

DEPARTMENT OF TRANSPORTATION
OFFICE OF THE SECRETARY

Action Date:

For Information Only

DEPARTMENTAL PERSONNEL MANUAL SYSTEM

DPM BULLETIN NO. 870-2

DATE: SEP 27

SUBJECT: Terminating or Reducing Optional Life Insurance Coverage at Retirement

Often at the time employees are retiring, they choose to terminate or reduce their optional life insurance coverage under the Federal Employees Group Life Insurance Program. When this happens, the effective date of the change occurs either at the end of the pay period in which the SF-2817, Life Insurance Election, is received by the personnel office in the case of terminations, or at the beginning of the pay period following the one in which the SF-2817 is received in the case of reductions in optional coverage. Specific instructions are contained in FPM Supplement 870-1, Subchapter 6-1d(2)(a).

We recently learned that some personnel offices have not been following the correct procedures in these situations. Life insurance actions are being backdated in order to make the effective date coincide with or take place before the effective date of the retirement action. In addition to being an inappropriate action, the backdating causes delays in processing the retirement action.

Please make sure that personnel office staff members are made aware of the proper processing procedures by bringing this DPM Bulletin to their attention. If there are any questions, contact Terry Smith, the Department's Retirement Counselor, on FTS 366-4140 or Commercial (202) 366-4140.



Director of Personnel

Filing Instructions: File after FPM Chapter 870 Bulletins

Bulletin Expires: When Superseded

Distribution: All FPM Subscribers (Field and Headquarters), Personnel Council Members, Insurance Officers, Retirement Officers, AAC-25, AAC-24, ASO-26

OPI: M/17:TSMITH:08/21/91