

# Accelerated Death Benefit PLUS Rider

NOT FOR USE IN CALIFORNIA



Lafayette Life  
Insurance Company

A member of Western & Southern Financial Group



A powerful combination of living benefits  
plus whole life insurance





# Accelerated Death Benefit PLUS Rider

A Lafayette Life whole life policy provides financial protection for your loved ones in the event of your death. But did you know that you also have valuable protection that can be used while you are still living?

## BENEFIT FROM YOUR LIFE INSURANCE DURING YOUR LIFETIME

Often known as a living benefit, an accelerated death benefit rider such as the Accelerated Death Benefit PLUS Rider provides the flexibility of being able to access a portion of the death benefit of a life insurance policy before the insured dies.<sup>1</sup> Early access to your policy benefits may help improve your quality of life if you are terminally or chronically ill, or have a medical condition as specified in the rider. You may use the funds for any purpose—to cover medical care costs, or even to take the trip of a lifetime.

### LIVING BENEFITS

The Lafayette Life Insurance Company's living benefit is provided at no additional premium and is called an Accelerated Death Benefit PLUS Rider in your policy. This rider gives you the power to access a portion of your life insurance policy's death benefit while you are living, provided you meet certain criteria as specified by the terms of the rider.<sup>2</sup>

In other words, you may receive an advance against your policy's death benefit and have the freedom to spend it however you choose. There are no restrictions regarding how the advance is used. No bills or receipts are required to receive the benefits—and, in many instances, benefits are tax-free.

### ACCESSING THE LIVING BENEFITS

Accelerated Death Benefit PLUS Rider will be added to your policy by Lafayette Life, subject to age, rate class and underwriting approval.<sup>3</sup> The rider allows an advance against the death benefit if the insured is diagnosed as having any of the following three qualifying events:

- **Specified Medical Condition.** The conditions that meet this requirement include AIDS (acquired immune deficiency syndrome); first coronary angioplasty; first coronary artery bypass; first myocardial

infarction; end-stage renal failure; major organ transplant; medical condition requiring continuous life support; stroke; or life-threatening cancer.

- **Chronic Illness** means the insured is unable to perform two of six activities of daily living (ADLs) without substantial assistance for a period of at least 90 days due to a loss of functional capacity, and a licensed health care practitioner has determined that loss of ability to perform the ADLs is expected to be permanent; or requires substantial supervision to protect himself/herself from threats to health and safety due to severe cognitive impairments. The six ADLs are routine daily activities generally considered necessary for a self-sustaining person to remain independent: eating, bathing, continence, dressing, toileting and transferring.
- **Terminal Illness** means the insured has a condition that is expected to result in death in one year.

<sup>1</sup> We recommend that you contact your tax advisor when making decisions about electing to receive benefits from any accelerated benefit product, as the owner may incur a tax obligation.

<sup>2</sup> This rider is added at no additional premium; however, we may charge a fee of up to \$250 for an advance payment. An advance is treated as a lien secured by the death benefit of the policy. The advance will accrue interest each year. The rate of interest will depend on the cash value of your policy and may vary. The lien may be increased if necessary to keep your policy in effect.

<sup>3</sup> Certain medical histories may prevent qualification for the Accelerated Death Benefit PLUS Rider. Insureds who do not qualify for this rider will receive the Accelerated Death Benefit Rider (ICC16 LLR-07 1601).



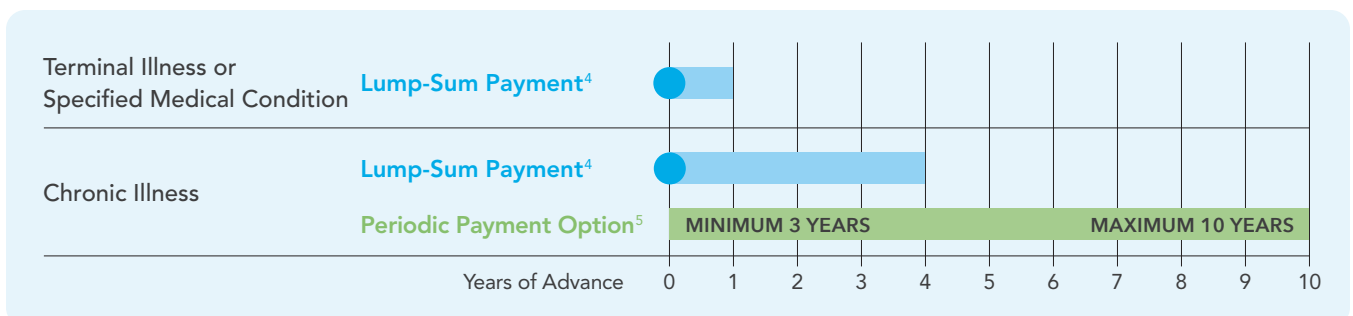
## SELECTING A PAYOUT OPTION

All three qualifying events allow an advance in the form of a lump-sum payment.<sup>4</sup> However, if a chronic illness advance is taken, the insured has two payout options.

At the time of claim, the insured may choose to take a chronic illness advance as a lump-sum payment or as periodic payments.<sup>5</sup>

Selecting periodic payments allows the insured to choose the length of time, from three to 10 years, for which the insured will receive periodic payments. Interest will accrue on any outstanding advances.

## PAYOUT DURATIONS



<sup>4</sup> 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.

<sup>5</sup> This payout option is only available on chronic illness advances.

