



National Life  
Group®

Experience Life®

# Life Insurance with Living Benefits

## Products issued by: Life Insurance Company of the Southwest®

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This information is not intended as tax or legal advice. For advice concerning your own situation, please consult with your appropriate professional advisor.

No bank or credit union guarantee | Not a deposit | Not FDIC/NCUA insured | May lose value | Not insured by any federal or state government agency

Guarantees are dependent upon the claims-paying ability of the issuing company.

This marketing is not approved for use in CA

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# IN 2017



Approximately  
20M students  
attended  
college<sup>1</sup>



Approximately  
2M people were  
married<sup>2</sup>



Some 5M  
homes were  
sold and over  
600k new homes  
were built<sup>3</sup>



Over 500k small  
businesses<sup>4</sup>



There were  
approximately  
4M births<sup>5</sup>

<sup>1</sup>National Center for Educational Statistics, Fast Facts 2017, <sup>2</sup>CDC National Survey of Family Growth 2016, <sup>3</sup>National Association of Realtors Field guide 2017, <sup>4</sup>US Small Business Association, 2017<sup>5</sup>,CDC Birth data 2017

# LIFE HAPPENS



Average annual cost of semi-private room in a nursing home is over \$89,000<sup>1</sup>



1/2 men & 1/3 women will develop cancer in their lifetime<sup>3</sup>

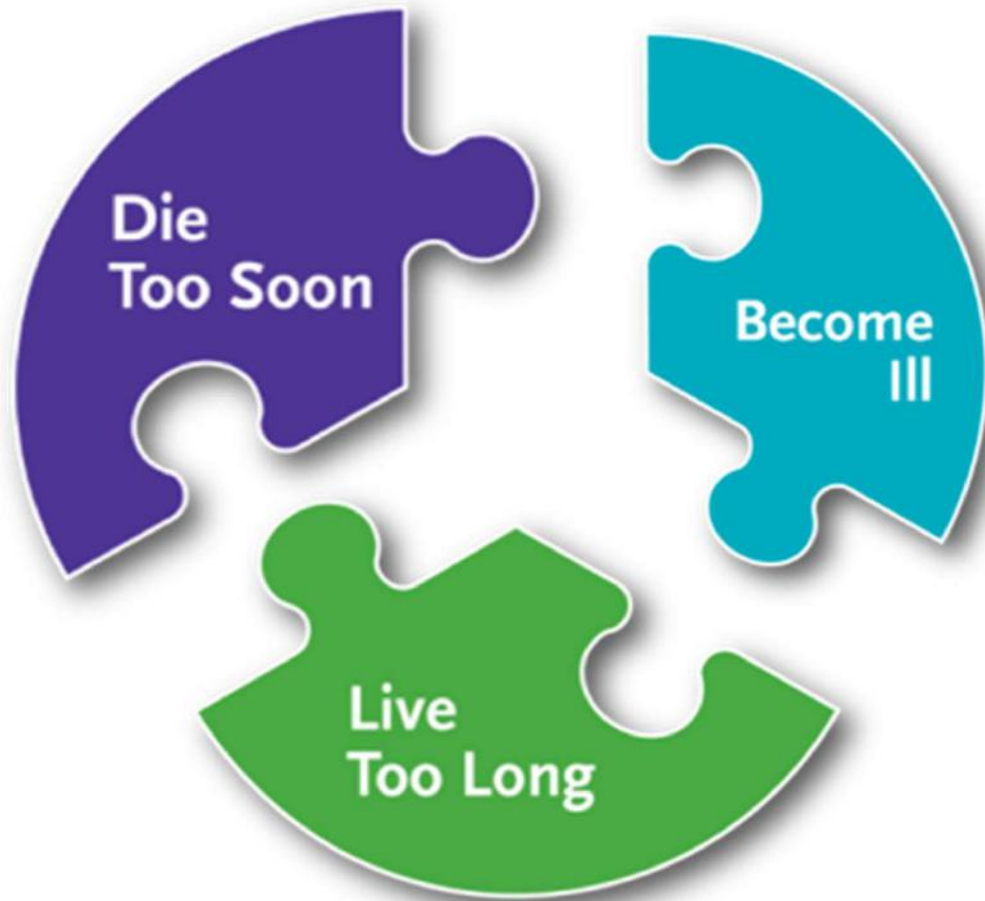


Strokes are a leading cause of disability; in the US someone has a stroke every 40 seconds<sup>2</sup>

