

WE ASPIRE TO INSPIRE.
GUIDANCE YOU DESERVE.

MILITARY RETIREMENT
VETERANS' GROUP LIFE INSURANCE
(VGLI)

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Overview of Options

On one hand, **VGLI** offers veterans guaranteed, lifelong coverage without health exams or medical underwriting, making it convenient and reliable. However, increasing premiums with age can make it less cost-effective, especially for healthy retirees

On the other hand, **Level Term Life Insurance** offers potentially lower, fixed premiums and a significant lump sum for beneficiaries. Ideal for healthy veterans seeking immediate support for loved ones, it provides a straightforward, cost-effective solution despite lacking lifelong coverage and having potential policy expiration.



***Both have the merits.
It just depends on your unique and personal situation.***

OVERVIEW OF VETERANS' GROUP LIFE INSURANCE

Coverage

Coverage increases by \$25,000 on the one-year anniversary and every five years after, up to a maximum of \$500,000

Health requirements

Veterans applying more than 240 days after separation must meet good health requirements

Benefits

VGLI has no contestable period, and suicide claims and claims due to acts of war are not excluded

Special benefits

Veterans diagnosed with a life expectancy of 9 months or less can request a payment of up to 50% of their coverage

Enrollment

Veterans must enroll within 1 year and 120 days of separation to be eligible

Conversion

Allows veterans to convert their SGLI coverage to VGLI after separating from service

Eligibility

Available to veterans and service members who were eligible for Servicemembers' Group Life Insurance (SGLI)

A life insurance program offered to veterans upon separation from the military.

It provides continued life insurance coverage after transitioning out of service, allowing veterans to convert their **Servicemembers' Group Life Insurance (SGLI)** to **VGLI**.

The premiums increase as the policyholder ages, but the policy is guaranteed, meaning there is no medical underwriting required for coverage up to certain limits.



PROS of Choosing VGLI

No Medical Underwriting

One of the biggest advantages of VGLI is that it offers **guaranteed acceptance** if you apply within the first 240 days after separating from the military.

This can be crucial for veterans who may have developed health issues during their service that would make them ineligible for private life insurance policies or force them to pay exorbitant premiums.

Easy Conversion from SGLI

VGLI allows for a smooth transition from Servicemembers' Group Life Insurance (SGLI) to civilian life. You can **retain coverage without worrying about health exams** or navigating complicated insurance options immediately after leaving the military.

Flexible Coverage Amount

VGLI allows veterans to choose coverage amounts in **increments of \$10,000**, up to a maximum amount based on their SGLI coverage. This flexibility allows veterans to tailor the coverage to their specific needs, whether it's protecting their family or paying off outstanding debts.

Coverage for Spouses and Dependents

While VGLI itself doesn't cover spouses or dependents, veterans have the option to convert their **Family Servicemembers' Group Life Insurance (FSGLI)** into individual policies for their spouse and children.



CONS of Choosing VGLI

Increasing Premiums Over Time

One significant downside to VGLI is that the **premiums increase as you age**. For younger veterans, the premiums are relatively affordable, but as you get older (**especially after age 50**), the premiums **can become quite expensive**. This makes VGLI less cost-effective in the long term for those who maintain good health and could qualify for cheaper, level-term policies in the private market.

Limited Coverage Amount

VGLI coverage is **capped at \$500,000**, which **may not be sufficient** for veterans with higher financial obligations or those seeking more extensive coverage.

This limitation can be a drawback for individuals needing higher amounts of life insurance.

OVERVIEW OF LEVEL TERM LIFE INSURANCE

Fixed Premiums
The premiums remain constant throughout the term of the policy, providing predictable financial planning.

Coverage Amount
Policyholders can choose the coverage amount that best suits their needs, typically ranging from \$100,000 to several million dollars

Term Length
Policies are available for various term lengths, commonly 10, 20, or 30 years, allowing flexibility to match financial goals.

Death Benefit
If the policyholder passes away during the term, the beneficiaries receive a **lump sum death benefit**, which can be used for any purpose, including paying off debts and covering living expenses

Renewability
Some policies offer the option to **renew at the end of the term**, though premiums may increase based on age and health at the time of renewal.

Convertibility
Many term policies include a convertibility feature, allowing the policyholder to convert the term policy to a permanent life insurance policy without undergoing additional medical underwriting.

Level Term Life Insurance is a type of life insurance policy that provides coverage at a **fixed premium rate** for a specified period, typically **10, 20, or 30 years**.



PROS of Choosing Level Term Life Insurance

Lower, Fixed Premiums

Fixed-term life insurance offers significantly **lower premiums for a set period, typically 10, 20, or 30 years.**

This means you can **lock in a lower rate at a younger age**, which doesn't increase as you age, unlike VGLI.

The fixed premiums provide more predictable financial planning, especially when you are healthy.

Flexible Coverage Options

Private term life insurance policies **allow for a variety of coverage** amounts and terms, letting you tailor your coverage to meet specific financial goals, such as covering a mortgage or ensuring your children's education.



CONS of Choosing Level Term Life Insurance

Policy Expiration

If the policyholder **outlives the term**, the **coverage ends**, and they may need to purchase a new policy at a higher premium due to increased age and potential health issues.

Medical Underwriting

Approval for term life insurance typically requires medical underwriting, which **can result in higher premiums or denial** of coverage for individuals with health issues.



COMPARISON TABLE

Feature	VGLI	Level Term Life Insurance
Premiums	Increases with age	Fixed for the term duration, typically lower at younger ages
Medical Underwriting	None <i>*Unless applying more than 240 days after separation</i>	Required (may be denied or face higher costs if unhealthy)
Premium Stability	Increases over time	Stays level for the duration of the term
Coverage Duration	Lifetime	Limited to term (10, 20, or 30 years)
Risk	Premiums increase over time	Policy expiration risk

WHAT ARE YOUR PRIORITIES?

Carefully evaluate your financial goals and the needs of your family.

VGLI

A great option for veterans who want guaranteed, lifelong coverage without worrying about health exams or medical underwriting. However, the increasing premiums as you age make it less cost-effective in the long term, particularly for healthy retirees.

Level Term Life Insurance

An excellent option for individuals seeking affordable, temporary coverage with fixed premiums and a significant death benefit. It is particularly suitable for those in good health who need coverage for a specific period to meet financial obligations or protect their family's financial future. Comes with the risk of policy expiration without guaranteed coverage.

**WE ARE HONORED TO SERVE THOSE
WHO HAVE DEDICATED THEIR LIVES
TO SERVING OTHERS**

IMPORTANT DISCLOSURES

The information has been obtained from sources considered to be reliable, but we do not guarantee that the foregoing material is accurate or complete. Any opinions are those of Michael Borza and Austin Storck and not necessarily those of Raymond James. Expressions of opinion are as of this date and are subject to change without notice. There is no guarantee that these statements, opinions or forecasts provided herein will prove to be correct. Investing involves risk and investors may incur a profit or a loss.

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