



Comparing Veterans' Group Life Insurance (VGLI) to Whole Life Insurance Coverage

Life insurance can be confusing. One of the most common questions we get from Servicemembers and Veterans is, what type of life insurance is Veterans' Group Life Insurance (VGLI)?

The easy answer to that question is, **Veterans' Group Life Insurance** coverage is term life insurance, which is very different from, and often is confused with, another common type of coverage called whole life insurance. We want to make sure you understand the differences between term and whole life coverage so you can make an informed decision about which coverage is best for you.

To help explain the differences, we put together the facts and features about both below. This information is not intended to persuade or promote one type of coverage over the other—it is just a list of features:

Features of term life insurance

- Provides death benefits only, there is no cash value that builds over time
- Only pays a death benefit if the coverage is in force when the insured dies and premiums must always be paid to keep the coverage in force
- A health exam may be required to obtain coverage, but can generally be renewed without proof of good health
- Usually the most affordable life insurance to buy
- Purchased for a specific time period, during which time the premiums remain level. After this level premium period, the premiums increase until a certain age is reached at which time the coverage ends.

- Becomes more expensive as you age, especially after age 50
- Death benefit is intended to replace income
- Often includes a provision which allows the term policy to be converted to a permanent policy without medical underwriting.

Features of whole life insurance:

- Provides death benefits as well as a cash value accumulation that builds during the life of the policy
- Whole life insurance premiums are generally higher at younger ages than term life insurance premiums, but they remain level for the life of the policy
- A health exam may be required to obtain coverage
- Sometimes can be purchased without a medical exam, but possibly at a higher cost
- Cash value is based on how long the policy has been in force
- A portion of the cash value can usually be withdrawn or borrowed against during the life of the policy

How does VGLI differ from other term life insurance policies?

- VGLI allows you to continue your Servicemembers' Group Life Insurance (SGLI) coverage after you separate from service, but you must enroll within one year and 120 days from discharge or separation in order to be eligible to continue coverage.
 - **Veterans who submit their application within the first 240 days of discharge or separation can get VGLI without providing proof of good health**—even if you have a serious injury or medical condition.
 - Those who apply more than 240 days after discharge or separation are required to answer health questions and must meet good health requirements in order to qualify for VGLI coverage.
 - After 1 year and 120 days, you are no longer eligible to apply for VGLI.
- VGLI coverage can be renewed every five years and does not terminate, so long as premium payments are paid in a timely manner. There is no age limit or term limit to the coverage.
- Like other term policies, your premium amounts will increase as you get older.
- You can convert your active VGLI coverage to a commercial whole life insurance policy at any time without the need to provide evidence of good health.
- You can periodically increase your coverage amount by \$25,000 up to the legislated maximum of \$400,000, until age 60. No proof of good health is required, and we will notify you when you are eligible.
- Accelerated Benefit Option (ABO) – The Accelerated Benefit Option under VGLI coverage provides terminally ill insureds access to a portion of the death benefit while they are still living. To qualify, the Veteran must be terminally ill and have a valid written prognosis from a physician that they have nine or fewer months to live. The Veteran can apply to receive a one-time, lump-sum payment, up to 50 percent of the face value of the insurance to use however the Veteran chooses.

What to Consider when Choosing Between Life Insurance Coverage through VGLI or other Whole Life Insurance Commercial Carriers

If you are separating from military service and	Then you may want to consider VGLI	Then you may want to consider other commercial or VA whole life policies
You have health conditions or disabilities that may affect your ability to get an individual policy with a commercial insurer	X	
You want your premiums to remain the same for the life of the policy (even if they are higher)		X
You want to skip a health questionnaire to determine eligibility for life insurance	X*	
You want to ensure that there is a death benefit payable to a beneficiary	X	X
You are interested in a life insurance policy that has cash or loan value		X

*Only if you apply within the first 240 days from date of separation from active service.