



American General Life Insurance Company



# Quality of Life Insurance<sup>®</sup> **Accelerated Benefit Riders**

Living Benefits from Life Insurance

Policies issued by **American General Life Insurance Company (AGL)**,  
Houston, TX.



Count on life  
insurance that's  
available when  
you need it **most**

**Even with the best plans, sometimes the unexpected can happen—such as a serious illness or condition.**

The costs associated with treatment, as well as possible income lost if you are unable to work, can affect your quality of life.

Quality of Life Insurance is designed to let you use your life insurance benefits when you need them most. The living benefits are included automatically in every QoL life insurance policy in the portfolio.

It can help to pay for the costs of treatment for qualifying illnesses or conditions—or any other expenses.

It does this by including valuable, built-in riders that allow you to access your base life insurance benefit while you are alive if you have a qualifying illness or condition.

The maximum amount of life insurance benefit that may be accelerated is subject to the Maximum Elected Death Benefit, which is the lesser of the current life insurance benefit or a lifetime maximum amount of \$2,000,000.<sup>1</sup>

<sup>1</sup> \$2M lifetime maximum applies to QoL Max Accumulator+ III, QoL Value+ Protector III, QoL Guarantee Plus GUL II and QoL Flex Term policies.



## Chronic Illness Accelerated Benefit

This rider allows the owner to accelerate some or all of the Insured Person's base life insurance benefit in the event the insured is diagnosed with a chronic illness or condition. The illness or condition does not have to be permanent to receive the acceleration.

A qualifying illness is an illness or physical condition that was initially certified by a licensed health care practitioner within the past 12 months and affects the insured person so that he or she:

- Is unable to perform at least two Activities of Daily Living (ADLs) for a period of at least 90 days; or
- Requires substantial supervision by another person to protect the insured person from threats to health and safety due to severe cognitive impairment.

### Activities of Daily Living:

- Bathing
- Dressing
- Toileting
- Transferring
- Continence
- Eating

Additional chronic illness coverage may be added to your policy by purchasing the Accelerated Access Solution® rider on applicable UL plans.



## Critical Illness Accelerated Benefit

This rider allows the owner to accelerate some or all of the Insured Person's base life insurance benefit in the event the insured is diagnosed with any of the following qualifying critical illnesses or conditions defined in the rider.<sup>2</sup>

- Heart attack
- Major organ transplant
- Stroke
- Invasive cancer
- Blindness
- End stage renal failure
- Paralysis
- Amyotrophic Lateral Sclerosis (ALS – or Lou Gherig's Disease)

Benefit eligibility is subject to limitations and/or Waiting Period, Elimination Period and exclusion requirements. Please read the rider carefully for a complete definition of benefits and the conditions applying to each rider.



## Terminal Illness Accelerated Benefit

This rider allows the owner to accelerate some or all of the Insured Person's base life insurance benefit in the event the insured is diagnosed with a terminal illness. A terminal illness is an illness or physical condition that is diagnosed and certified by a physician to be reasonably expected to result in the insured's death within 24 months.<sup>3</sup>

<sup>2</sup> Benefit eligibility is subject to limitations and/or Waiting Period, Elimination Period and exclusion requirements. Please read the rider carefully for a complete definition of benefits and the conditions.

<sup>3</sup> Life expectancy criteria varies by state.

## **There are several factors to consider before deciding whether acceleration is right for you:**

Acceleration will reduce (or eliminate) the Insured Person's base life insurance benefit and policy values, if any. Depending on the amount you accelerate, this means there will be less (or no) benefit paid when the Insured dies.

### **Disclosures Applicable to:**

- **Critical Illness Accelerated Death Benefit Rider**
- **Chronic Illness Accelerated Death Benefit Rider**
- **Terminal Illness Accelerated Death Benefit Rider**

- (1) When filing a claim for Qualifying Critical Illness under a Critical Illness Accelerated Death Benefit Rider, for Qualifying Chronic Illness under a Chronic Illness Accelerated Death Benefit Rider or for Qualifying Terminal Illness under a Terminal Illness Accelerated Death Benefit Rider, the claimant must provide to the Company a completed claim form and then-current Certification which must be received at its Administrative Center.
- (2) If a benefit under the Critical Illness Accelerated Death Benefit Rider is payable, the Company will provide the Owner with one (1) opportunity to elect a Critical Illness Accelerated Benefit Amount as to the occurrence of the Qualifying Critical Illness in question. To make such an election, the Owner must complete an election form and return it to AGL within the Election Period set forth in the rider (i.e., within 60 days of the owner's receipt of the election form).