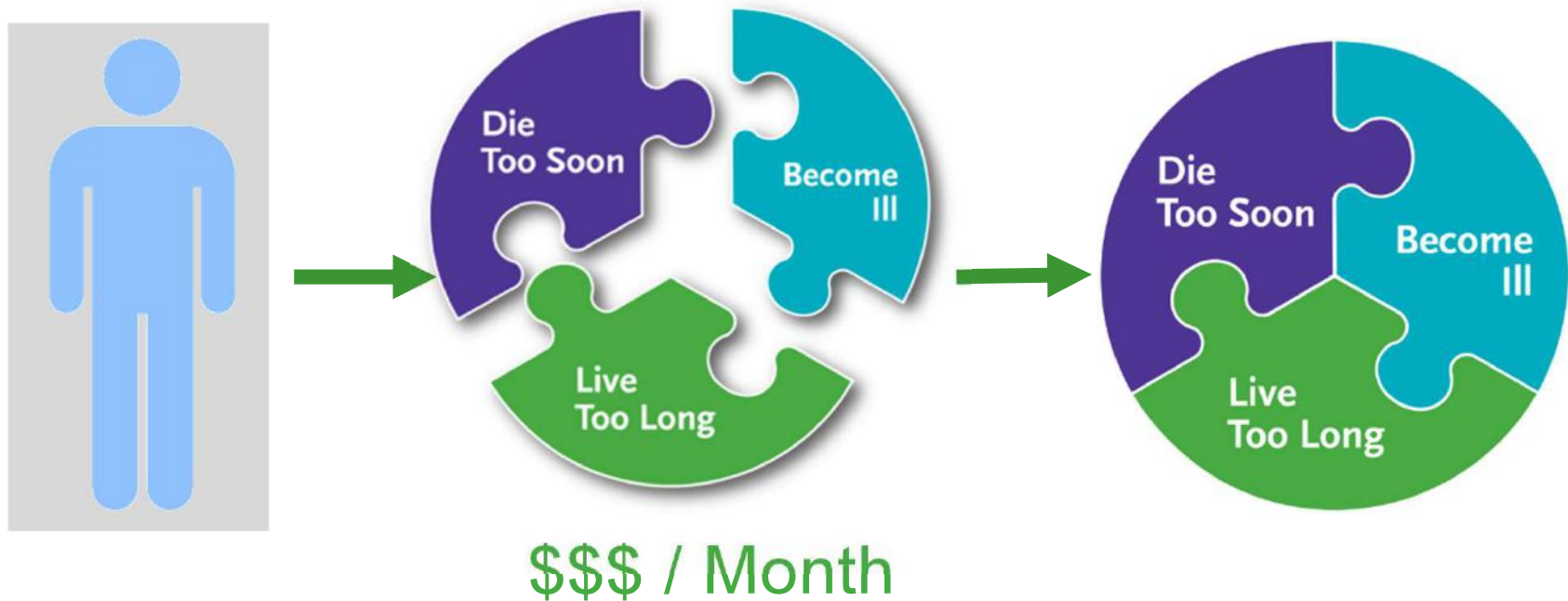
<sup>1</sup>Genworth 2018 Cost of Care Survey Executive Summary - <http://newsroom.genworth.com/2018-10-16-Genworths-15th-Annual-Cost-of-Care-Survey-Shows-Continuing-Rise-in-Long-Term-Care-Costs>, <sup>2</sup>American Heart Association, American Stroke Association; Heart disease and stroke statistics-2015, <sup>3</sup>American Cancer Society. Lifetime Risk of Developing or Dying from Cancer, 2014.

