

# Accelerated Death Benefit Rider Fact Sheet for New York

**As a complement to the protection provided by Foresters Financial™ life insurance products, a value-added Accelerated Death Benefit Rider (ABR), is included, for no additional premium, with all eligible life insurance certificates.**

**If the insured is diagnosed with an eligible illness, ABR offers the owner an opportunity to accelerate a portion of the eligible death benefit and receive an accelerated death benefit payment. Depending on eligibility, the rider can be issued with one or more of the following eligible illnesses (summarized description below; see applicable rider for full definition):**

Chronic Illness	Eligibility Criteria
<ul style="list-style-type: none"> <li>– Certified, by a licensed health care practitioner, as being unable to perform at least two of the six activities of daily living for at least 90 days OR with severe cognitive impairment. The chronic illness must be diagnosed as requiring permanent continuous care, in an eligible facility or at home, with a plan of care in place.</li> </ul> <p>For any 12 month benefit period, maximum acceleration is:</p> <ul style="list-style-type: none"> <li>– lesser of 24% of the eligible death benefit at the time of the initial chronic illness claim or;</li> <li>– an amount totaling all accelerated death benefit payments received during that benefit period that equals the per diem limitation under section 7702B(d) of the IRC. Only one payment can be made during a benefit period.</li> </ul>	<ul style="list-style-type: none"> <li>– Base face amount <math>\geq</math> \$20,000 or product's minimum face amount</li> <li>– Insured issue age <math>\leq</math> 75</li> <li>– Standard or better premium rate classes</li> </ul> <p>Claim amount is subject to an overall lifetime maximum of 95% of the eligible death benefit, up to \$500,000</p>
Critical Illness	Eligibility Criteria
<ul style="list-style-type: none"> <li>– Certified by a physician as having life threatening cancer, myocardial infarction (heart attack), stroke, end stage renal failure, or major organ failure</li> <li>– Can accelerate up to 95% of the eligible death benefit at the time of each critical illness claim to a maximum of \$500,000</li> </ul>	<ul style="list-style-type: none"> <li>– Base face amount <math>\geq</math> \$20,000 or product's minimum face amount</li> <li>– Insured issue age <math>\leq</math> 75</li> <li>– Standard or better premium rate classes</li> </ul> <p>Claim amount is subject to an overall lifetime maximum of 95% of the eligible death benefit, up to \$500,000</p>
Terminal Illness	Eligibility Criteria
<ul style="list-style-type: none"> <li>– Certified by a physician as having an illness or physical condition which is reasonably expected to result in death within 12 months of diagnosis</li> <li>– Can accelerate up to 95% of the eligible death benefit at the time of terminal illness claim to a maximum of \$500,000</li> </ul>	<ul style="list-style-type: none"> <li>– Base face amount <math>\geq</math> \$20,000 or product's minimum face amount</li> <li>– All ages</li> <li>– All premium rate classes</li> </ul> <p>Claim amount is subject to an overall lifetime maximum of 95% of the eligible death benefit, up to \$500,000</p>

**Before making an ABR claim, your client should consult a qualified advisor(s) to evaluate the impact of receiving an ABR benefit payment.**

## First and foremost...

As you know, the primary purpose of life insurance is to provide a benefit to the designated beneficiary at death. While the ABR can provide a living benefit to help ease the burden of a life-changing illness, there are a few things your client should recognize:

- While there is no waiting period to make an ABR claim, critical, chronic illness and terminal ABR payments may be significantly less than the acceleration amount - which is subject to loan repayment if applicable, as well as, for critical and chronic illness, an administrative fee and actuarial discount amount.
- The ABR is designed to complement the life insurance protection and not to replace any critical or chronic illness coverage, and is not long-term care (LTC) insurance coverage nor meant to replace LTC coverage.
- The ABR payment is intended to qualify for favorable tax treatment, however, depending on individual circumstances, there may be tax consequences.
- The ABR payment may affect your client's eligibility to receive certain public assistance, government benefits or entitlements.
- After each ABR claim, the base face amount, paid-up additional insurance, cash value and loan amount, if any, will be decreased, on a pro-rated basis. As a result, a lower death benefit will be left to the designated beneficiary(ies) than was intended when the life insurance was originally purchased.

## Also noted...

### Minimum residual face amount

The minimum required residual base face amount is \$10,000.

### Administration fee

For each chronic and critical illness claim, there will be an administration fee applied to the ABR payment. Currently it is \$300, and is guaranteed not to exceed \$500.

### Actuarial discount amount

The actuarial discount amount will be applied to all critical and chronic illness claims. It varies by measures such as issue age, gender, and in-force duration (see examples of ABR calculations on the following pages for reference).

### Underwriting requirement

There are no additional underwriting requirements for ABR. Subject to eligibility criteria, it will be automatically added to eligible certificates.

