

Accelerated Death Benefit Rider

Fact Sheet

As a complement to the protection provided by Foresters Financial™ life insurance products, a value-added Accelerated Death Benefit Rider (ABR), is included, for no additional premium, with all eligible life insurance certificates.

If the insured is diagnosed with an eligible illness, ABR offers the owner an opportunity to accelerate a portion of the eligible death benefit and receive an accelerated death benefit payment. Depending on eligibility and state variations, the rider can be issued with one or more of the following eligible illnesses (summarized description below; see applicable rider for full definition):

Chronic Illness

- Diagnosed by a physician as permanent, unable to perform at least 2 of the 6 activities of daily living for at least 90 days OR a severe cognitive impairment
- For any 12-month period, can accelerate up to 24% of the eligible death benefit at the time of the initial chronic illness claim

Eligibility Criteria

- Base face amount \geq \$20,000 or product's minimum face amount
- Insured issue age \leq 75
- Standard premium rate classes

Claim amount is subject to an overall lifetime maximum of 95% of the eligible death benefit, up to \$500,000

Critical Illness

- Life threatening cancer, myocardial infarction (heart attack), stroke, advanced Alzheimer's Disease (before age 75), end stage renal failure, major organ failure, ALS
- Can accelerate up to 95% of the eligible death benefit at the time of each critical illness claim to a maximum of \$500,000

Eligibility Criteria

- Base face amount \geq \$20,000 or product's minimum face amount
- Insured issue age \leq 75
- Standard premium rate classes

Claim amount is subject to an overall lifetime maximum of 95% of the eligible death benefit, up to \$500,000

Terminal Illness

- Non-correctable illness or physical condition which is reasonably expected to result in death within 12 months of diagnosis
- Can accelerate up to 95% of the eligible death benefit at the time of terminal illness claim to a maximum of \$500,000

Eligibility Criteria

- Base face amount \geq \$20,000 or product's minimum face amount
- All ages
- Standard and sub standard premium rate classes

Claim amount is subject to an overall lifetime maximum of 95% of the eligible death benefit, up to \$500,000

First and foremost...

As you know, the primary purpose of life insurance is to provide a benefit to the designated beneficiary at death. While the ABR can provide a living benefit to help ease the burden of a life-changing illness, there are a few things your client should recognize:

- While there is no waiting period to make an ABR claim, each critical, chronic illness and terminal ABR payment may be less than the acceleration amount - which is subject to loan repayment if applicable, as well as, for critical and chronic illness, an administrative fee and actuarial discount amount.
- The ABR is designed to complement the life insurance protection and not to replace any critical illness, chronic illness or, and is not, long-term care insurance coverage.
- The ABR payment is intended to qualify for favorable tax treatment, however, depending on individual circumstances, there may be tax consequences.
- The ABR payment may affect your client's eligibility to receive certain public assistance, government benefits or entitlements.
- After each ABR claim, the base face amount, paid-up additional insurance, cash value and loan amount, if any, will be decreased, on a pro-rated basis. As a result, a lower death benefit will be left to the designated beneficiary(ies) than was intended when the life insurance was originally purchased.

Before making an ABR claim, your client should consult a qualified advisor(s) to evaluate the impact of receiving an ABR benefit payment.

Also noted...

ABR disclosure

A signed copy of the ABR disclosure must be returned to Foresters at the time of application.

Minimum residual face amount

The minimum required residual base face amount is \$10,000.

Administration fee

For each chronic and critical illness claim, there will be an administration fee applied to the ABR payment. Currently in most states, it is \$300, and is guaranteed not to exceed \$500.

Actuarial discount amount

The actuarial discount amount will be applied to all critical and chronic illness claims. It varies by measures such as issue age, gender, and in-force duration (See Sample ABR payment calculation for reference).

Underwriting requirement

There are no additional underwriting requirements for ABR. Subject to state variations and eligibility criteria, it will be automatically added to eligible certificates.