**The Company will not provide a later opportunity to elect a Critical Illness Accelerated Benefit Amount under a Policy as to the same occurrence of a Qualifying Critical Illness.**

- (3) If a benefit under the Chronic Illness Accelerated Death Benefit Rider or under the Terminal Illness Accelerated Death Benefit



Rider is payable, the Company will provide the Owner with an opportunity to elect a Chronic Illness Accelerated Benefit Amount as to the Qualifying Chronic Illness in question or to elect a Terminal Illness Accelerated Death Benefit Amount as to the Qualifying Terminal Illness in question, as applicable. To make an election, the Owner must complete an election form and return it to AGL within 60 days of the Owner's receipt of the election form.

- (4) **Under certain circumstances where an insured's mortality (i.e., our expectation of the insured's life expectancy) is not significantly changed by a Qualifying Critical Illness or a Qualifying Chronic Illness and, notwithstanding the Minimum Accelerated Benefit Amount provision, the accelerated benefit may be zero.**
- (5) See your policy for applicable requirements concerning claim and election forms for accelerated death benefits.
- (6) Benefits payable under an accelerated death benefit rider may be taxable. Neither American General Life Insurance Company nor any agent representing it is authorized to give legal or tax advice. Please consult a qualified legal or tax advisor regarding questions concerning the information and concepts contained in this material.
- (7) Generally, we will send you an IRS Form 1099-LTC if you receive an accelerated death benefit on account of a Chronic Illness or a Terminal Illness. We will send you an IRS Form 1099-R if you receive an accelerated death benefit on account of a Critical Illness.

The sum that will be included in Box 2 (Accelerated death benefits paid) of IRS Form 1099-LTC or in Box 1 (Gross distribution) of IRS Form 1099-R will be the actual sum you received by check or otherwise minus any refund of premium and/or loan interest included with our benefit payment plus any unpaid but due policy premium, if applicable, and/or pro rata amount of any loan balance.

- (8) The maximum amount of life insurance death benefits that may be accelerated as to an Insured Person under all accelerated benefit riders is the lesser of the existing amount of such death benefits or a lifetime maximum of \$2,000,000.
- (9) See your policy for details.

## **NOT Long-Term Care Insurance**

The activities of daily living are bathing, continence, dressing, eating, toileting, and transferring.

This is a life insurance benefit that also gives you the option to accelerate some or all of the death benefit in the event that you meet the criteria for a qualifying event described in the policy. This policy or certificate does not provide long-term care insurance subject to California long-term care insurance law. This policy or certificate is not a California Partnership for Long-Term Care program policy. This policy or certificate is not a Medicare supplement policy.

An accelerated death benefit such as the Chronic Illness Accelerated Benefit Rider and long-term care insurance provide very different kinds of benefits:

Generally, an accelerated death benefit is a rider to or other provision in a life insurance policy that permits the policy owner to accelerate some or potentially all of the death benefit of a life insurance policy if the insured meets the definition of having a chronic illness as defined in the rider or policy provision. Acceleration of death benefits and payments under such an accelerated death benefit will reduce the death benefit of the policy and reduce other policy values as well, potentially to zero. If the entirety of the insurance amount is accelerated, the policy terminates.

A Long Term Care insurance policy is any insurance policy, certificate, or rider providing coverage for diagnostic, preventive, therapeutic, rehabilitative, maintenance, or personal care services that are provided in a setting other than an acute care unit of a hospital.

Long-term care insurance includes all products containing any of the following benefit types: coverage for institutional care including care in a nursing home, convalescent facility, extended care facility, custodial care facility, skilled nursing facility, or personal care home; home care coverage including home health care, personal care, homemaker services, hospice, or respite care; or community-based coverage including adult day care, hospice, or respite care. Long-term care insurance includes disability based long-term care policies but does not include insurance designed primarily to provide Medicare supplement or major medical expense coverage.



If you are interested in long-term care, nursing home or home care insurance, you should consult with an insurance agent licensed to sell that insurance, inquire with the insurance company offering the accelerated death benefits, or visit the California Department of Insurance Internet Web site ([www.insurance.ca.gov](http://www.insurance.ca.gov)) section regarding long-term care insurance.

If you choose to accelerate a portion of your death benefit, doing so will reduce the amount that your beneficiary will receive upon your death.

Receipt of accelerated death benefits may affect eligibility for public assistance programs, such as Medi-Cal or Medicaid. Prior to electing to receive the accelerated death benefit, you should consult with the appropriate social services agency concerning how receipt of accelerated death benefits may affect that eligibility.

If the policy terminates, the Chronic Illness Accelerated Death Benefit Rider will also terminate.

LTC expense reimbursement vs. ADB benefits are paid without receipts. LTC benefits are based on benefit levels and a pool of money selected at the time of purchase, and ADB benefits depend on the life policy value. ADB benefits will reduce the death benefit that the policyholder's heirs will receive, and the use of the ADB proceeds is unrestricted, whereas LTC benefits will not reduce the death benefit that the policyholder's heirs will receive and the policyholder must use LTC benefits for LTC services.

