

§ 6.4

of such service unless the Secretary determines that the insured was mentally or legally incapable of entering into a contract of enlistment. In such case the United States Government life insurance so issued will be canceled as of the effective date of such insurance.

[13 FR 7091, Nov. 27, 1948, as amended at 17 FR 3162, Apr. 10, 1952; 24 FR 7321, Sept. 11, 1959. Redesignated and amended at 61 FR 29024, 29025, June 7, 1996]

BENEFICIARY OF UNITED STATES GOVERNMENT LIFE INSURANCE

§ 6.4 Proof of age, relationship and marriage.

Whenever it is necessary for a claimant to prove age, relationship or marriage, the provisions of 38 U.S.C. 103(c) and Part 3 this chapter will be followed.

[26 FR 1856, Mar. 3, 1961. Redesignated and amended at 61 FR 29024, 29025, June 7, 1996]

§ 6.5 Conditional designation of beneficiary.

If the insured by notice in writing to the Department of Veterans Affairs during his or her lifetime has provided that a designated beneficiary shall be entitled to the proceeds of United States Government life insurance only if such beneficiary shall survive him or her for such period (not more than 30 days), as specified by the insured, no right to the insurance shall vest as to such beneficiary during that period. In the event such beneficiary fails to survive the specified period, payment of the proceeds of United States Government life insurance will be made as if the beneficiary had predeceased the insured.

[14 FR 7175, Nov. 29, 1949, as amended at 46 FR 57043, Nov. 20, 1981. Redesignated at 61 FR 29024, June 7, 1996]

§ 6.6 Change of beneficiary.

The insured under United States Government life insurance shall have the right at any time and from time to time and without the consent or knowledge of the beneficiary to change the beneficiary. A change of beneficiary must be made by written notice to the Department of Veterans Affairs over the signature of the insured and shall not be binding on the United

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States unless received by the Department of Veterans Affairs. A change of beneficiary must be forwarded to the Department of Veterans Affairs by the insured or his or her agent and must contain sufficient information to identify the insured. Whenever practicable, such notices shall be given on forms prescribed by the Department of Veterans Affairs. Upon receipt by the Department of Veterans Affairs, a change of beneficiary shall be deemed effective as of the date the insured signed the written notice. The United States shall be protected in all payments made to the beneficiary last of record and before receipt of notice of a change of beneficiary, and no payments so made shall be paid again to the changed beneficiary. The insured may exercise any right or privilege given under the provisions of a United States Government life insurance policy without the consent of the beneficiary. An original designation of a beneficiary may be made by the last will and testament, but no change of beneficiary may be made by the last will and testament. The provisions of the "beneficiary" clause in United States Government life insurance policies are hereby amended accordingly.

[17 FR 11071, Dec. 5, 1952, as amended at 46 FR 57043, Nov. 20, 1981. Redesignated at 61 FR 29024, June 7, 1996]

§ 6.7 Claims of creditors, taxation.

(a) Effective January 1, 1958, payments of insurance to a beneficiary under a United States Government life insurance policy shall be subject to levy for taxes due the United States by such beneficiary.

(b) The provisions of 38 U.S.C. 5301(b) which entitle the United States to collect by setoff out of benefits payable to any beneficiary under a United States Government life insurance policy do not apply to dividends being held to the credit of the insured for the payment of premiums under the provisions of section 1946 of title 38 U.S.C.

(Authority: 38 U.S.C. 5301)

[23 FR 681, Feb. 1, 1958, as amended at 24 FR 15, Jan. 1, 1959; 24 FR 582, Jan. 27, 1959; 46 FR 57043, Nov. 20, 1981. Redesignated and amended at 61 FR 29024, 29025, June 7, 1996]

OPTIONAL SETTLEMENT

§ 6.8 Selection, revocation and election.

The insured under a United States Government Life Insurance policy may, upon written notice, select an optional settlement. Such optional settlement may be revoked by written notice. If the insured does not select one of the optional settlements, as set out under the provisions of the policy, the insurance shall be payable in 240 monthly installments unless the beneficiary elects in writing a different option.

[61 FR 29025, June 7, 1996]

§ 6.9 Election of optional settlement by beneficiary.

If the insured has selected an optional settlement then at the death of the insured the designated beneficiary may elect to receive the proceeds of insurance in installments spread over a greater period of time than that selected by the insured and in accordance with the following provisions.

(Authority: 38 U.S.C. 1952)

(a) If the insured has selected Option 1, the beneficiary may elect to receive payment under Option 2, 3, or 4.

(b) If the insured has selected Option 2 with monthly installments not in excess of 120, the beneficiary may elect to receive payment in a greater number of installments under Option 2, or may elect to receive payment under Option 3 or 4.

(c) If the insured has selected Option 2 with monthly installments in excess of 120, the beneficiary may elect to receive payment in a greater number of installments under Option 2, or may elect to receive payment under Option 3.

(d) If the insured has selected Option 3, and named no contingent beneficiary, the beneficiary may elect to receive payment under Option 4.

(e) If the insured has selected Option 4, the beneficiary may elect to receive payment under Option 3.

If the insured has selected settlement under Option 1, a beneficiary who has elected to receive payment under Option 2, 3, or 4 may elect to receive the

commuted value of any remaining unpaid installments certain (240 less the number paid in case of Option 3, or 120 less the number paid in the case of Option 4): *Provided*, That where the commutation is elected under Option 3 or 4 after payment under such option has commenced, and the beneficiary survives the period certain, such beneficiary shall be entitled to the resumption of monthly installments payable for life in accordance with the monthly income option previously selected by such beneficiary. The entitlement to the resumption of monthly installments will be effective as of the monthly payment date next following the expiration of the period certain. Settlement under any one of the options or payment to the beneficiary of said commuted value under Option 2 or payment of said commuted value under Options 3 and 4 to the beneficiary who does not survive the period certain shall be in full and complete discharge of all liability under the contract. Any other change in the mode of settlement may, within the limitations set forth in paragraphs (a) through (e) of this section, be made by a beneficiary after payment has commenced, provided the change is made within 1 year of the original election and in those instances where Option 3 is changed to Option 1 or 2; or Option 4 is changed to Option 1, 2, or 3, satisfactory proof is submitted to establish that the beneficiary's state of health is the same as it was at time of original election. The effective date of the original election for this purpose will be the date it was delivered to the Department of Veterans Affairs. If such election was forwarded by mail, properly addressed to the Department of Veterans Affairs, the postmark date will be taken as the date of delivery. Such change will be made on the premise that the new election was made initially, and the account will be adjusted accordingly. A condition precedent to any such change will be the repayment of any amount received by the beneficiary in excess of that which would have been due had the new election been made initially.

[32 FR 14274, Oct. 14, 1967, as amended at 48 FR 8069, Feb. 25, 1983. Redesignated and amended at 61 FR 29025, June 7, 1996]