### To make an ABR claim

Your client can contact our Claims team at 800-828-1540, and select the option for Claims. Upon the approval of a claim, an ABR offer letter, summarizing the ABR benefit payment amount and its impact on your client's certificate going forward, will be sent to the claimant for a decision.

### To make another chronic illness claim

If your client wants to make a further claim due to another chronic illness, he/she must re-apply for a new payment. Note that the total ABR claim payment(s) is subject to the chronic illness claim limit as

well as the overall lifetime maximum.

### If your client qualifies under the definition of more than one illness

Your client can choose to request the ABR payment under any diagnosed eligible illness, with consideration of the following factors:

- The maximum allowable acceleration amount per claim for chronic illness is different than for critical and terminal illnesses.
- After an ABR terminal illness payment, the ABR will terminate.
- The requested amount will be reduced by an actuarial discount amount for chronic and critical illness claims, but not for terminal illness claims.
- An administrative fee will be applied to each chronic and critical illness claim payment.

### If my client made a claim due to an eligible critical illness, can my client make another critical illness claim for a reoccurrence of the same illness?

Yes, your client can submit a new claim and it will be adjudicated accordingly, as long as the total amount does not exceed the critical illness maximum claim limit or the overall lifetime maximum limit.

## Examples of Accelerated Death Benefit Payments

The following examples are hypothetical and are intended only to demonstrate an accelerated death benefit payment and to show the relationship between certificate values before and after payment of an accelerated death benefit. These examples are based upon a life insurance certificate issued when the insured was age 45, with the maximum acceleration amount being accelerated. The amounts, including the accelerated death benefit payments, shown are based upon hypothetical certificate values at the time of acceleration, are not guaranteed, and assume that the claim has been approved when the certificate has been in effect for the number of years

indicated. Actual amounts will vary and may be higher or lower depending on a number of factors, including but not limited to, the type of certificate, the actual certificate values at the time the claim is approved, the age of the insured and the length of time that the certificate has been in effect.

For chronic and critical illness the actuarial discount will generally be higher for claims approved in the early years of a certificate and lower in the later years. This could result in significantly lower accelerated death benefit payments in earlier years than in later years on the same certificate.

## SMART Universal Life (with a level death benefit)

### Effect on Certificate Values

	Before Acceleration	After Acceleration		
		Chronic Illness	Critical Illness	Terminal Illness
Face Amount:	\$ 200,000.00	\$ 152,000.00	\$ 105,000.00	\$ 105,000.00
Account Value:	\$ 20,000.00	\$ 15,200.00	\$ 10,500.00	\$ 10,500.00
Surrender Charge:	\$ 2,200.00	\$ 1,672.00	\$ 1,115.00	\$ 1,115.00
Loan Amount:	2,000.00	1,520.00	1,050.00	1,050.00
Cash Surrender Value:	\$ 15,800.00	\$ 12,088.00	\$ 8,295.00	\$ 8,295.00
Monthly Deduction	\$ 84.00	\$ 66.70	\$ 49.80	\$ 49.80
Annual Minimum Premium	\$ 1,500.00	\$ 1,180.00	\$ 864.00	\$ 864.00

### Accelerated Death Benefit Payment Calculation (Claim approved when certificate has been in effect for 10 years.)

	Chronic Illness	Critical Illness	Terminal Illness
Acceleration Amount:	\$ 48,000.00	\$ 95,000.00	\$ 95,000.00
Payment Percentage:	31.698 %	38.869 %	100 %
Gross Payment Amount	\$ 15,215.04	\$ 36,925.55	\$ 95,000.00
minus Administrative Fee:	\$ 300.00	\$ 300.00	\$ 0.00
minus Loan Repayment:	\$ 480.00	\$ 950.00	\$ 950.00
minus Overdue Premium:	\$ 0.00	\$ 0.00	\$ 0.00
Accelerated Death Benefit Payment:	\$ 14,435.04	\$ 36,675.55	\$ 94,050.00

The following chart shows hypothetical payment amounts for a critical illness claim, on the same hypothetical universal life insurance certificate issued when the insured was age 45, approved in different years. Other amounts may also change from what is shown in the year 10 example.

