



Agent's Guide to Accelerated Death Benefit Riders



Serious illness often disrupts not only the physical but also the financial well-being of the affected person and their family. Serious illness can also sometimes lead to a chronic or even a terminal condition and further increased expenses. Expenses associated with caring for the seriously ill can prove burdensome for an individual and the family, too. Caring for the affected person can be difficult enough for a family, add in the increased expenses and the situation can become highly stressful for everyone involved.

Private medical insurance and Medicare rarely cover all the expenses associated with caring for the seriously ill person. The cost of ongoing care for a person in their home or in a rehab or skilled-nursing facility can be financially crippling for many families. Families rely on savings to pay these increased expenses and may have to drain investment and retirement accounts, too.

A **SecuritySPSM** Single Premium Whole Life insurance policy from Security Mutual Life may help. One premium payment provides a paid-up death benefit to help protect survivors. Its cash value provides a valuable resource for the policyowner while the insured is living. Policy loans and partial surrenders can help to quickly provide access to funds.

Add the optional riders to provide living benefits specifically for terminal, chronic or critical illness. These riders can make funds available during the insured's lifetime through death benefit acceleration and add a new dimension of protective value to the **SecuritySP** life insurance policy. Having additional funds available while the insured is alive can help create additional financial stability for the individual's family.

Accelerated benefit riders can be added to the policy for no additional premium and add no additional cost to the policyowner if they are never needed. Keep in mind, the death benefit acceleration results in a reduced benefit at the insured's death.

How Do They Work?

Accelerated death benefit riders give the policyowner the ability to access funds under certain conditions. These funds would otherwise be available and paid at the death of the insured provided the policy was in force. Benefit payments can be used in whatever way the policyowner chooses.

These riders require no premium payment but do have costs associated with them. An administrative expense charge applies when exercising the rider. Payment of rider benefits results in a lien against the policy's death benefit. The lien amount includes the benefit payment plus the administrative expense charge and accrues interest at a variable interest rate set periodically by Security Mutual Life.

How is the Policy Affected When the Benefit Gets Paid?

A portion of the death benefit is advanced when the benefit is paid, and a lien is created. The initial lien amount includes the benefit payment plus the administrative fee. The total lien amount is the lien plus any unpaid accrued lien interest. The total lien amount will be deducted from the death proceeds when the insured dies or from the surrender value if the policy is surrendered prior to death. The total lien amount also reduces the policy's loan value. Lien interest accrues daily from the date of the lien and is due at the end of each policy year. If the lien interest is not paid when due, it will be added to the lien on the due date. A lien may be repaid in full or in part at any time before the insured's death. **The policy will terminate without value when the total lien exceeds the policy's total death benefit.** The policy remains in force provided the total lien does not exceed the death benefit.

Benefit Eligibility

Benefit eligibility must be confirmed before benefits will be paid. Satisfactory claim evidence must be submitted by the policyowner and then evaluated by Security Mutual Life during the claims process. Eligibility requirements vary by rider as shown in the summary appearing below.

Chronic Illness Accelerated Death Benefit Rider (CHLN)

Chronically ill means that the insured has satisfactorily proven by evidence provided, including certification by a Licensed Healthcare Practitioner, to have a condition requiring continuous care for the remainder of his or her life in an eligible facility or at home and (i) is unable to perform two of the six Activities of Daily Living (ADLs)—bathing, continence, dressing, eating, toileting and transferring—due to a loss of functional capacity, or (ii) if he or she has a severe cognitive impairment that requires substantial supervision by another person to protect him or her from threats to health and safety.

Critical Illness Accelerated Death Benefit Rider (CRLN)

Critically ill means the insured has been diagnosed by a Licensed Physician as having a medical condition requiring extraordinary medical care or treatment, regardless of life expectancy, and has one or more specific conditions relating to heart attack, stroke, end-stage renal failure, invasive cancer, or a major organ transplant. The rider provides detailed information on these conditions and related requirements.