# HOW BENEFITS ARE CALCULATED

## LUMP-SUM PAYMENT

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

Net Cash Value	+	<b>Specified Medical Condition:</b> Lesser of <b>A \$25,000</b> or <b>B 10%</b> of the difference between the Death Benefit and the Net Cash Value	=	Maximum Advance Amount*
	+	<b>Chronic Illness:</b> Lesser of <b>A \$250,000</b> or <b>B 40%</b> of the difference between the Death Benefit and the Net Cash Value	=	
	+	<b>Terminal Illness:</b> Lesser of <b>A \$250,000</b> or <b>B 60%</b> 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 <b>A \$1,000,000</b> or <b>B 50%</b> of Death Benefit	=	<b>Maximum Advance Amount</b>	÷	Payout Length (3-10 Years)	=	<b>Annual Benefit*</b>
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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.

Choosing a solution that can both grow and adjust with your changing needs may help protect your financial stability should the unexpected occur.

## HOW LIVING BENEFITS WORK

Here are two examples of how the living benefits might be used in various hypothetical scenarios.



### TERMINAL ILLNESS

Karen purchased a Patriot 2022 Whole Life policy at age 50. She is single, with two adult daughters who she intends to leave a financial legacy to. Unfortunately, at age 60 she is diagnosed with an aggressive brain tumor and given less than 12 months to live.

Karen decides to access the living benefit of her whole life policy so she has the extra funds needed to be able to spend time with family and friends. Since her Patriot policy has accumulated \$75,000 in net cash value and a \$212,966 death benefit, she is eligible to access up to \$155,463 as an advance under the rider (\$75,000 net cash value plus \$80,463, which is 60% of the difference between the death benefit and the net cash value).

Karen chooses an advance of \$100,000 leaving \$112,966 death benefit or \$56,483 each to her two daughters.

In each of these examples, the advance will continue to accrue interest until the insured's death and will reduce the death benefit accordingly. These examples are for illustrative purposes only. Values as of 10/01/2023.



### CHRONIC ILLNESS

Steve and Beth purchased a \$500,000 Patriot 2022 policy on Steve when they were both age 55. After suffering a sudden stroke at age 78, Steve recovered only partially. Although he does not require 24-hour nursing care, he is unable to perform two of the six ADLs. Steve and Beth determine that accessing part of their policy's living benefit is necessary to help Beth care for Steve and help meet their financial obligations.

Steve and Beth have two options: they could take their advance as a lump-sum payment from their policy, which increased to a death benefit of \$1,226,421 and a cash value of \$929,889, and receive a total of \$1,048,502; or they could decide to take their advance in periodic payments.

By choosing the periodic payment option, Steve and Beth can select the length of time they would like to receive their periodic payments—from 3-10 years. With a payout length of five years, they would receive \$122,642 per year (50% of the \$1,226,421 death benefit spread out over five years). Because Steve and Beth have determined that they will not need all of the money up front, they decide to take their advance through the periodic payment option over five years.

By choosing periodic payments, they will receive smaller individual payments over the course of five years. This option reduces the payable death benefit on Steve's death less rapidly than the lump-sum option.





### **SPECIFIED MEDICAL CONDITION**

David and Sarah purchased a \$400,000 Heritage 2022 Whole Life policy on David when he was 48 years old. At age 71, David suffered a heart attack.

Because David has been diagnosed with a specified medical condition that meets the terms of the rider, he can access the living benefit of his Heritage. David and Sarah decide to advance \$25,000 to help pay for medical bills and prescription drugs related to his condition. At the point of this advance, the net death benefit payable on David's death is reduced to \$375,000.

### **YOUR RESIDUAL DEATH BENEFIT**

If you need to take an advance through your Accelerated Death Benefit PLUS Rider, you have the comfort of knowing that your beneficiary will still be able to receive a Residual Death Benefit.

With Lafayette Life's Residual Death Benefit, policies with a death benefit of at least \$75,000 in effect at the time of the first advance will not be reduced to less than \$10,000 regardless of the amount of lien against the policy. Unpaid policy loans, however, will reduce the Residual Death Benefit dollar for dollar.<sup>6</sup>

### **YOUR PERSONAL PLAN**

Your Lafayette Life representative can provide you with a personalized illustration of your living benefit and death benefit based on your needs and financial circumstances.

Should you ever need to access your living benefit, your Lafayette Life representative can guide you through the steps. Talk to your agent today about living benefits with whole life insurance.

A Lafayette Life whole life policy and its living benefit, the Accelerated Death Benefit PLUS Rider, may provide a measure of confidence during your lifetime and a lasting legacy to your loved ones.

<sup>6</sup> Policy's death benefit must be greater than \$75,000 at the time of the first advance of the last qualifying event. Any outstanding policy loans will reduce the Residual Death Benefit on a dollar-for-dollar basis.

## 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](http://LafayetteLife.com).

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 lien may be increased if necessary to keep your policy in effect. 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. Receipt of accelerated benefit payments may adversely affect the recipient's eligibility for Medicaid or other government benefits or entitlements. Consult your tax advisor before taking an advance.

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. Life insurance products are issued and guaranteed by The Lafayette Life Insurance Company. Guarantees are based on the claims-paying ability of the company. Whole Life Insurance policy series ICC21 LL-01 2104, ICC21 LL-02 2104, ICC21 LL-07 2104 and ICC21 LL-08 2104, and Accelerated Death Benefit PLUS rider series ICC16 LLR-08 1601 are issued by The Lafayette Life Insurance 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. The Lafayette Life Insurance Company does not provide legal or tax advice. Please contact your tax or legal advisor regarding your 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.

**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.**

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