Riders are supplemental benefits that can be added to a life insurance policy and are not suitable unless you also have a need for life insurance. Riders are optional, may require additional premium and may not be available in all states or on all products. This is not a solicitation of any specific insurance policy.

# Consumer Financial Concerns

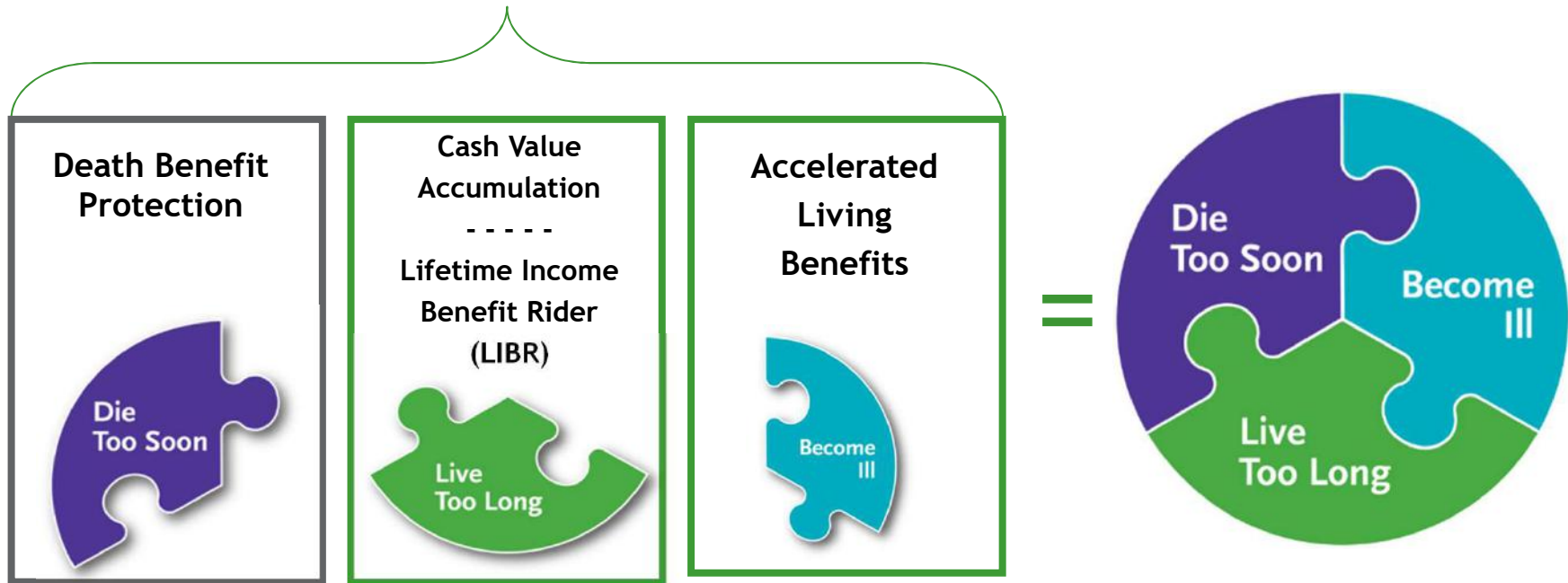


# Many Consumers Don't Want to Pay for



Is there another alternative?

# Permanent Life Insurance



**Permanent Life Insurance Features and Riders Provide One Solution for Multiple Risks**

The use of one benefit may reduce or eliminate other policy and rider benefits.

# Where will the money come from to provide survivor benefits?



**Life Insurance is the only financial product that, at the death of the insured, provides an immediate tax-free\* reservoir of funds which exceeds premiums paid.**

\* Internal Revenue Code § 101(a)(1). There are some exceptions to this rule. Please consult a qualified tax professional for advice concerning your individual situation.

