

Accelerated Death Benefit PLUS Rider



Lafayette Life
Insurance Company

A member of Western & Southern Financial Group

NOT FOR USE IN CALIFORNIA

FEATURES AND BENEFITS

Accelerated Death Benefit PLUS rider (ICC16 LLR-08 1601) offers the policy owner access to a portion of the death benefit of the policy in the form of an advance if the insured is diagnosed with a qualifying medical event or condition. This rider is automatically included on all new Lafayette Life whole life insurance policies, subject to age, rate class and underwriting approval.

QUALIFYING EVENTS

An advance is available if the insured has been diagnosed as having a terminal illness, a medical condition specified in the rider, or a chronic illness, as those terms are defined in the rider.

- **Terminal Illness:** An illness that is expected to result in death within 12 months.
- **Specified Medical Condition:** The insured is diagnosed with one of the following:
 - AIDS (Acquired Immune Deficiency Syndrome).
 - End-stage renal failure.
 - First coronary angioplasty.
 - First coronary artery bypass.
 - First myocardial infarction.
 - Life-threatening cancer.
 - Major organ transplant.
 - Medical condition requiring permanent or continuous life support.
 - Stroke.
- **Chronic Illness:** The insured experiences either of the following:
 - 1 Has been unable to perform (without substantial assistance from another individual) at least two of six activities of daily living (ADLs) for a period of at least 90 days due to a loss of functional capacity, and a licensed health care practitioner has determined the loss of ability to perform those activities of daily living is expected to be permanent.
 - 2 Requires substantial supervision to protect himself/herself from threats to health and safety due to severe cognitive impairment.

The six ADLs are routine daily activities generally considered necessary for a self-sustaining person to remain independent: eating, toileting, transferring (moving in or out of a bed or chair), bathing, dressing and continence.

AVAILABILITY OF BENEFITS

Benefits are available when the insured experiences a qualifying event or illness.

ISSUE AGES

- 0-85 for Standard underwriting classes.
- 18-80 for Preferred underwriting classes.

UNDERWRITING CLASSES

The insured must meet both the age/rate class and chronic illness underwriting standards to qualify. Underwriting will screen medical histories involving recurrent or progressive conditions associated with limitations in daily functioning. Insureds who do not meet the chronic illness underwriting standards will receive the terminal illness Accelerated Death Benefit Rider (ICC16 LLR-07 1601), subject to state availability. The Accelerated Death Benefit PLUS rider is not available for substandard classes.

RIDER COMPATIBILITY

The Accelerated Death Benefit PLUS rider is available in combination with all other riders. Premiums for the Level Premium Paid-Up Additions Rider (ICC19 LLR-15 1901, ICC21 LLR-21 2105) and Fixed Premium Paid-Up Additions Rider (ICC19 LLR-17 1901, ICC21 LLR-23 2105) will no longer be allowed after an advance is taken under the Accelerated Death Benefit PLUS rider.

RIDER EXPENSES

There is no premium cost for the Accelerated Death Benefit PLUS rider. We reserve the right to charge an administrative fee up to \$250 per advance.

DIVIDENDS

This rider does not affect how dividends¹ are calculated; however, policy dividends paid, if any, will be first used to repay any outstanding lien created by an advance.

RESIDUAL DEATH BENEFIT

Provided the policy's death benefit is \$75,000 or greater at the time of the first advance for the last qualifying event under the Accelerated Death Benefit PLUS rider, the death benefit payable will not be reduced below \$10,000. However, any outstanding policy loans will reduce the residual death benefit on a dollar-for-dollar basis.

METHOD OF THE ADVANCE

Advances under the Accelerated Death Benefit PLUS rider are secured by a lien against the death benefit of the policy. The lien will accrue interest each year. The rate of interest on the lien will depend on the net cash value of the policy. The lien will be increased, if necessary, to keep the policy in effect. This includes increasing the lien to pay unpaid premiums, starting with the first month an advance is taken. Any premiums received will first be used to repay the lien. Upon the death of the insured, the death benefit will be reduced by the amount of the lien, including interest.

PAYMENT OF THE ADVANCE

All three qualifying events allow an advance in the form of a lump-sum payment.² If a chronic illness advance is taken, the owner has the flexibility to choose between a lump-sum payment or receive periodic payments, subject to eligibility and availability as defined by the state of issue.

Selecting the periodic payment option allows the owner to select the length of time, from three to 10 years, to receive an advance in periodic payments. No more than one election can be made for each type of qualifying event. If more than one qualifying event occurs simultaneously, we will use the qualifying event with the highest maximum advance amount to determine the available lump-sum payment.

Once the owner begins taking either lump-sum advances or periodic payments, the owner cannot change between them. A periodic payment amount cannot be increased or decreased (other than to stop payments). If periodic payments are discontinued, they may not later be resumed. The owner may not choose to stop the periodic payments and then take a lump sum.

If an advance under this rider is requested while a policy loan is outstanding, we will first apply the advance to the repayment of the loan.

TAX CONSIDERATIONS

Generally, any amount received under a life insurance contract on the insured for fatal illness or chronic illness is treated as "an amount paid by reason of death of the insured." These amounts are not included in gross income, so any accelerated death benefit meeting these requirements will typically be free from income tax.

