Ameritas Access Whole Life Insurance – Simplified Issue

Product Guide

Closed Dec. 31, 2021

This policy is only available as an exchange policy to policyowners with existing Ameritas policies that are expected to fail within seven years even though planned premium is being paid or limited to paying the minimum amount necessary to keep the policy inforce (monthly charges only) due to the guideline premium rules.

Issue Dates	This version was sold with issue dates prior to Jan. 1, 2022.
Underwriting	No new underwriting required. New rate class will be issued Simplified Issue–Nontobacco or Simplified Issue–Tobacco.
Issue Ages (Age nearest birthday)	0-95 (Simplified Issue–Nontobacco) 18-95 (Simplified Issue–Tobacco) Rated policies may only be issued until age 90.
Minimum and Maximum Specified Amount	Minimum Initial Specified Amount: $1,000 Maximum Specified Amount: Specified amount of the existing Ameritas policy.
Dividend Options	• Purchase Paid Up Additions (default) • Cash • Reduce Premiums (except monthly billing) • Accumulate with Interest • Purchase Participating One-Year Term Insurance • Reduce Outstanding Loan
Premiums Payable Age (Based on issue age nearest birthday)	Premiums are payable to the later of attained age 75 or 25 years
Annual Policy Fee	$90
Interest Crediting Method	Portfolio
Guaranteed Contract Rate	A 4% guaranteed contract rate is used in the demonstration of compliance with the guaranteed cash values as required by the Standard Nonforfeiture Law of Life Insurance and does not represent an accumulation rate or earned rate for the cash value.
Fixed Loans	Loan portion of the account value will be credited with interest at the current rate of 5% (5% max). **Direct recognition:** Dividends are impacted by loans.

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Variable Loans	Loan portion will be charged an interest rate that is tied to Moody's Corporate Bond Yield Average—Monthly Average Corporates as published by Moody's Investors Services, Inc. Loan rate set each policy anniversary and will not be changed more often than once a year 5% variable loan rate (current); maximum rate varies. **Non-direct recognition:** Dividends are not impacted by loan.
Flexible Paid-Up Rider (FPUR)	**Cost:** 0% current charge up to 150% annual base policy premium and 8% on excess FPUR premiums **FPUR Funding Range:** 50-200% of scheduled FPUR premium **Maximum Scheduled FPUR Premium:** In year one, 25 times the base annual premium plus the annual policy fee, with a step-down schedule in subsequent years. (See rider section for more details) Current policy cash value may be used to purchase paid-up insurance. This single premium purchase option is available at issue only.
Riders and Endorsements	• **Accelerated Benefit for Terminal Illness:** Provides a guaranteed amount upon diagnosis of a terminal illness. • **Flexible Paid-Up:** Allows the purchase of additional paid-up insurance.
Discounts	Association, Employee and Same Payor discounts available.

Dividends

Dividends are paid when the company experiences favorable results with respect to interest, mortality and expenses. A single dividend reflects experience on both the base policy and participating riders. Any such dividends are paid starting at the end of the second policy year. A pro-rata dividend is not paid if a policy is surrendered or lapsed but is paid upon the death of the insured for in force policies. Dividends are not guaranteed.

Dividend options

Policy owners may choose one of the following options for their dividend payments:

- Paid-up additional insurance (This is the default selection)
- Cash
- Reduce premium if the premium payment mode is annual, semiannual or quarterly
- Accumulate interest. Rate is guaranteed to be one percent or more
- Reduce outstanding loans

Dividend calculation

Dividends are calculated based on the reserves and net amount at risk of the entire policy and/or paid-up riders. Supplementary benefit, substandard ratings or variable loans will not affect the dividends paid. There will be direct recognition of loans on fixed loans only.

Guaranteed level premium

Premiums are level, guaranteed and payable every year until the later of attained age 75 or 25 years. Regardless of the company's investment, expense or mortality experience, premiums are guaranteed never to increase during the insured's lifetime.

Policy loans

Loans can be taken at any time except during the policy grace period. However, during the first policy year, they are only available on policies with the Flexible Paid-Up rider. The loan interest rate depends on the choice of fixed or variable loan.

Loan repayments can be made at any time. When submitting loan repayments, policy owners must indicate that the funds are repayment of loan principal otherwise funds will be assumed to be premium. Interest accrues daily and becomes a part of the loan balance. Interest payments are due on each policy anniversary. If interest is not paid when due, it is added to the loan balance and will bear interest at the rate charged on the loan.

Changing loan types

Subject to the terms of the variable loan endorsement, you may change from a fixed loan to a variable loan or from a variable loan to a fixed loan by written notice. The loan type may not be changed during the 12-month period following the date a loan is taken or the date the loan type is changed. The entire loan balance must be exchanged and will be treated as a repayment of the existing loan balance followed by a new loan of the other loan type. The amount of the new loan will be equal to the amount required to repay the existing loan balance.

Death benefit

Policy loans impact the policy's death benefit. The policy's death benefit will be reduced by any outstanding loan payoff amount.