Are you concerned about having enough savings to provide an income through two or more decades of retirement?



Most people buy life insurance to protect against the risks of dying too soon.....

....life insurance can also provide protection against living too long.

## Guarantee a lifetime of income with the Lifetime Income Benefit Rider

The Lifetime Income Benefit Rider provides a benefit for the life of the insured if certain conditions are met, including but not limited to the insured's attained age being between age 60 and 85, and that the policy has been in force at least 10 years. Insufficient policy values or outstanding policy loans may also restrict exercising the rider. Exercising the rider and receiving an income benefit will reduce the policy's cash value and death benefit and may terminate other riders or reduce their benefits but will never reduce the death benefit to less than \$15,000, nor the cash surrender value to less than \$1,000. There is a monthly charge from the accumulated value during the income payment period.



# What can be more costly than an unexpected death?



## Surviving an Illness

**Life insurance Accelerated Benefit Riders can provide living benefits that can be used for any purpose\* in the event of a qualifying long-term illness or injury.**

Receipt of accelerated benefits will reduce the cash value and death benefit and may result in a taxable event. Clients should consult with their personal tax advisor to determine the tax status of any benefits paid under the rider and with social service agencies to concerning how receipt of such a payment will affect their or their family's eligibility for public assistance. Riders are optional and may not be available in all states.

\*The uses of ABR benefits are not limited with the exception that ABR proceeds for chronic illness in the state of Massachusetts can only be used to pay for expenses incurred for Qualified Long-Term Care services, which are defined as: The necessary diagnostic, preventative, therapeutic, curing, treating, mitigating and rehabilitative services, and maintenance or personal care services that are required by a chronically ill individual and are provided pursuant to a plan of care prescribed by a health care practitioner.

# A permanent life insurance policy can provide:



Death Benefit protection in case you die too soon



The ability to accumulate cash value tax-deferred and the potential to use the Lifetime Income Benefit Rider to take income for life