There are some limitations on amounts paid for a chronically ill insured, which is based upon the two of six activities of daily living. The same limitations that apply to long-term care benefits apply to amounts paid for a chronically ill insured.

The Lafayette Life Insurance Company makes no representation as to whether accelerated death benefits are taxable. It is possible that all or part of an advance may be considered taxable by the Internal Revenue Service. Individuals considering accessing these benefits should contact their attorney, accountant or other tax advisor to determine if amounts received will be taxable.

¹ Dividends are not guaranteed and may be changed by the company at any time for any reason.

² The lump-sum advance may be taken as a single payment or as frequently as monthly. For terminal illness and specified medical condition, all advances must be taken within 12 months of the first advance. For chronic illness, all advances must be taken within 48 months of the first advance.

HOW BENEFITS ARE CALCULATED

LUMP-SUM PAYMENT

- Minimum Advance: \$500
- Maximum Advance Formulas:

Net Cash Value	+	Specified Medical Condition: Lesser of A \$25,000 or B 10% of the difference between the Death Benefit and the Net Cash Value	=	Maximum Advance Amount*
	+	Chronic Illness: Lesser of A \$250,000 or B 40% of the difference between the Death Benefit and the Net Cash Value	=	
	+	Terminal Illness: Lesser of A \$250,000 or B 60% of the difference between the Death Benefit and the Net Cash Value	=	

* Maximum advance amount may be reduced by interest.

PERIODIC PAYMENT OPTION — FOR CHRONIC ILLNESS ONLY

- Minimum Advance: \$500
- Maximum Advance and Periodic Payment Formulas:

Lesser of A \$1,000,000 or B 50% of Death Benefit	=	Maximum Advance Amount	÷	Payout Length (3-10 Years)	=	Annual Benefit*
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* The annualized amount is not to exceed the lesser of the annualized IRS per diem limit or \$240,000 in a given year.

THE LAFAYETTE LIFE INSURANCE COMPANY

With more than 115 years of service to policyholders, The Lafayette Life Insurance Company is a financially strong provider of individual life insurance, annuities, and retirement and pension products and services.

Lafayette Life is a member of Western & Southern Financial Group, Inc., a family of financial services companies whose heritage dates back to 1888. With the strength of our organization and our ongoing commitment to servicing you, your business and your family, The Lafayette Life Insurance Company is a company you can depend on. Find out more about our financial strength and distinguished history at LafayetteLife.com.

Life insurance products are not bank products, are not a deposit, are not insured by the FDIC, or any other federal entity, have no bank guarantee, and may lose value.

Living benefits are accessed through an advance of the policy's death benefit, provided the insured meets eligibility requirements under the applicable rider. An advance is treated as a lien against the policy and will reduce the death benefit payable if not repaid. The advance will accrue interest each year. The rate of interest will depend on the cash value of the policy and may vary. The lien may be increased if necessary to keep your client's policy in effect. This rider is added at no additional premium; however, we may charge a fee of up to \$250 for an advance payment. The accelerated death benefit will terminate with the policy.

Life insurance proceeds paid in the form of an accelerated death benefit when the insured has become chronically or terminally ill, and is otherwise eligible for benefits, are intended to receive favorable tax treatment under Section 101(g) of the Internal Revenue Code (26 U.S.C. Sec. 101(g)). There may be tax consequences in some situations in accepting an accelerated benefit payment amount, such as where total payments exceed the per diem limitation under the Internal Revenue Code. Please advise your clients to contact their tax advisor before taking an advance. Receipt of Accelerated Benefit payments may adversely affect the recipient's eligibility for Medicaid or other government benefits or entitlements.

An accelerated death benefit is not to be sold as or to replace long-term care insurance, nursing home insurance or home care insurance. An accelerated death benefit (such as the Accelerated Death Benefit PLUS rider) and long-term care insurance provide very different kinds of benefits.

The Lafayette Life Insurance Company, Cincinnati, Ohio, operates in D.C. and all states except New York. Whole Life Insurance Policy series ICC21 LL-01 2104 and ICC21 LL-08 2104, Single Premium Whole Life Insurance Policy series ICC21 LL-02 2104 and Accelerated Death Benefit rider series ICC16 LLR-07 1601 and ICC16 LLR-08 1601 are issued and guaranteed by The Lafayette Life Insurance Company. Guarantees are based on the claims-paying ability of the company. Chronic illness underwriting guidelines will be used to determine eligibility for our various Accelerated Death Benefit Riders.

Product approval and rider features and benefits may vary and may not be available in all states. Check the Lafayette Life website (LLIC.com) for state-specific limitations. The Lafayette Life Insurance Company does not provide legal or tax advice. Please advise your customers to contact their tax or legal advisor regarding their situation.

Life insurance is not intended to be used as a savings product, retirement plan, or investment vehicle. Lafayette Life's role is strictly limited to providing life insurance policies and annuity contracts. Any other services a Lafayette Life independent agent provides to applicants and policyholders, including but not limited to financial planning, estate and retirement planning, tax planning, or investment planning, are not provided on behalf of Lafayette Life.

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