Year	Acceleration Amount	Accelerated Death Benefit Payment	Year	Acceleration Amount	Accelerated Death Benefit Payment
2	\$95,000.00	\$20,382.78	15	\$95,000.00	\$43,331.36
5	\$95,000.00	\$25,625.97	20	\$95,000.00	\$52,118.05
7	\$95,000.00	\$29,181.87	25	\$95,000.00	\$61,600.63

## 30-Year Term Life

### Effect on Certificate Values

	Before Acceleration	After Acceleration		
		Chronic Illness	Critical Illness	Terminal Illness
Face Amount:	\$ 200,000.00	\$ 152,000.00	\$ 105,000.00	\$ 105,000.00
Annual Premium	\$ 984.00	\$ 764.64	\$ 549.85	\$ 549.85

### Accelerated Death Benefit Payment Calculation (Claim approved when certificate has been in effect for 10 years.)

	Chronic Illness	Critical Illness	Terminal Illness
Acceleration Amount:	\$ 48,000.00	\$ 95,000.00	\$ 95,000.00
Payment Percentage:	30.742 %	30.742 %	100 %
Gross Payment Amount	\$ 7,210.56	\$ 29,204.90	\$ 95,000.00
minus Administrative Fee:	\$ 300.00	\$ 300.00	\$ 0.00
minus Overdue Premium:	\$ 0.00	\$ 0.00	\$ 0.00
Accelerated Death Benefit Payment:	\$ 6,910.56	\$ 28,904.90	\$ 95,000.00

The following chart shows hypothetical payment amounts for a critical illness claim, on the same hypothetical term life insurance certificate issued when the insured was age 45, approved in different years. Other amounts may also change from what is shown in the year 10 example.

Year	Acceleration Amount	Accelerated Death Benefit Payment	Year	Acceleration Amount	Accelerated Death Benefit Payment
2	\$95,000.00	\$20,154.60	15	\$95,000.00	\$32,672.59
5	\$95,000.00	\$21,696.12	20	\$95,000.00	\$36,045.90
7	\$95,000.00	\$24,411.57	25	\$95,000.00	\$38,640.59

# Advantage Plus II Whole Life

## Effect on Certificate Values

	Before Acceleration	After Acceleration		
		Chronic Illness	Critical Illness	Terminal Illness
Face Amount:	\$ 200,000.00	\$ 152,000.00	\$ 105,000.00	\$ 105,000.00
Amount of Paid-up Additional Insurance:	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Eligible Death Benefit:	\$ 200,000.00	\$ 152,000.00	\$ 105,000.00	\$ 105,000.00
Cash Value:	\$ 23,200.00	\$ 17,632.00	\$ 12,180.00	\$ 12,180.00
Cash Value of Paid-up Additional Insurance:	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Loan Amount:	\$ 2,000.00	\$ 1,520.00	\$ 1,050.00	\$ 1,050.00
Cash Surrender Value:	\$ 21,200.00	\$ 16,112.00	\$ 11,130.00	\$ 11,130.00
Annual Premium:	\$ 3,574.00	\$ 2,733.52	\$ 1,910.55	\$ 1,910.55

## Accelerated Death Benefit Payment Calculation (Claim approved when certificate has been in effect for 10 years.)

	Chronic Illness	Critical Illness	Terminal Illness
Acceleration Amount:	\$ 48,000.00	\$ 95,000.00	\$ 95,000.00
Payment Percentage:	17.083 %	21.687 %	100 %
Gross Payment Amount	\$ 8,199.84	\$ 20,602.65	\$ 95,000.00
minus Administrative Fee:	\$ 300.00	\$ 300.00	\$ 0.00
minus Loan Repayment:	\$ 480.00	\$ 950.00	\$ 950.00
minus Overdue Premium:	\$ 0.00	\$ 0.00	\$ 0.00
Accelerated Death Benefit Payment:	\$ 7,419.84	\$ 19,352.65	\$ 94,050.00

The following chart shows hypothetical payment amounts for a critical illness claim, on the same hypothetical whole life life insurance certificate issued when the insured was age 45, approved in different years. Other amounts may also change from what is shown in the year 10 example.

Year	Acceleration Amount	Accelerated Death Benefit Payment	Year	Acceleration Amount	Accelerated Death Benefit Payment
2	\$95,000.00	\$5,652.21	15	\$95,000.00	<b>\$29,373.89</b>
5	\$95,000.00	\$8,885.55	20	\$95,000.00	<b>\$40,205.96</b>
7	\$95,000.00	\$12,850.63	25	\$95,000.00	<b>\$52,228.76</b>

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Only for use in NY. ABR Critical Illness and Chronic Illness are not available on PlanRight.

The payment of the ABR benefit, due to diagnosis of an eligible illness, may be substantially less than the acceleration amount which may be subject to a fee, an actuarial discount amount and other applicable deductions. Payment of an ABR benefit will decrease the certificate's face amount and death benefit. (If applicable) This is a rider that is attached to a life insurance policy that accelerates the death benefit on account of chronic illness and is not a health insurance certificate providing long term care insurance subject to the minimum requirements of New York Law, does not qualify for the New York State Long Term Care Partnership Program and is not a Medicare supplement certificate. Receipt of the accelerated death benefits may affect eligibility for public assistance programs. Receipt of the accelerated death benefits may be taxable.

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