Terminal Illness Accelerated Death Benefit Rider (TIRLN)

Terminally ill means a state of health diagnosed by a Licensed Physician that is expected to result in the insured's death in twelve (12) months or less.

Refer to the rider forms for detailed information on eligibility requirements.

Benefit Amounts

Maximum rider benefit amounts vary by the type of accelerated benefit rider. In addition, the Chronic Illness Accelerated Death Benefit Rider's benefits may be limited to comply with Internal Revenue Code limitations. The policyowner may request a benefit up to the full Eligible Acceleration Amount, provided eligibility requirements have been met and appropriate limits applied.

Benefit Formula

The benefit formula below applies to all three accelerated death benefit riders:

**Eligible Acceleration Amount =
Policy Cash Value + Eligible Net Amount at Risk –
Outstanding Policy Debt**

Policy Cash Value is the cash value including the cash value of any dividends or dividend credits.*

Eligible Net Amount at Risk is the *Accelerated Death Benefit Percentage* times the *Net Amount at Risk*.

Net Amount at Risk is the *Face Amount* plus any paid-up additional whole life insurance purchased by dividends* not previously surrendered, minus the *Policy Cash Value*.

Accelerated Death Benefit Percentages vary by rider:

- Chronic Illness: 40%
- Critical Illness: 25%
- Terminal Illness: 60%

Outstanding Policy Debt is the total of outstanding policy loans (including accrued policy loan interest) plus the total lien amount. The **Total Lien Amount** is the total of any outstanding liens plus any accrued lien interest.

The maximum **Eligible Net Amount at Risk** varies by rider as shown here:

- Chronic Illness: \$250,000
- Critical Illness: \$50,000
- Terminal Illness: \$250,000

The minimum **Eligible Acceleration Amount** is \$2,500.

Initially the lien amount will include the benefit payment plus the administrative fee.

If the **SecuritySP** life insurance policy has multiple accelerated benefit riders attached and more than two qualifying conditions occur simultaneously, the one resulting in the maximum benefit amount will be used. For example, if the insured meets both chronic and terminal illness requirements, the terminal illness benefit will be paid. Maximum benefit amounts will not be additive regardless of the number of simultaneously occurring conditions.

The total amount of benefits paid under any accelerated benefit rider attached to the same policy will be limited to the Maximum Acceleration Amount, currently set at \$1,000,000.

Rider benefits received may result in taxable income to the policyowner. Policyowners should consult their tax advisors to assess the impact to their personal situations.

Dividends are not guaranteed. Payment of dividends on the **SecuritySP is unlikely. No dividends appear in the quotes.*

Claims

The Individual Benefits Claims Department assists with the claims process. The process involves collecting information and authorizations from the policyowner and the insured. Additionally, the Licensed Physician overseeing the care of the insured must supply pertinent medical information about the insured to assist Security Mutual Life in evaluating the claim. Refer to SecurityLink for additional information on the claims process.

Accelerated Benefit Examples

Examples provided here demonstrate the sample benefit amounts available under the rider. The first one shows the calculations assuming no outstanding loans on the **SecuritySP** life insurance policy. The second assumes the policy has an outstanding policy loan. Keep in mind the maximum rider benefit amounts will not be additive.

Rider benefits paid may result in taxable income to the policyowner. Policyowners should consult their tax advisors to assess the impact to their personal situations.