### **Accelerated Access Solution (AAS)**

The Accelerated Access Solution (AAS) is an optional living benefit rider that is available on the insurance policy issued by American General Life Insurance Company in the state of California. The Accelerated Access Solution is a life insurance rider that accelerates a portion of a policy's death benefit when an insured meets the health impairment criteria set forth in the rider.<sup>4</sup> Control over how money is spent is up to the policy holder; there are no receipts required and no restrictions on what the money is used for once the policy owner has been certified as eligible to receive AAS benefits. Benefits are paid directly to the policyholder for as long as the criteria are met, or until the AAS benefit amount is exhausted, whichever occurs first. Acceleration of death benefits and payments under such an accelerated death benefit will reduce the death benefit of the policy and reduce other policy values as well, potentially to zero. If the entirety of the insurance amount is accelerated, the policy terminates.

## Payout Options

Multiple benefit payment options are available with two options for monthly disbursement at the time of purchase:

- 2% of AAS benefit, or the applicable maximum monthly amount if less
- 4% of AAS benefit, or the applicable maximum monthly amount if less than the maximum monthly amount is \$10,000 increased annually by 4% until the time of claim.
- Alternatively, you have the option at the time of claim to receive the accelerated benefit in a lump sum payment in lieu of the benefits payable under the monthly payment option you selected. Such lump sum benefit will be subject to an actuarial discount that is determined by the company at the time you become eligible for benefits under the rider.<sup>5</sup>

## Benefit Payment

Once the insured meets the health impairment criteria and benefits have been approved for payment, they may select their disbursement. There is a maximum benefit payable under the monthly disbursement option that we'll notify the insured of at their time of claim. The insured may also select a smaller amount than the maximum monthly benefit. A lump sum option is available as well; which can be substituted for monthly benefits.

## Tax Implications

There are no restrictions or limitations on the use of the accelerated death benefit proceeds under the Chronic Illness Accelerated Death Benefit Rider. The accelerated benefits payable under this rider are generally intended for favorable tax treatment under Section 101(g) of the Internal Revenue Code. There may be tax consequences in some situation in accepting an accelerated benefit payment amount, such as where payments exceed the per diem limitation under the Internal Revenue Code. You should consult your personal tax advisor to assess the impact of this Benefit prior to accepting the Benefit.

- 4 Insured must be certified as chronically ill by a Licensed Health Care Practitioner and meet all eligibility requirements and the condition need not be permanent.
- 5 The Company will determine the actuarial discount applicable to a given lump sum payment using factors including, but not limited to the Company's assessment of the expected future mortality of the Insured and an interest rate determined as described in the rider.



- If you are interested in long-term care, nursing home or home care insurance, you should consult with an insurance agent licensed to sell that insurance, inquire with the insurance company offering the accelerated death benefits, or visit the California Department of Insurance Internet Web site ([www.insurance.ca.gov](http://www.insurance.ca.gov)) section regarding long-term care insurance.
- If you choose to accelerate a portion of your death benefit, doing so will reduce the amount that your beneficiary will receive upon your death.
- Receipt of accelerated death benefits may affect eligibility for public assistance programs, such as Medi-Cal or Medicaid. Prior to electing to receive the accelerated death benefit, you should consult with the appropriate social services agency concerning how receipt of accelerated death benefits may affect that eligibility.
- If the policy terminates, the Chronic Illness Accelerated Death Benefit Rider will terminate also.

*Please note: The life insurance offered with Accelerated Benefit Riders is not stand-alone long term care insurance, disability income insurance, or other insurance designed to cover specific costs associated with an illness or condition. Receiving benefits under any one of the Accelerated Benefit Riders will reduce the amounts available for future acceleration under it and any of the others. It will also reduce the base life insurance benefit and the funds available to supplement retirement or other needs and may result in policy termination. The amount received after acceleration may be less than what is needed to cover all of the cost associated with an illness or condition.*

*American General Life Insurance Company offers a stand alone chronic illness policy that provides separate benefits without affecting your life insurance. Your American General Life Insurance Company agent can provide you with details.*



Policies issued by **American General Life Insurance Company** (AGL), Houston, TX. Policy Form Numbers ICC21-19311 REV0321, 19311, ICC21-19310 REV0321, 19310, ICC15-15442, 15442, ICC19-19646, 19646, ICC16-16760, 16760; Rider Form Numbers AGLA 04CHIR-CA (0514), AGLA 04CRIR, AGLA 04TIR. **AGL does not solicit, issue or deliver policies or contracts in the state of New York.** Guarantees are backed by the claims-paying ability of the issuing insurance company and each company is responsible for the financial obligations of its products. Products may not be available in all states and features may vary by state. Please refer to the policy for more information.

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