing to worry about.

Who needs it?

You're the only one who can decide if life insurance is right for you, but there are common reasons people get it.

It can be a good idea if you have:



A significant other, children, or family members to protect financially.



Worries about your future health.



A considerable debt, such as student loans or credit cards.



Assets to protect, such as a house or condo.

If one or more of these reasons apply to you, it's worth learning more about how life insurance can help your loved ones to take on financial responsibilities after you're gone.

How much does it cost?

Different factors determine your life insurance premium. The first factor is your age, because life insurance gets more expensive as you get older. It also depends on the size of both your death benefit and how many dependents you have. A lot depends on the lifestyle your dependents are accustomed to and what costs they'll have to take on.



Life insurance calculators are great tools for finding out how much you would pay.

You can find ours at waepa.org/calculators.



Does life insurance cost more every year?

The answer depends on the policy, but for WAEPA members, our premium rates are set to change every five years. We call it the “age band,” and premiums increase every time you reach a new five-year age band. Once you reach that age band, the premium rate doesn’t increase annually, so you stay there for the next five years.

To learn more about the cost of WAEPA life insurance, visit waepa.org/rates.

Maximum amount of coverage begins to reduce at age 60; however premiums do not reduce. Applicants must be under age 70 to apply. Your coverage will terminate upon your 85th birthday.

What does it cover?

There are two ways to think about it:

1. The causes of death that are covered by the death benefit. Most life insurance policies cover most causes of death, including:

Natural causes, like a heart attack or old age.

An accident, like an accidental overdose or automobile accident.

Suicide, but only after the first year of coverage.

Homicide, unless the beneficiary is found to have played a role in the murder.

2. The expenses that are covered by the death benefit. With few exceptions, the policy death benefit can be used as your beneficiaries see fit, but often those expenses include:

Mortgage or other large debt obligations.

Existing student loans or college tuition costs.

Cost-of-living expenses such as food and childcare.

It's important to note that a life insurance death benefit is completely tax-free in most circumstances, but you should consult a qualified tax advisor specific to your situation.

How much life insurance do I need?

Life insurance gives *you* peace of mind, but it's for *your loved ones*. So this question is about them. What costs will they need to cover when you're gone? The most obvious are ongoing monthly payments you've been responsible for, like your mortgage, car payments, credit card payments, and outstanding student loans.

Every family has different needs, but how will your family replace your income? How will they pay for college tuition? Will your spouse ever be able to retire?



To get a better idea of how to meet your family's needs, start by using our [Coverage Calculator](#).

Is life insurance easy to apply for?

It's easier when you're prepared. After you've chosen a provider, the first thing you'll need to do is complete an application. Usually, you're asked for basic contact information, as well as information about yourself and your beneficiaries. As the policyholder, you will need to provide health and lifestyle information, because some policies require a physical or medical examination. This process, called underwriting, helps insurance providers determine your premium.



What types of life insurance are there?

There are two main types of life insurance: permanent and term. Permanent or whole life insurance lasts your entire life as long as premiums are paid. When people talk about life insurance, they usually mean term life insurance, which lasts for a fixed period that can be renewed for set durations.

Term life insurance is often preferred because of its flexibility and premiums are generally less expensive. Families with a one-year term can make annual adjustments based on their situation and financial needs. If you've bought a house or had a child, you may need more coverage.

For more information about the different types of life insurance, go to [waepa.org/types](https://www.waepa.org/types).

How does Group Term Life Insurance work?

Group Term Life Insurance* is term life insurance that covers a group of people. This can be the company you work for, or a membership organization that joins together to lower premiums. That's how WAEPA works. Our premiums are negotiated on behalf of over 46,000 people, we can offer exclusive rates and coverage amounts up to \$1.5 million.



How long should I keep my life insurance?

Most people get life insurance to provide coverage for their family when they have large expenses, such as a mortgage or college tuition. While every family is different, keeping life insurance until you've paid off your home and your children have graduated from college is a popular way to go.

What happens when my term ends?

With term life insurance, you're never locked in longer than you want to be. As you get older, term life insurance becomes more expensive, so reevaluate your family's needs to make sure they are taken care of.

*Underwritten by New York Life Insurance Company, 51 Madison Avenue, New York, NY 10010 on Policy Form GMR

How are Group Term Life Insurance benefits paid?

Group Term Life Insurance benefits are payable in a lump sum at the time of death. One major advantage of term life insurance is quick liquidity at the time it's needed. Term life insurance does not build cash value like permanent or whole life insurance, so premiums are generally lower. Many times, the death benefit for Group Term Life Insurance typically would not be subject to delays that can occur in probate while final medical, funeral, and household expenses continue to accumulate.

What is WAEPA?

WAEPA is a non-profit formed for Feds, by Feds, so we understand how to help provide peace of mind. WAEPA's portable Group Term Life Insurance coverage helps Feds protect their financial future.

Although we actively provide more than \$10 billion in coverage to Feds, we've also refunded over \$100 million in premiums since 1996.[†]

WAEPA's policies are underwritten by New York Life Insurance Company—and with good reason. New York Life has received the highest financial strength ratings[†] currently awarded to any U.S. life insurer from all four of the major credit rating agencies:



[†]Third-party rating reports as of June 22, 2022

As a Federal employee, I already have FEGLI.

Why do I need WAEPA?

FEGLI's limitations require Feds to consider their options. The two main differences between FEGLI and WAEPA are that (1) our members receive higher coverage maximums and (2) they can take WAEPA life insurance with them even if they leave the Federal workforce or retire.

Compare WAEPA versus FEGLI

Feature	WAEPA	FEGLI
Maximum Coverage	\$1,500,000	Based on annual salary
Maximum Spouse Coverage	\$500,000	\$25,000
Maximum Children's Benefits	\$25,000	\$12,500
Scholarship Program	✓	x
Premium Refund Program [‡]	✓	x
Additional Accident Benefits	✓	✓
Common Carrier Benefit	✓	x

We aim to provide a complete and accurate comparison to FEGLI. For exact information, please contact FEGLI directly.

[‡]Premium refunds are not guaranteed.

How do I apply for WAEPA life insurance?

It's simple. You can begin your application process today by visiting our website and following the step-by-step instructions.

Start your journey here: waepa.org/apply.[§]

[§]For more information, including features, costs, eligibility, renewability, limitations, and exclusions. WP-LIGD-PDF-0922

Common Life Insurance Terms

If you're new to life insurance, you may have encountered some unfamiliar terms in this guide. We hope you find the following definitions helpful.

Beneficiary: the person(s) or trust named to receive payment of an insurance death benefit.

Claim: notification usually made by the beneficiary to the insurance company to receive payment of an insurance benefit. Typically, a form is provided requiring details needed to process the claim.

Death benefit: money paid to the beneficiary when an insured person dies.

Exclusion: conditions or terms not covered by insurance. For example, suicide is an exclusion to life insurance during an initial period indicated by the policy.

Premium: the cost of insurance for attained coverage that is due in periodic payments of an insured's choosing such as monthly, quarterly, semiannually, or annually.

Rate class: the categories of health and other factors of an applicant that impact insurance offered and the cost.

Underwriting: the process used to decide if and at what rate class an applicant will be offered insurance and the cost. This can include health and financial assessments.



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