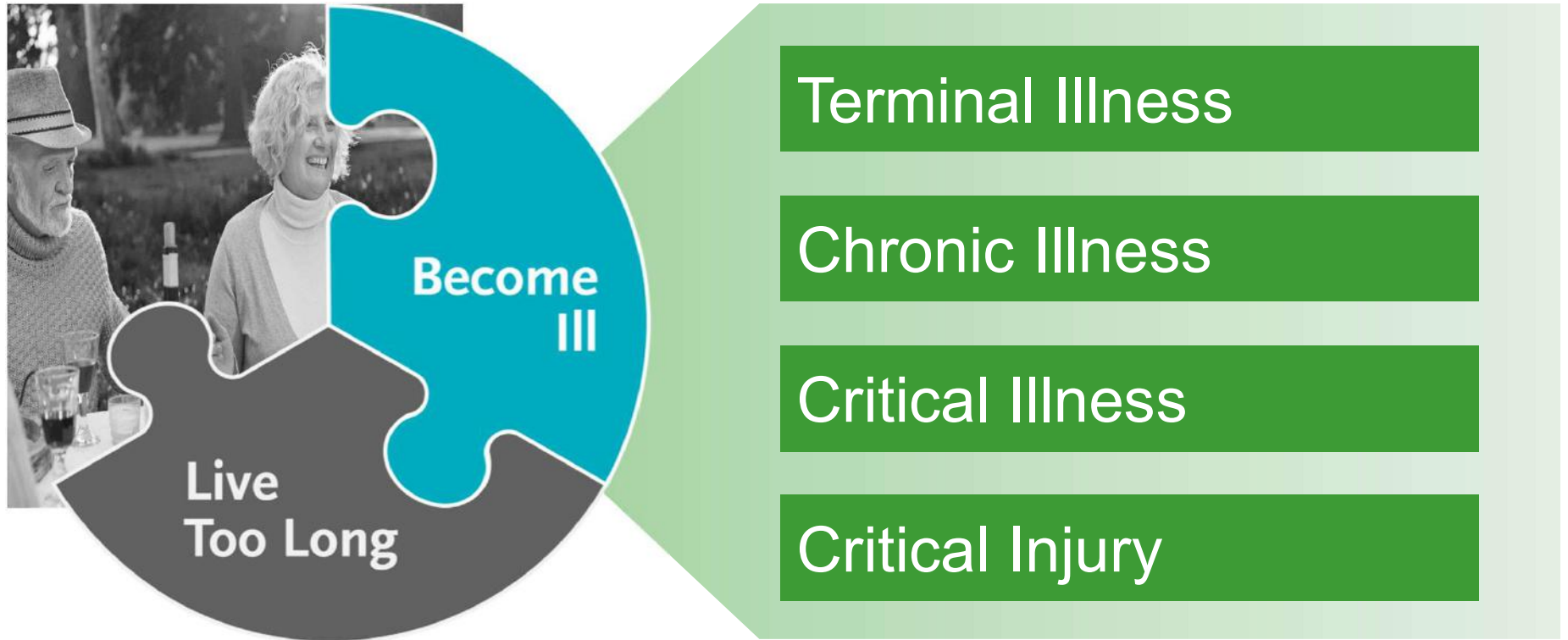


Riders that allow you to access policy values while living in the event of a qualifying Terminal, Chronic or Critical illness, or Critical Injury

# Life Insurance with Living Benefits

## **A Closer Look at Accelerated Benefit Riders**

# ACCELERATED BENEFITS RIDERS (ABR'S)



Riders are supplemental benefits that can be added to a life insurance policy and are not suitable unless the client has a need for life insurance.

# TERMINAL ILLNESS



Diagnosed with a terminal illness expected to result in death within 24 months (in some states it is within 12 months)



No waiting period



Paid as a lump sum distribution and discounted from death benefit



Funds can be used at your discretion



Maximum lifetime benefit payable under all ABR's \$1,500,000

# CHRONIC ILLNESS

Unable to perform two of six Activities of Daily Living for 90 consecutive days or be experiencing cognitive impairment

## ACTIVITIES OF DAILY LIVING

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

State exceptions may apply – please check with your agent

## COGNITIVE IMPAIRMENT

Required substantial supervision to protect oneself from threats to health and safety due to severe cognitive impairment

- Short term or long term memory impairment
- Loss of orientation to people, places or time
- Deductive or abstract reasoning impairment

# Critical Illness and Injury

## CRITICAL ILLNESS

### CONDITIONS

- ✓ Blindness
- ✓ Cancer
- ✓ Diagnosis of ALS
- ✓ End Stage Renal Failure
- ✓ Heart Attack
- ✓ Major Organ Transplant
- ✓ Stroke
- ✓ Aorta Graft Surgery
- ✓ Aplastic Anemia
- ✓ Cystic Fibrosis
- ✓ Heart Valve Replacement
- ✓ Motor Neuron disease
- ✓ Sudden Cardiac Arrest

## CRITICAL INJURY

- ✓ Coma
- ✓ Paralysis
- ✓ Severe Burns
- ✓ Traumatic Brain Injury

State exceptions may apply – please check with your agent

# Life Insurance and Retirement Planning

## Lifetime Income Benefit Rider (LIBR)

### The Potential For Guaranteed Income For Life\*

\*Once conditions are met to exercise the rider



# Different ways to save

## AFTER TAX

- Private Savings  
i.e. CD

## TAX-DEFERRED

- Annuities

## PRE-TAX

- Traditional IRA
- Qualified  
Plan/401(k)