Example 1

Policy information at time of claim:

Face Amount	\$262,900
Policy Cash Value	\$198,894
Net Amount at Risk	\$64,006
Outstanding Policy Debt	\$0

Benefit Calculations	
Chronic Illness Accelerated Death Benefit Rider	
Eligible Net Amount at Risk (not to exceed \$250,000)	$\$64,006 \times 40\% =$ \$25,602.40
Eligible Acceleration Amount	$\$198,894 + \$25,602.40 - \$0 =$ \$224,496.40
Per Diem Maximum (\$430/day for current year**)	\$156,950
Maximum CHLN Benefit Amount Payable	$\$156,950 - \$250 =$ \$156,700
Death Benefit remaining after the maximum CHLN benefit is paid	\$106,200
Critical Illness Accelerated Death Benefit Rider	
Eligible Net Amount at Risk (not to exceed \$50,000)	$\$64,006 \times 25\% =$ \$16,001.50
Eligible Acceleration Amount	$\$198,894 + \$16,001.50 - \$0 =$ \$214,895.50
Maximum CRLN Benefit Amount Payable	$\$214,895.50 - \$250 =$ \$214,645.50
Death Benefit remaining after the maximum CRLN benefit is paid	\$48,004.50
Terminal Illness Accelerated Death Benefit Rider	
Eligible Net Amount at Risk (not to exceed \$250,000)	$\$64,006 \times 60\% =$ \$38,403.60
Eligible Acceleration Amount	$\$198,894 + \$38,403.60 - \$0 =$ \$237,297.60
Maximum TIRLN Benefit Amount Payable	$\$237,297.60 - \$250 =$ \$237,047.60
Death Benefit remaining after the maximum TIRLN benefit is paid	\$25,852.40

Example 2

Policy information at time of claim:

Face Amount	\$262,900
Policy Cash Value	\$198,894
Net Amount at Risk	\$64,006
Outstanding Policy Debt	\$17,000

Benefit Calculations	
Chronic Illness Accelerated Death Benefit Rider	
Eligible Net Amount at Risk (not to exceed \$250,000)	$\$64,006 \times 40\% =$ \$25,602.40
Eligible Acceleration Amount	$\$198,894 + \$25,602.40 - \$17,000 =$ \$207,496.40
Per Diem Maximum (\$430/day for current year**)	\$156,950
Maximum CHLN Benefit Amount Payable	$\$156,950 - \$250 =$ \$156,700
Death Benefit remaining after the maximum CHLN benefit is paid	\$89,200
Critical Illness Accelerated Death Benefit Rider	
Eligible Net Amount at Risk (not to exceed \$50,000)	$\$64,006 \times 25\% =$ \$16,001.50
Eligible Acceleration Amount	$\$198,894 + \$16,001.50 - \$17,000 =$ \$197,895.50
Maximum CRLN Benefit Amount Payable	$\$197,895.50 - \$250 =$ \$197,645.50
Death Benefit remaining after the maximum CRLN benefit is paid	\$48,004.50
Terminal Illness Accelerated Death Benefit Rider	
Eligible Net Amount at Risk (not to exceed \$250,000)	$\$64,006 \times 60\% =$ \$38,403.60
Eligible Acceleration Amount	$\$198,894 + \$38,403.60 - \$17,000 =$ \$220,297.60
Maximum TIRLN Benefit Amount Payable	$\$220,297.60 - \$250 =$ \$220,047.60
Death Benefit remaining after the maximum TIRLN benefit is paid	\$25,852.40

**The per diem maximum amount, not subject to tax, is limited to the IRS limit. The 2026 101(g) limit is \$430/day. Above this limit is taxable. This is inflation indexed.

Accelerated death benefit proceeds paid for chronic or terminal illness are intended to qualify for favorable income tax treatment under Section IRC Section 101(g). There may be circumstances where accelerated benefit payments results in income tax consequences. Clients are urged to consult tax their advisors.

