

Accelerated Death Benefit Rider

Product Specifications

Description

An Accelerated Death Benefit Rider is issued with term policies originally effective 2011 or later, subject to availability. This provision allows the policyholder the ability to request a portion of their death benefit in advance if they are diagnosed with a qualified terminal illness. Policyholders can use this benefit to cover medical expenses, funeral planning, or even a last wish or "bucket list" activity to help the family find closure in their time of need. The accelerated death benefit payment is payable in the event of a qualifying terminal illness. The maximum accelerated death benefit amount is treated as a lien, which accrues interest. Upon the death of the insured, the death benefits payable are reduced by the total accelerated death benefit lien. Subject to state variation.

Receipt of benefit

- Will limit availability of partial and full cash surrender values and additional loans.
- Will not affect future required premium payments or future cost of insurance rates.
- Will not affect the accumulation values, loan balance, or future loan interest charges.
- May affect eligibility for Public Assistance programs such as medical assistance (Medicaid), Aid to Families with Dependent Children, Supplemental Security Income (SSI) and drug assistance programs.
- May be taxable.*

Policy lien

The requested accelerated death benefit amount, plus an administrative fee not to exceed \$250, will create a lien against the policy. Interest on the amount of the Policy lien accrues daily and is added to the amount of the Policy lien. The amount payable at the Insured's death is reduced by the amount of the Policy lien.

Term continuance

Continued premium payment is required to keep the Policy in force. Unpaid premiums will be added to the Policy lien. Prior to maturity, the Policy will not terminate unless the lien equals or exceeds the Policy's death benefit proceeds. Upon termination or maturity of the Policy, no further death benefits will be paid and available cash surrender values will be limited.

Maximum face amount

The lesser of: (i) \$500,000.00, or (ii) 75% of the policy's primary death benefit as of the date the company approves payment of the accelerated death benefit, less any outstanding loan balance. The accelerated death benefit will be paid in a lump sum.

* Tax laws relating to accelerated death benefits are complex. Consultation with a qualified tax advisor is advised.

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