Fixed loan

The loaned portion of the account value will be charged with interest at the current rate of 5.0% (5.0% maximum).

Impact on dividends with fixed loan

Fixed policy loans impact policy's dividends earnings. This is referred to as "direct recognition." Direct recognition allows greater flexibility in adjusting for the effect of policy loans on company earnings in a fair manner. The amount of the downward or upward adjustment of dividends depends on the loan interest rate and the total amount of the cash value that has been borrowed. The dividend will be adjusted based on the current dividend rate and loan rate in effect at the time of the dividend payment.

Variable loan interest rate

Loan interest will be computed using a variable loan interest rate. Each year we will set the variable interest rate. The rate will never be more than the maximum permitted by law. The rate will not be changed more often than once a year. The rate for a policy year may not exceed a maximum limit which is the greater of:

(1) the Published Monthly Average for the calendar month ending two months before the policy anniversary at the beginning of the policy year; or

(2) the contract rate used in this policy to compute the guaranteed cash value for the policy year, plus 1%.

Published Monthly Average means:

(1) Moody's Corporate Bond Yield Average—Monthly Average Corporates, as published by Moody's Investors Service, Inc., or any successor to that service; or

(2) if the average is no longer published, a substantially similar average, established by regulation issued by the Insurance Supervisory Official of the state in which the policy is delivered.

If the maximum limit for a policy year is at least 0.5% higher than the rate set for the previous year, we may increase the rate at no more than that limit. If the maximum limit for a policy year is at least 0.5% lower than the rate set for the previous year, we will reduce the rate to at least that limit.

Impact on dividends with variable loans

The presence of variable policy loans do not impact the policy's dividend earnings. This is referred to as "non-direct recognition".

Automatic Premium Loan

If this option is selected, it will pay any premium not paid before the end of the grace period will be paid by charging it as a loan against the policy (as long as there is sufficient net loan value). This option will not pay the premium for the Flex Paid-Up rider. It can be selected at any time unless there is premium currently in default.

Surrenders and lapses

Policy lapse

If a premium is not paid by the end of the grace period (31 days) and the Automatic Premium Loan does not apply, the policy will lapse. If the policy lapses and cash surrender value is available, it is used to continue the policy either as extended term insurance or reduced paid-up insurance. These lapse benefits or non-forfeiture options are covered in more detail below.

Extended Term Insurance

The policy's cash surrender value is applied as a net single premium based on the attained age of the insured to purchase paid-up term insurance for a limited time. The amount of extended term insurance provided as a lapse benefit equals the face amount of the base policy (excluding the term rider), plus any paid-up additions, plus any dividend accumulation, minus the amount of any loans or loan interest. This option is the default option on standard policies. Policy loans are not available if the policy is in-force as extended term insurance.

Reduced Paid-Up (RPU)

The policy's net cash surrender value is applied as a single premium to purchase paid up whole life insurance at the attained age of the insured for a reduced amount. The amount of the RPU insurance provided is based on the due date of the unpaid premium and the net single premium for the insured's gender and then current age (based on 2017 CSO Mortality tables and 4% interest), adjusted for any loan or dividend transaction on or after that date. This option is the default option on rated policies. When the RPU option has been elected:

- The policy can be surrendered for its cash value.
- Policy loans are available at the same rates as were available on the base policy.
- The RPU policy is entitled to receive dividends if declared.
- The base policy can be reinstated.
- The only payment accepted is a loan repayment.

Adverse tax consequences can occur when the RPU option is elected. Policy owners should be advised to seek competent legal and/or tax counsel before exercising this option. This can also cause a policy to become a Modified Endowment Contract (MEC).

Reinstatement

Within five years of the lapse date, provided the insured is living, the policy may be reinstated subject to proof of insurability, payment of all overdue premiums with interest, and reinstatement of any loan balance or lien balance as of the lapse date.

Grace period

The grace period is 31 days. Insurance continues during the grace period; however, if the insured dies during the grace period, premium due will be subtracted from the death benefit.

Election of paid-up policy (or mature as endowment)

The policy owner may request the policy to be endorsed as paid-up whenever the cash value equals or exceeds the net single premium for a paid-up policy. Similarly, the owner may request payment of the amount of insurance in force whenever the cash value equals that amount. Income tax consequences should be considered.

Termination

Policies may be terminated at any time by sending written notice to the company. The cash surrender value may be withdrawn or elected to provide extended term insurance or reduced paid-up insurance. The amount that the company will refund is the cash value of the policy including riders, plus the cash value of any paid-up additions, plus any dividend accumulations, plus any due and unpaid dividends, minus any policy loan and/or lien balance as of the date of the surrender.

Riders

Accelerated Benefit for Terminal Illness

Design: Provides a guaranteed amount upon diagnosis of a terminal illness. When terminally ill, as much as 75% of the eligible amount, up to $1,000,000 may be advanced.