CHRONIC ILLNESS ACCELERATED DEATH BENEFIT RIDER (Rider Form Nos. IO-9384-CHLN in NY; ICC20-109384; Series IO-9384) CHRONIC ILLNESS ACCELERATED DEATH BENEFIT PAYMENTS RESULT IN A LIEN, AS DESCRIBED FURTHER IN THE RIDER, WHICH REDUCES THE POLICY'S DEATH BENEFIT AND THE VALUE AVAILABLE FOR LOANS, SURRENDERS, AND NONFORFEITURE OPTIONS, IF AVAILABLE. THE RIDER MAY NOT COVER ALL OF THE COSTS ASSOCIATED WITH THE CHRONIC ILLNESS OF THE INSURED. THE OWNER IS ADVISED TO REVIEW CAREFULLY THE RIDER BENEFITS. THE RIDER IS NOT INTENDED TO BE A QUALIFIED LONG-TERM CARE INSURANCE CONTRACT UNDER SECTION 7702B OF THE INTERNAL REVENUE CODE. The rider provides valuable access to death benefit proceeds should the insured face an unexpected chronic illness. The Chronic Illness Accelerated Death Benefit Rider is not, and should not be marketed as, long-term care insurance. **This product is a life insurance policy and rider that accelerates the death benefit on account of chronic illness. It is not a health insurance policy or rider providing long-term care insurance subject to the minimum requirements of applicable law. It does not qualify for the New York State Long-Term Care Partnership program or similar programs in other jurisdictions and is not a Medicare supplement policy or rider.**

CRITICAL ILLNESS ACCELERATED DEATH BENEFIT RIDER (Rider Form Nos. IO-9385-CRLN in NY; ICC20-109385; Series IO-9385) BENEFITS PAID UNDER THE RIDER MAY BE TAXABLE. YOU SHOULD CONSULT YOUR TAX ADVISOR AND ATTORNEY TO ASSESS THE IMPACT OF THIS BENEFIT ON YOUR PERSONAL SITUATION. CRITICAL ILLNESS ACCELERATED DEATH BENEFIT PAYMENTS RESULT IN A LIEN, AS DESCRIBED FURTHER IN THE RIDER, WHICH REDUCES THE POLICY'S DEATH BENEFIT AND THE VALUE AVAILABLE FOR LOANS, SURRENDERS, AND NONFORFEITURE OPTIONS, IF AVAILABLE.

TERMINAL ILLNESS ACCELERATED DEATH BENEFIT RIDER (Rider Form Nos. IO-9383-TIRLN in NY; ICC20-109383; Series IO-9383) BENEFITS PAID UNDER THE RIDER MAY BE TAXABLE. YOU SHOULD CONSULT YOUR TAX ADVISOR AND ATTORNEY TO ASSESS THE IMPACT OF THIS BENEFIT ON YOUR PERSONAL SITUATION. TERMINAL ILLNESS ACCELERATED DEATH BENEFIT PAYMENTS RESULT IN A LIEN, AS DESCRIBED FURTHER IN THE RIDER, WHICH REDUCES THE POLICY'S DEATH BENEFIT AND THE VALUE AVAILABLE FOR LOANS, SURRENDERS, AND NONFORFEITURE OPTIONS, IF AVAILABLE.

Policy loans reduce the cash value and death benefit of the life insurance policy. Policy loans are not subject to income tax as long as the policy remains in force until the death of the insured, does not lapse and is not a Modified Endowment Contract (MEC). Outstanding policy loans accrue interest.

The payment of dividends is not guaranteed, and the amount credited, if any, may rise and fall depending on experience factors such as investment income, taxes, mortality and expenses. The payment of dividends is highly unlikely on the SecuritySP single premium whole life insurance policy.

Product availability and features may vary by state. Consult SecurityLink for state availability and state variations. Like all life insurance policies, this policy contains exclusions, limitations and terms for keeping it in force. For more information, consult the Product Information section of SecurityLink at <https://www.smlnyagent.com> or contact Security Mutual Life's Marketing Department.

Copyright © 2026, Security Mutual Life Insurance Company of New York, Binghamton, New York. All rights reserved.

For agent use only. This is not marketing material for the general public and cannot be used in soliciting sales from the public. No third party may rely on this information.

0016154XX 05/2026



The Company That Cares.®

Linked   