



Chronic illness benefits while maintaining life protection

It's life insurance you don't have to die to use. Accelerate a portion of your death benefit to help cover temporary chronic illness expenses. **Going ON and OFF claim is easy with Accelerated Access Solution®.**

SCENARIO

Non-permanent chronic illness expenses

Let's look at a hypothetical example. Luke is 55 years old and would like to provide financial protection for his family. He purchases a \$500,000 Secure Lifetime GUL 3 guaranteed universal life policy and elects an additional level of protection with the chronic illness rider --Accelerated Access Solution (AAS).

Luke has choices to help him customize Accelerated Access Solution:

1. Monthly benefit payout options of 2%, 4% and an IRS per diem benefit that is annually adjusted for inflation.¹
2. The benefit can be elected anywhere from 50% to 100% of the death benefit.

Luke chooses the 2% monthly payout option on 100% of the death benefit.

Five years later, at age 60, Luke suffers an unexpected stroke. While it is severe, it appears that his chances of recovery are good. His wife remembers the flexibility of their life insurance policy and thinks it might pay for expenses related to his current condition.

PROPOSED STRATEGY

Covering expenses with payouts from chronic illness rider benefits

Luke's family consults with their life insurance professional. They are reminded that the policy includes the AAS, **which does not require a chronic illness to be a life-long condition for eligibility.**

Since Luke has been certified as unable to perform at least two of the Activities of Daily

Policies issued by American General Life Insurance Company (AGL), Houston, TX and The United States Life Insurance Company in the City of New York (US Life), members of American International Group, Inc. (AIG)

NOT AN ACTUAL CASE AND IS A HYPOTHETICAL REPRESENTATION FOR ILLUSTRATIVE PURPOSES ONLY.

Chronic illness or conditions do not need to be considered life-long to be eligible.

- Elected 100% Death Benefit and a 2% Monthly Payout. Premium – \$7,245.
- Goes on Claim for 2 years at age 60-62
- Benefit Received – \$240,000 (\$10,000 x 24)
- New Ongoing Guaranteed Premium – \$4,143 (Premium reduced by over 42%)
- New Ongoing Guaranteed Death Benefit – \$260,000

Living (ADLs) without substantial assistance from another person, he will qualify for:

1. Payment of \$10,000 per month in chronic illness benefits, which are designed to be received income-tax-free.²
2. Continuing life insurance benefits reduced by the chronic illness benefits paid.
3. At death, any remaining life insurance benefit will be paid to Luke’s beneficiaries income-tax-free.³

The family is relieved that this financial weight will be lifted off their shoulders.

Coming off claim

Thankfully, due to improved health, Luke is able to come off claim 2 years later at the age of 62. His guarantees remain intact, there is no catch-up premium and there is a prorata reduction and recalculation of premium on the remaining death benefit.

Year	End of Yr Age	Annual Premium	End of Yr Cash Value	End of Yr Death Benefit
1	56	\$7,245	—	\$500,000
2	57	\$7,245	—	\$500,000
3	58	\$7,245	—	\$500,000
4	59	\$7,245	—	\$500,000
5	60	\$7,245	—	\$500,000
6	61	—	—	\$380,000
7	62	—	—	\$260,000
8	63	\$4,143	—	\$260,000
9	64	\$4,143	—	\$260,000
10	65	\$4,143	\$1,948	\$260,000
11	66	\$4,143	\$2,038	\$260,000
12	67	\$4,143	\$2,102	\$260,000
13	68	\$4,143	\$2,165	\$260,000
14	69	\$4,143	\$2,202	\$260,000
15	70	\$4,143	\$2,266	\$260,000

Premiums and values shown are hypothetical and for illustrative purposes only. Your agent must provide a basic illustration of your situation and needs to demonstrate how this scenario may work for you. Your basic illustration will include information on the guaranteed and nonguaranteed elements of the policy, including surrender values, accumulation values, loans, withdrawals, death benefits and other important information.

¹ 4% maximum benefit in California.

² Based on current federal income tax laws, policy owners should consult a qualified tax advisor

³ Death Benefits are generally excludable from the beneficiary’s federal taxable income under most circumstances and under current federal income tax law.

IMPORTANT CONSUMER DISCLOSURES REGARDING ACCELERATED BENEFIT RIDERS

An Accelerated Death Benefit Rider (ABR) is not a replacement for Long Term Care Insurance (LTCI). It is a life insurance benefit that gives you the option to accelerate some of the death benefit in the event the insured meets the criteria for a qualifying event described in the policy. The rider does not provide long-term care insurance subject to California insurance law, is not a California Partnership for Long-Term Care program policy. The policy is not a Medicare supplement.

ABRs and LTCI provide different types of benefits. An ABR allows the insured to access a portion of the life insurance policy’s death benefit while living. ABR payments are unrestricted and may be used for any purpose. LTCI provides reimbursement for necessary care received due to the inability to perform activities of daily living or cognitive impairment. LTCI coverage may include reimbursement for the cost of a nursing home, assisted living, home health care, homemaker services, adult day care, hospice services or respite care for the primary caretaker and the benefits may be conditioned on certain requirements or meeting an elimination period or limited by type of service, the number of days or a maximum dollar limit. Some ABRs and all LTCI are conditioned upon the insured not being able to perform two or more of the activities of daily living or being cognitively impaired.

This ABR pays proceeds that are intended to qualify for favorable tax treatment under section 101(g) of the Internal Revenue Code. The federal, state, or local tax consequences resulting from payment of an ABR will depend on the specific facts and circumstances, and consequently advice and guidance should be obtained from a personal tax advisor prior to the receipt of any payments. ABR payments may affect eligibility for, or amounts of, Medicaid or other benefits provided by federal, state, or local government. Death benefits and policy values, such as cash values, premium payments and cost of insurance charges if applicable, will be reduced if an ABR payment is made. ABR payments may be limited by the contract or by outstanding policy loans.



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