Issue Ages: 0 – 95

Substandard Rating: Table ratings of E or greater or flat extras which exceed $5.00 per thousand

Discounts Available: None

Flexible Paid-Up Rider (FPUR)

Design: Provides additional death benefit protection and quickly builds the policy's cash value by allowing clients to purchase paid-up insurance. After the first policy year, clients can pay more or less than their scheduled premium and even skip premiums if necessary.

The amount of paid-up insurance under this rider will be part of the death benefit proceeds payable under the policy. We will pay the amount of paid-up insurance under this rider minus any loan balance and lien balance allocated to this rider to your client's beneficiary when we receive satisfactory proof of the insured's death.

Current policy cash value may be used to purchase paid-up insurance. This single premium purchase option is available at issue only.

Issue Ages: 0-95

Substandard Rating: Not available on policies rated above Table D

Cost: Each payment is subject to an expense charge. Current charge up to 150% annual base policy premium is 0%. Current charge above 150% annual base policy premium is 8%. Charges are guaranteed at time of issue.

FPUR Funding Range: 50-200% of scheduled FPUR premium

Maximum Scheduled FPUR Premium: The maximum amount of premium that may be used with the FPUR is 25 times the sum of the annual premium for the base policy plus the annual policy fee, with a step-down maximum limitation schedule (subject to underwriting approval) as follows:

- **Years 1-5 = 10 times**
- **Years 6-10 = 7.5 times**
- **Years 11-15 = 5 times**
- **Years 16+ = 2 times**

FPUR Premium Funding Options: Clients may skip scheduled FPUR premium four times in any five-year period. Clients may make unscheduled FPUR premiums at any time subject to evidence of insurability and will not impact scheduled premium. If less than 50% of the FPUR scheduled premium is paid for five consecutive years, the FPUR scheduled premium is adjusted to the largest amount paid in the last five years.

Available after Issue: No

Termination: This rider will terminate at the earliest of when any premium for the policy is due and unpaid beyond the end of the premium's grace period, when the policy terminates or lapses (including exercising extended term or reduced paid-up options), on the expiration date shown on the policy schedule for this rider; or when premiums for this rider are not paid for the number of years shown on the policy schedule as the scheduled premium reset lookback period.

Reinstatement: This rider can be reinstated only with consent. Repayment of premium for FPUR is optional. The insured must go through underwriting and all missed base premiums must be paid.

Discounts Available: None

Income tax considerations

Death benefit proceeds

Generally, life insurance death proceeds are free of federal income tax.

Surrenders

When a policy is surrendered, the gain (usually the difference between the cash value and premiums as reduced by dividends) is subject to income tax.

When values are removed from an in-force policy through surrenders of paid-up insurance, surrenders of dividend additions, reductions in the face amount of the base policy and the like, such distributions may be subject to income tax to the extent of the gain involved. The rules for determining any applicable tax are complex and depend on how long the policy has been in force. The principal exception to these statements occurs if a policy dividend is paid annually in cash. Dividends paid out annually are not subject to income tax until they exceed the premiums paid.

Certain sales illustrations call for surrenders of policy values at various times. In some cases, some portion of the surrender is subject to tax. While this possibility usually is a minor consideration in these illustrations, it should not be ignored. A policy owner should be advised to seek competent legal or tax counsel.

Dividends

Dividends paid out annually are not subject to income tax until they exceed the premiums paid.

Policy loans

Generally, money received from policy loans is not subject to income taxes unless the policy is a modified endowment contract.

Modified endowment contract

A modified endowment contract (MEC) is a life insurance policy which fails the seven-pay premium test. A policy fails the seven-pay test if, at any time during the first seven years, the amount paid into the policy exceeds the sum of the seven-pay annual premiums. If the policy as illustrated is a modified endowment contract (MEC) within the first seven years, a signed Policyholder Acknowledgment form UN3495D or UN3495D NY is required to be signed and dated by the policy owner prior to issue. The test period starts at issue and lasts seven years; a new test period starts whenever the life policy incurs a material change. Once a policy becomes a MEC it will always remain a MEC.

Under a MEC, distributions (including policy loans) are included in taxable income up to the amount of gain in the contract. Any gain is deemed to be distributed before the investment in the contract. Gain is the difference between the cash surrender value before reduction by any surrender charge and the policy owner's investment in the contract. Investment in the contract basically equals the premiums paid less any prior distribution received tax-free.

In addition, there is a 10% IRS tax penalty applied to the amount of any pre-death distribution from a MEC that is includable in gross income. There are three exceptions to this additional tax: 1) The taxpayer is at least age 59½; 2) the taxpayer has become disabled or 3) the distribution is part of a series of substantially equal periodic payments, such as an annuity, over the lifetime of the taxpayer.

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Guarantees are based on the claims paying ability of the issuing insurance company.

Withdrawals and loans will reduce available death benefit and policy value. Withdrawals beyond basis may be taxable income. Excessive and unpaid loans will reduce death benefits and policy value and may cause the policy to lapse. If a policy lapses, unpaid loans are treated as distributions for tax purposes.

The information presented here is not intended as tax or other legal advice. For application of this information to your client's specific situation, your client should consult an attorney.

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