## TAX-FREE

- Roth IRA
- Permanent Life  
Insurance Cash  
Value<sup>1</sup>

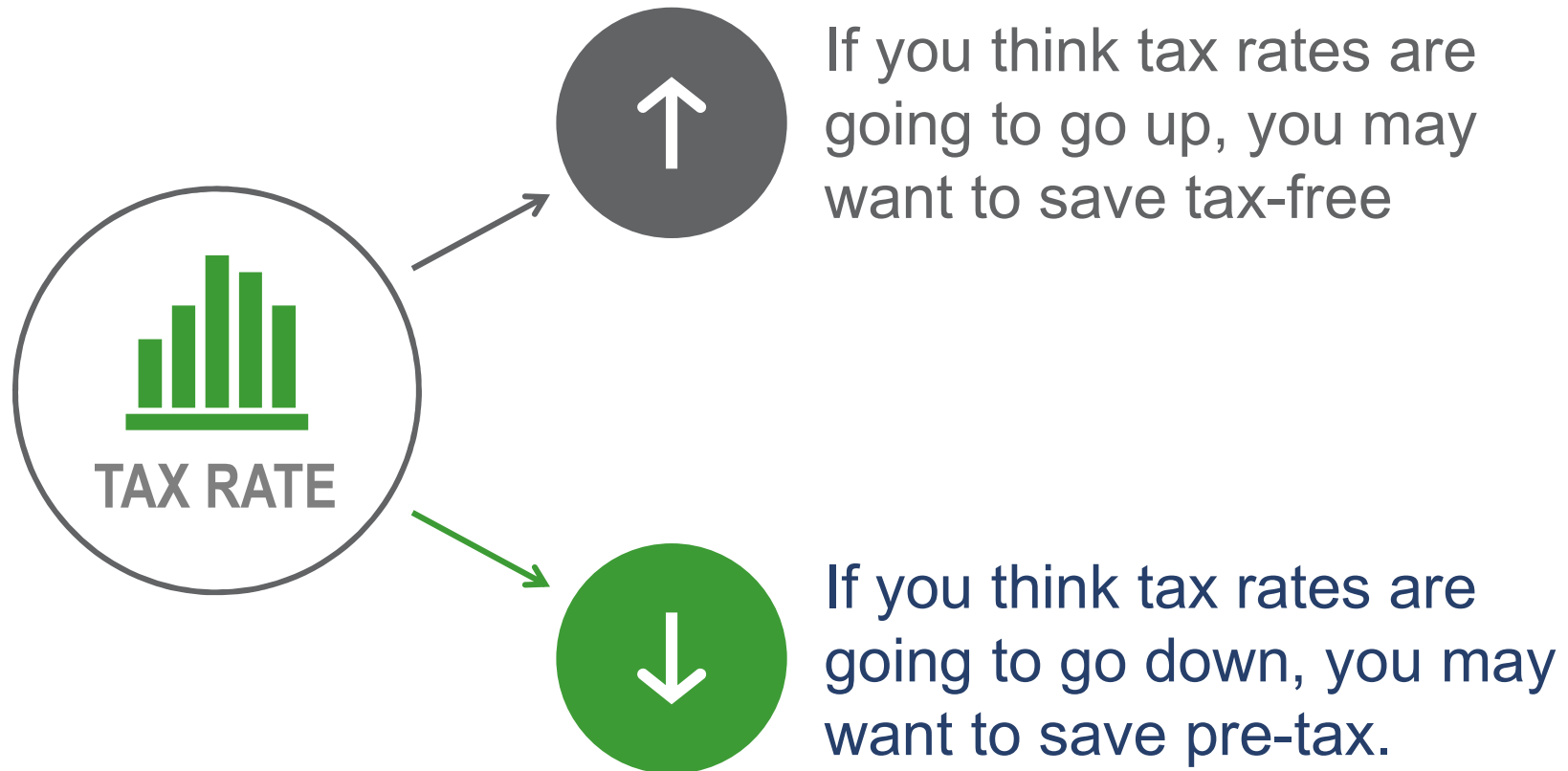
It's not just about how much you accumulate for retirement...

...you also need to factor taxes on retirement income.

