

The Enhanced Paid-Up Additions Rider

For Security Designer WL4U3SM Whole Life Insurance Policies



The Enhanced Paid-Up Additions Rider (PUAR) may be added to any product in the Security Designer WL4U3SM whole life insurance series.

The Enhanced PUAR provides additional death benefit and enhances tax-deferred cash value growth. It may generate larger policy dividends (*dividends are a return of premium and are not guaranteed*), may create an increasing death benefit and may help shorten the out-of-pocket premium-paying period (i.e., to accelerate a premium offset).

Each Enhanced PUAR net premium paid:

- Purchases additional death benefit based on the net single premiums for the base whole life insurance policy. (*PUAR purchases may impact underwriting requirements.*)
- Creates cash value that is added to the base policy's cash value, building a liquid cash reserve within the policy and increasing the policy's loan value.

The Enhanced PUAR features premium flexibility in both the first rider year and subsequent rider years. Any time during the first rider year, additional premium payments, greater than the Scheduled PUAR Premium payment, may be made (limits apply).

This adds greater flexibility to the whole life insurance policy by permitting the policy to be issued now and accepting more premium payments later. This benefit becomes especially helpful in accommodating anticipated funds from a maturing certificate of deposit, a planned bonus, a real estate transaction, the sale of a business, etc. The Enhanced PUAR may also be used to accept 1035 exchange proceeds. *Note: The additional first-year premium must be underwritten prior to issue. Premium received in this manner will not be covered by the Disability Waiver of Premium benefit.*

In Rider Years Two and later, the policyowner may vary payments and pay more or less than the Scheduled PUAR Premium (limits apply). Payments may be as little as 75% of the Scheduled PUAR Premium, or increased up to 125% of the Scheduled PUAR Premium to further build cash values and death benefits.

Flexibility with the Catch-Up Provision

The Enhanced PUAR allows the policyowner to miss a Scheduled PUAR Premium payment and allows the policyowner the opportunity to “catch-up” a missed rider payment during a two-year window. If less than 75% of the Scheduled PUAR Premium is received on a rider premium due date, it is considered a missed payment and a two-year repayment window opens. During the two-year window, the policyowner may take one of the following courses of action:

1. The policyowner may catch up by paying the balance of any missed Scheduled PUAR Premium payment (i.e., the Scheduled PUAR Premium less the PUAR Premium paid) along with any other Scheduled PUAR Premium payments then due or overdue. This will close the two-year window, and future two-year window options will be available.

2. The policyowner may elect to pay at least the minimum PUAR Premium payments without catching up the missed Scheduled PUAR Premium payment. However, if the missed Scheduled PUAR Premium payment is not paid during the two-year window, the window closes and no subsequent windows will become available.
3. The policyowner may request a reduction in future Scheduled PUAR Premium payments without making up the missed rider premium payment. In this situation, no future two-year windows will be available.

If the policyowner does not choose one of these options after a missed Scheduled PUAR Premium payment, and the two-year window closes, no further rider premium payments will be accepted.

Enhanced PUAR Features

Issue Ages: 0 – 85 (Age Nearest Birthday); subject to base policy availability

Gender: Male; Female

Underwriting: The Enhanced PUAR is issued subject to satisfactory review of evidence of insurability at the same issue classifications as the base policy; issuable through Table 2. Those insureds who are assessed a rating of Table 2 are allowed to purchase the Enhanced PUAR at standard rates. Underwriting requirements are determined at the time of application. Any additional first-year premium will be underwritten prior to issue.

Minimum Annual Premium: \$180 (not applicable during an open two-year catch-up rider premium payment window)

Maximum Premium: Subject to Home Office underwriting approval. Limitations apply.

Premium Modes: Annual, Semiannual, Quarterly, Electronic Fund Transfer (EFT) Monthly. *Note: No modal factor applies to the Enhanced PUAR premiums.*

Number of Years Payable: Single, one-time payment allowable or a selected number of years specified at issue.

Catch-Up Window: A two-year PUAR Premium repayment window will begin if less than 75% of the Scheduled PUAR Premium is received on a scheduled rider premium due date.

Dividends: The dividend option selected for the base policy also applies to the Enhanced PUAR. The Enhanced PUAR earns dividends along with the whole life insurance policy. *Dividends are a return of premium and are not guaranteed.*



Disability Waiver of Premium and the Enhanced PUAR: If the whole life policy includes the Disability Waiver of Premium Rider and the insured is deemed totally disabled as defined in the rider, no Enhanced PUAR premium payments may be made during the period of continuous total disability because payments will be made in accordance with the rider terms. If Scheduled PUAR Premium payments are not being waived and the policyowner misses a Scheduled PUAR Premium payment, the Disability Waiver of Premium for the Enhanced PUAR will cease and cannot be reinstated. Any additional premium paid above the Scheduled Premium during the first year will not be covered by the Disability Waiver of Premium.

Premium Expense Charge: The amount charged varies by rider duration. For Rider Year One, the expense charge is 8.00% of the Enhanced PUAR Premium. For Rider Years Two and later, the expense charge is 7.00% of the Enhanced PUAR Premium.

Restrictions: The Enhanced PUAR cannot be used in conjunction with the Combo Rider.

Underwriting: The maximum net amount at risk based on the maximum PUAR payments during years 1-20, plus any additional first year premium and 1035 exchange premium, determines the underwriting requirements. The FOR AGENT USE ONLY report produced by WinFlex Web shows the specific basic Underwriting Requirements for the illustrated case.

For more information regarding the Enhanced PUAR or Security Designer WL4U3SM whole life insurance, including state availability, please consult the Product Information section of SecurityLink at www.smlnyagent.com or contact the Marketing Department.

This publication describes in general terms the features of the Enhanced Paid-Up Additions Rider designed for use with Security Designer WL4U3SM whole life insurance policies. This is not a policy. In the event of a conflict between the terms outlined within and the policy, the terms of the policy will control. Product, features and benefits may not be available in all states.

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Rider Form Nos. IO-9358-FPUA in NY; ICC14-IO9358; Series IO-9358-F, IO-9358-NF.

For use with Policy Form Nos. 2112-NY-17CSO; ICC14-2112; Series 2112.