



# Accelerated Death Benefit for Long-Term Care Rider and Extension of Benefits Rider for TransLegacy<sup>SM</sup> Universal Life Insurance

Long-term care can have a significant financial impact on most individuals. As people continue to live longer, the need for care is more prevalent than ever. To help with the high costs of long-term care, our Accelerated Death Benefit (ADB) for Long-Term Care Rider (LTC) and Extension of Benefits Rider allow an insured to take an advance against his or her life insurance death benefit to help pay for care, and extend the benefit payments, if necessary. This rider also provides a paid-up life insurance benefit. The added cost for this benefit is just pennies per day.

## Activation of the Accelerated Death Benefit Rider for Long-Term Care and Extension of Benefits Rider

Benefits under these two riders can only be triggered by a diagnosis certified by a licensed physician that the insured is chronically ill. Chronically ill means an insured who has been certified by a licensed physician as

- a) being unable to perform, without substantial human assistance, at least two of the six activities of daily living (ADLs)—bathing, continence, dressing, eating, toileting, and transferring—for a period of at least 90 days; or
- b) being so severely cognitively impaired that the insured requires substantial supervision to protect the insured from threats to his or her health and safety.

Under the Accelerated Death Benefit for Long-Term Care Rider, the percentage of death benefit that is available each month is:

- ▶ 4% of the existing rider face amount if you are confined in a licensed nursing or assisted living facility, payable for up to 25 months; or
- ▶ 2% of the existing rider face amount if you are receiving home health care or adult day care, payable up to 50 months.

When benefits are paid under this Accelerated Death Benefit for Long-Term Care Rider, the face amount, accumulation value, surrender charge and outstanding loan balance, if any, are reduced proportionately to reflect the new death benefit. The balance, if any, will be paid to the contract beneficiary after the death of the insured. For each contract month or partial contract month that you receive benefits under this rider, we will waive the monthly deductions for the contract.

**Payout Example:** With a 4% death benefit advance, a 35-year-old non smoker with \$50,000 of coverage who is confined in a licensed nursing or assisted living facility would receive \$2,000 (less an administration charge) per month for up to 25 months. Each benefit payment will reduce the face amount of the policy by 4% or \$2,000. A 12-month benefit period would mean a \$24,000 reduction in coverage, and an adjusted face amount and death benefit of \$26,000. If benefits are paid for 25 months, the death benefit is depleted.

With a 2% death benefit advance, a 35-year-old non smoker with \$50,000 of coverage who is receiving home health care or adult day care services would receive \$1,000 (less an administration charge) per month for up to 50 months. A 12-month benefit period would mean a \$12,000 reduction in coverage, and an adjusted face amount and death benefit of \$38,000. If benefits are paid for 50 months, the death benefit is depleted.

Additionally, if the insured should die while the extension of benefit rider is in force and while benefits are being paid, the remaining death benefit proceeds will be paid to the named beneficiary.



# Accelerated Death Benefit for Long-Term Care Rider and Extension of Benefits Rider for TransLegacy<sup>SM</sup> Universal Life Insurance (continued)

## Extension of Benefits Rider

If the insured's entire face amount under the Accelerated Death Benefit for Long Term Care Rider has been paid and the insured continues to be chronically ill (i.e., ADL-deficient or severely cognitively impaired), the Extension of Benefits Rider (EBR) allows an insured to have his or her benefits extended. The face amount of the contract will be increased by an amount equal to 4% of the rider face amount. If this increased 4% death benefit is depleted and the insured continues to be chronically ill, the contract is eligible for another 4% increase. Cumulative 4% increases will not exceed 100% of the rider face amount as of the contract date at the time of the first accelerated death benefit under the Accelerated Death Benefit for Long-Term Care Rider was paid.

For example, if the insured is still confined in a licensed nursing or assisted living facility after the first 25 months, and the death benefit has been depleted, the Extension of Benefits Rider will extend the accelerated death benefit by an amount equal to 4% of the rider face amount on a month-to-month basis (provided the insured continues to meet the requirements) for up to an additional 25 months. When the insured depletes all of his or her death benefit in the additional 25 months, coverage will end.

Similarly, if the insured still requires home health care or adult day care after the first 50 months, and the death benefit has been depleted, the rider will extend the accelerated death benefit (provided the insured meets the requirements) for up to an additional 50 months.

## Paid-up Life Benefit

In addition, this rider will also provide a paid-up life insurance contract equal to 25% of the original face amount prior to accelerated payments for LTC. In the example above, in addition to receiving the additional benefit of 4% per month, as of the first payment extended under the EBR, the owner receives a paid up life insurance contract of 25% of the pre-accelerated death benefit to be paid to his or her beneficiary upon his or her death.

## Activating Multiple Accelerated Death Benefits

If an owner receives benefits under another Accelerated Death Benefit (ADB) Rider such as critical care and/or terminal illness while also receiving benefits under the Accelerated Death Benefit for Long-Term Care Rider (LTC), the maximum we will pay under all of the ADB riders will not exceed 100% of the death benefit for any one insured.