*Surrender charges may reduce the policy's cash value in early years. Policy loans will be taxed as ordinary income if the policy is allowed to lapse. It is possible that coverage will expire when either no premiums are paid following the initial premium, or subsequent premiums are insufficient to continue coverage.*

*1. Policy loans and withdrawals reduce the policy's cash value and death benefit and may result in a taxable event. Withdrawals up to the basis paid into the contract and loans thereafter will not create an immediate taxable event, but substantial tax ramifications could result upon contract lapse or surrender.*

# Your Outlook Drives Your Strategy



# Tax-Free Retirement Strategy

Each premium payment you make

Provides an income-tax free death benefit<sup>1</sup> to your named beneficiary

Optional Accelerated Benefit Riders allow you to access the death benefit during lifetime in the event of a Terminal, Chronic, Critical Illness or Critical Injury.

Builds cash value income tax-deferred

Cash value that you can use during your lifetime, through policy loans and withdrawals, to provide a tax-free retirement income.



**Protection For Your Beneficiaries**

Protecting who and what you love is a top priority

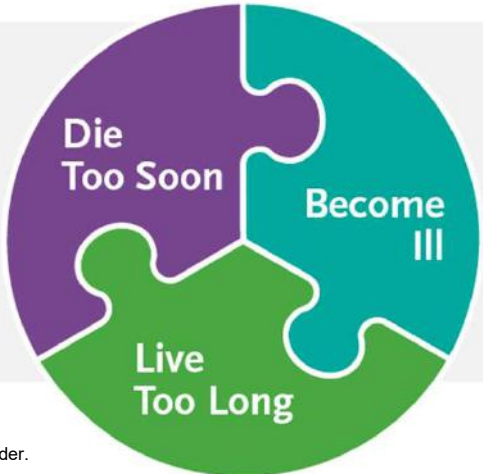
**Living Benefits**

Helping you and your budget in the event of a qualifying illness or injury<sup>1</sup>

**Potential for Income For Life Guaranteed**

Income you can't outlive – no matter how long you live<sup>2</sup>

**At the end of the day**  
It's about Protecting what matters most...  
Figuring out life's puzzles



<sup>1</sup> Living Benefits are provided by optional, no additional premium Accelerated Benefit Riders.  
<sup>2</sup> Provided by the optional Lifetime Income Benefit Rider once qualifications are met to exercise the rider. There is an additional premium for this rider.



# NATIONAL LIFE GROUP

The story is simple:

# Disclosures

The riders referenced in this presentation are available on:

LSW FlexLife II Indexed Universal Life Insurance, form series ICC16/20417(0616) and various other permanent and term life insurance policies issued and underwritten by Life Insurance Company of the Southwest.

Please note that for term life insurance, the ability to accelerate the death benefit will end when the life insurance policy is terminated.

Following are the form series numbers for the LSW Life Insurance Riders referenced in this brochure: Terminal Illness Rider (ABR), form series 8052, ICC10-8844; Chronic Illness Rider (ABR), form series 8095, 8766, ICC10-8844; Critical Illness Rider (ABR), form series 8165, 20287; Critical Injury Rider, form series 20288; *Lifetime Income Benefit Rider, 20266(0614)*;

For costs and complete details of the coverage, write or call your agent or company. None of the information in this piece is intended as tax or legal advice. Please consult with your Attorney or Accountant prior to acting upon any of the information contained herein. Riders are optional, may be subject to underwriting, exclusions and/or limitations and may not be available in all states or on all products. Receipt of accelerated benefits reduces the Death Benefit and cash value (if any) otherwise payable under the policy, may be a taxable event and may affect your eligibility for public assistance programs, such as medical assistance (Medicaid), Aid to Families with Dependent Children, and Supplemental Security Income. Please consult your personal tax advisor to determine the tax status of any benefits paid under this rider and with social service agencies concerning how receipt of such a payment will affect you, your spouse and your family's eligibility for public assistance. This rider is intended for favorable tax treatment under Section 101(g) of the Internal Revenue Code (26 U.S.C. Sec. 101(g)). Whether such benefits qualify depends on factors such as your life expectancy at the time benefits are accelerated and how benefits are used.