To make an ABR claim

Your client can contact our Claims team at **800-828-1540, option 2**. Upon the approval of a claim, an ABR offer letter, summarizing the ABR benefit payment amount and its impact on your client's certificate going forward, will be sent to the claimant for a decision.

Terminal illness coverage under ABR vs. Terminal Illness Member Benefit¹

While Terminal Illness Member Benefit¹ will still be available for eligible members, the terminal illness coverage under the ABR has a higher benefit amount that may better meet your client's living benefit needs if diagnosed with a terminal illness. The table below provides a summary of the two benefits.

Terminal illness benefit under ABR	Terminal Illness Member Benefit ¹
Owner can accelerate up to the lesser of 95% of the eligible death benefit or \$500,000.	Eligible members can borrow up to the lesser of 75% of total Foresters insurance amount or \$250,000.
It is a contractual benefit under the ABR for eligible certificates.	It is a non-contractual benefit for eligible members.
Upon claim approval, the requested amount will be paid out to the owner in a lump sum, i.e. will not be reduced by administrative fee or actuarial discount amount.	Upon claim approval, the requested amount will be paid out to the member in a lump sum, i.e. will not be reduced by administrative fee or actuarial discount amount.
It is a lump sum advance death benefit payment prior to death – certificate face amount will be reduced after the claim.	It is an interest free loan applied against the certificate – certificate face amount will remain unchanged after the claim, however, an assignment will be placed on the death benefit as security for the loan.

ABR payment calculation – Example²

Chronic illness claim - for female, issue age 45, standard non-smoker, face amount of \$100,000, assuming claim occurs in year 30

At time of claim	Calculation	Accelerate 24% of death benefit at year 30	Impact on certificate	Immediately after acceleration	Impact on certificate	10 years after acceleration	
Face amount	\$100,000	Acceleration Amount	\$24,000 (24% of eligible death benefit)	Face amount	\$76,000	Face amount	\$76,000
Total account value	\$39,279	<i>Multiply</i> by actuarial discount amount ³	51.2%	Total account value	\$29,852	Total account value	\$44,188
		<i>Less</i> administrative fee	\$300				
		Accelerated death benefit payment	\$11,988 lump sum (equates to \$999 per month for 12 months)				

Accelerated Death Benefit Rider is subject to the terms of the applicable state rider and may not be available or approved in all states. State variations may apply.

Terminal Illness Loan is not available as a member benefit in the states of Illinois and New York or on Accidental Death products.

¹ Foresters Financial member benefits are non-contractual, subject to benefit specific eligibility requirements, definitions and limitations and may be changed or cancelled without notice.

² Numbers shown, including the ABR payment amount, in the above example are estimates. They are used to show how an ABR payment is calculated and the impact of that payment on a SMART Universal Life certificate under non-guaranteed elements and assuming no changes in those non-guaranteed elements. Actual payment amount and impact will be based on the specific situation. This example is provided for illustration purposes only and is not guaranteed.

³ The actuarial discount amount varies by product is based on a number of factors such as issue age, gender, and in-force duration.

To make another chronic illness claim

If your client wants to make a further claim due to another chronic illness, he/she must re-apply for a new payment. Note that the total ABR claim payment(s) is subject to the chronic illness claim limit as well as the overall lifetime maximum.

If your client qualifies under the definition of more than one illness

Your client can choose to request the ABR payment under any diagnosed eligible illness, with consideration of the following factors:

- The maximum allowable acceleration amount per claim for chronic illness is different than for critical and terminal illnesses.
- After an ABR terminal illness payment, the ABR will terminate.
- The requested amount will be reduced by an actuarial discount amount for chronic and critical illness claims, but not for terminal illness claims.
- An administrative fee will be applied to each chronic and critical illness claim payment.

If my client made a claim due to an eligible critical illness, can my client make another critical illness claim for a reoccurrence of the same illness?

Yes, your client can submit a new claim and it will be adjudicated accordingly, as long as the total amount does not exceed the critical illness maximum claim limit or the overall lifetime maximum limit.