

Life Paid-Up Rider

Discover the perks of an active policy



You probably know life insurance offers security for you and your family. But are you aware it can also provide an income tax-free¹ source of cash?

One of the keys to enjoying this benefit is a feature called the Life Paid-Up Rider,² automatically included on many of our policies. Here's what you need to know about it.

What is the Life Paid-Up Rider?

When you take income from your policy, you do so using a series of withdrawals and policy loans.³ Any money you receive will be income tax-free—provided your policy remains in force (i.e., active). How can you ensure your policy stays in force? That's where the Life Paid-Up Rider comes in. It's a safeguard that keeps your policy from lapsing and helps you avoid a tax surprise.⁴

What kind of tax surprise are we talking about?

If your policy lapses, you'll be taxed on any proceeds that exceed the total amount of premiums you've paid.

How does the rider work?⁵

- The rider automatically activates when all of the following conditions are met:
 - › The ratio of loan debt to surrender value reaches the percentage specified in your policy.
 - › The insured is at least 75 years old.
 - › The policy has been in force for the minimum number of years specified in your policy.
 - › All premiums have been withdrawn from your policy.
- Then, the policy is automatically converted to a reduced paid-up status, which has the following results:
 - › The face amount is decreased.
 - › Monthly policy charges are no longer deducted.
 - › No further premium payments are due.
- There will be a one-time fee deducted from your policy value when the rider is used.

See the rider in action

Mr. Smith began receiving regular payments from his policy when he was 65 years old. After 15 years, his Life Paid-Up Rider triggered since he had met all necessary conditions to use it. Here's a summary of Mr. Smith's policy before and after the rider was used.

	Policy value	Face amount	Loan balance	Net surrender value
Policy before exercising Life Paid-Up Rider	\$500,000	\$1,000,000	\$460,000	\$40,000
Policy after exercising Life Paid-Up Rider	\$482,500	\$506,625	\$460,000	N/A

Current policy value less one-time policy charge:
 $\$500,000 - \$17,500 = \$482,500$

New policy value multiplied by 105%:
 $\$482,500 \times 1.05 = \$506,625$
 This is the reduced paid-up face amount.

This is a hypothetical example used strictly for illustrative purposes.



Contact your financial professional to learn more about how the Life Paid-Up Rider can benefit you.



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All guarantees and benefits of the insurance policy are subject to the claims-paying ability of the issuing insurance company.

¹ As long as the policy isn't classified as a Modified Endowment Contract (MEC).

² Availability varies by state.

³ Surrender charges and other policy charges may apply to distributions taken from the policy. Partial surrenders and policy loans may decrease the amount of death benefit and cash value.

⁴ The Internal Revenue Service has not taken a position on the Life Paid-Up Rider. You should consult your tax advisor prior to this rider being exercised.

⁵ The policy rider description listed is not intended to cover all restrictions, conditions, or limitations that may apply. See the rider descriptions for full details, state variations, and availability.