

Accelerated Death Benefit Riders

Increased Competitiveness with Accelerated Death Benefits

At United of Omaha, we offer Accelerated Death Benefits for Terminal Illness and Chronic Illness. These riders give clients an option to access a portion of their death benefit early. This money can provide a little more comfort during a difficult time or can be used to help cover the costs of long-term care.

The following riders allow a maximum benefit amount up to \$1 million.

- For Chronic Illness, the rider provides benefits if the insured is unable to perform 2 of 6 Activities of Daily Living for 90 consecutive days or has severe cognitive impairment. This rider can help customers cover the rising costs of Long-Term Care, although there is no nursing home confinement requirement
- For Terminal Illness, the rider provides benefits if the insured provides evidence that their life expectancy is 12 months or less

The Chronic Illness and Terminal Illness benefits are available on Income AdvantageSM IUL, Life Protection AdvantageSM IUL, Indexed Universal Life Express[®] and AccumUL AnswersSM, and only the Terminal Illness benefit is available on Term Life Answers[®].

A \$1 million benefit is one of the highest benefit amounts you will find in the industry for a terminal illness rider on term.

Calculating the Benefit Amounts

The Accelerated Death Benefit Rider allows a cumulative maximum benefit of \$1 million or 80 percent of the death benefit (limited to one acceleration of benefits for terminal illness). At the time of each accelerated death benefit request, the requested acceleration amount is reduced by a \$100 flat charge. For Terminal Illness and Chronic Illness, it is also reduced by an actuarial discount rate. The Chronic Illness benefit has an additional component that is based on the discount rate and the insured's life expectancy.

The Accelerated Death Benefit for Chronic Illness is capped each year at the IRS per diem limit. For 2023, this limit is \$420 per day, or \$153,300 for the year.

A Hypothetical Example: Chronic Illness

Policy Death Benefit (as of first accelerated benefit request)	\$500,000
Maximum 80% Acceleration Allowed (cumulative)	\$400,000
Requested Acceleration	\$100,000
- Actuarial Discount of 13.5% (4.5% discount rate x 3-year current life expectancy)	\$13,500
- Flat Charge	\$100
Acceleration Amount	\$86,400

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A Comparison of Riders: Chronic Illness vs. Long-Term Care

Below is a side-by-side comparison that can help you understand the differences.

	United of Omaha's Chronic Illness Rider	Long-Term Care Rider
Upfront Cost	If the client never needs the Chronic Illness benefit, they will never be charged	LTC rider generally has a recurring charge every year, regardless of whether the client ever uses the benefit
Benefit Amount Flexibility	At the time of claim, the client decides how much benefit they need and it is available either over a fixed period of time or as a lump sum with no restrictions on the use of the benefit	The benefit is often predetermined at the time the policy is issued as a monthly percent of face amount (i.e., 1%, 2%, or 4%). There is typically no option to take a lump sum or to increase the benefit amount
Benefit Period Flexibility	Multiple accelerations are allowed (no more than once every 12 months), with the timing of acceleration requests at the discretion of the policyowner	Benefit is typically paid for a set number of months, which are defined at issue
Expenses Covered	There are no restrictions on the use of the benefits	Most LTC riders only allow the benefit to be used to cover qualified LTC expenses
LTC Continuing Education Requirements	No LTC continuing education is required to sell a product with a Chronic Illness Rider	State-specific LTC continuing education is often required to be eligible to sell products with an LTC rider
Additional Underwriting	No additional underwriting required; this rider is automatically included with all policies at issue	Often requires additional LTC underwriting to qualify for an LTC rider
Substandard Restrictions	Availability of the rider is not restricted based on risk class of the insured	An LTC rider is often not available for an insured with higher substandard table ratings