**Payout Example:** With a 4% death benefit advance, a 35-year-old non smoker with \$50,000 of coverage who is confined in a licensed nursing or assisted living facility (as previously noted) would receive \$2,000 per month for up to 25 months. However, if the owner exercised another ADB option (such as critical care or terminal illness) three months into the ADB for LTC acceleration, the remaining death benefit available for future monthly payments for all exercised ADB options (combined) would be \$44,000. Furthermore, if the owner exercised the critical care option and depleted \$22,000 of the remaining \$44,000, the owner would have \$22,000 of death benefit remaining for long-term care.

# Accelerated Death Benefit for Long-Term Care Rider and Extension of Benefits Rider for TransLegacy<sup>SM</sup> Universal Life Insurance (continued)

Exclusions—We will not pay accelerated benefits for care that is received or loss incurred as a result of:

1. An intentionally self-inflicted injury, or attempted suicide; In the event of suicide, the Company's liability may be limited to only the return of premiums paid. In Missouri, suicide is no defense to payment of benefits unless the Company can show the insured intended suicide when he/she applied/enrolled for coverage;
2. War or any act of war, declared or undeclared, or service in the armed forces of any country;
3. Treatment of the insured's alcohol, drug or other chemical dependence, except if the drug dependency was sustained or acquired at the hands of a physician, or while under treatment for an injury or sickness; or
4. The insured's commission of, or attempt to commit, a felony; or an injury that occurs because of the insured's involvement in an illegal activity.

We will not pay accelerated benefits if the confinement or service:

1. Is received outside the United States and its territories;
2. Is provided by ineligible providers;
3. Is rendered by members of the insured's immediate family;
4. Is fully or partially reimbursed by a state or federal workers' compensation plan, Medicare, or any other governmental program, except Medicaid; or
5. Would not be charged for in the absence of insurance.

Limitations—We will not pay accelerated death benefits under this rider for confinement, home health care, or adult day care simultaneously, even if the insured otherwise qualifies for both benefits. In any given month the insured qualifies for both benefits, we will pay either the monthly accelerated death benefit for confinement or the monthly accelerated death benefit for home health care or adult day care, whichever is greater. We will not pay an accelerated death benefit on any riders attached to the contract.

Under the Accelerated Death Benefit for Long-Term Care Rider, all benefits are subject to a 90 day elimination period. In addition, there is also a 30 day waiting period for sickness conditions from the effective date of this rider.

This Accelerated Death Benefit for Long-Term Care Rider and Extension of Benefits Rider may not cover all of the costs associated with long-term care incurred during the period of coverage. Please carefully review all limitations of the rider as well as those of the contract to which it is attached.

This rider will terminate on the earliest of the following dates or events:

1. The date the entire death benefit proceeds of the contract have been paid under the Accelerated Death Benefit for Long Term Care Rider and the insured no longer satisfies the conditions in What We Will Pay provision contained in such rider;
2. The date the rider or the contract lapses for failure to pay premiums, subject to the grace period of the contract;
3. The date the owner requests termination;
4. The date of the insured's death;
5. The date the contract terminates;
6. The date a nonforfeiture option under the contract, if any, becomes effective.
7. The date the death benefit of the contract has been increased up to a total increase of 100% under the terms of this rider.

# Tax Qualification Notice

This rider is intended to provide a qualified accelerated death benefit that is excluded from gross income for Federal Income Tax purposes under the applicable provisions of the Internal Revenue Code in existence at the time this rider is issued. To that end, the provisions of this rider and the contract are to be interpreted to ensure or maintain such tax qualification, notwithstanding any other provisions to the contrary. We reserve the right to amend this rider or the contract to reflect any clarifications that may be needed or are appropriate to maintain such tax qualification or to conform this rider or the contract to any applicable changes in such tax qualification requirements. We will send you a copy of any such amendment. If you refuse such an amendment, it must be by giving us written notice, and your refusal may result in adverse tax consequences. Whether any tax liability may be incurred when benefits are paid under this Rider could depend on whether you are also the insured and how the Internal Revenue Service interprets applicable provisions of the Internal Revenue Code. As with any tax matter, the insured and any other recipient of this benefit should each consult a tax advisor to evaluate any tax impact of this benefit.

Receipt of an accelerated death benefit MAY AFFECT MEDICAID and SUPPLEMENTAL SECURITY INCOME (SSI). Without exercising this option, the mere fact that an accelerated death benefit rider is part of the insured's contract will not in and of itself affect the eligibility for these government programs. However, exercising this option before applying for these programs, or while receiving government benefits, may affect the insured's continued eligibility. Contact the Medicaid Unit of the local Department of Public Welfare and Social Security Administration Office for more information.

If available and elected by the employer, these riders will be included on all contracts for employees and spouses who are eligible for coverage. These riders are not available to children.

Note: In most states, when a claim is filed, an initial administration expense charge will be deducted from the first claim payment. Expense charges will also be deducted from each subsequent claim payment after the first.

*The Accelerated Death Benefit for Long-Term Care Rider and the Extension of Benefits Rider (Rider Form Series CRABLT00 and CREXTB00) are available on TransLegacy Universal Life contracts, **underwritten by Transamerica Life Insurance Company**, Home Office, Cedar Rapids, Iowa. Forms vary by state, and benefits may differ in some states. Coverage is not available in all jurisdictions.*



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CLG03-D-0608