# Disclosures

There is no restriction placed on the use of the accelerated benefit with the exception that ABR proceeds for chronic illness in the state of Massachusetts can only be used to pay for expenses incurred for Qualified Long-Term Care services. The actual payment you receive will be less than the portion of the death benefit accelerated because the benefits are paid prior to death. Values are based on a current interest rate and mortality rates. There is an initial administrative fee at the time the rider is exercised. We currently limit the amount of death benefit that may be accelerated under all contracts made over the entire lifetime of the insured to \$1,500,000 for terminal or chronic, and \$1,000,000 for critical. We reserve the right to change this limit in the future; however the limit will never be less than \$500,000. Other restrictions, limitations and waiting periods may apply.

Our Terminal Illness riders allow for the payment of a portion of an insured's death benefit, on a discounted basis, if the insured has an illness or chronic condition which can reasonably be expected to result in death in 24 months or less. There is no additional premium for this rider.

Our Chronic Illness and Covered Chronic Illness riders allow for the payment of a portion of an insured's death benefit, on a discounted basis, if the insured is Chronically Ill. A chronic illness is defined as one that leaves you unable to perform, without substantial assistance, two of the six normal activities of daily living for a period of at least 90 consecutive days due to a loss of functional capacity or requires substantial supervision to protect oneself (LSW only - for a period of 90 consecutive days) from threats to health and safety due to severe cognitive impairment. The six activities of daily living include bathing, continence, dressing, eating, toileting, and transferring. There is no additional premium for this rider.

Our Critical Illness Riders allows for the payment of a portion of an insured's death benefit, on a discounted basis, if the insured is Critically Ill. Covered critical illnesses are ALS (Lou Gehrig's disease), aorta graft surgery, aplastic anemia, blindness, cancer, cystic fibrosis, end stage renal failure, heart attack, heart valve replacement, major organ transplant, motor neuron disease, stroke, sudden cardiac arrest. Our Critical Injury Riders allow for the payment of a portion of an insured's death benefit, on a discounted basis, if the insured experiences one of the following critical injuries: coma, paralysis, severe burns or traumatic brain injury. There is no additional premium for this rider.

# Disclosures

## **Accelerated Benefits Riders (ABR) vs. Long-term Care (LTC) Insurance**

Certain states require advertising for ABRs to provide a comparison to the benefits provided by LTC insurance. However, Accelerated Benefits provided by the ABR riders are not long-term care insurance, and are not intended to be the same as, or an alternative to, long-term care insurance.

**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 or certificate).**

ABR Riders are supplemental benefits that can be added to a life insurance policy and are not suitable unless you also have a need for life insurance. Receipt of benefits may reduce or eliminate the availability of other policy riders and benefits. Benefits available are calculated at time of claim based on the age of the policy and our expectation of your future mortality. The amount of Accelerated Benefit available will depend on your life policy's death benefit value when ABR benefits are claimed. For policies in good standing, if ABR benefits are not used, policy death benefits and other rider benefits are still available.

Long-term care (LTC) insurance is not life insurance, and as such, has no death benefit or cash value. LTC insurance benefits are specified at the time of the contract. LTC benefits are paid as a form of expense reimbursement for qualified long term care expenses. By comparison, since ABR benefits can be used for any reason, they are paid once qualifications are met, and do not require you to provide receipt of specific expenses to qualify for the benefit. LTC premiums vary based on the level and length of benefit chosen by the policyholder. Premiums are paid on a recurring basis, and failure to pay premiums will generally lapse the policy. If LTC benefits are not claimed, they are typically forfeited. LTC insurance policies may offer non-forfeiture benefits for additional premium.

**This is a solicitation of insurance. An insurance agent may contact you.**