



INSURING LIVES
SUPPORTING WOMEN
SERVING COMMUNITIESSM

Accelerated Death Benefit Riders for Chronic, Critical and Terminal Illness

WHAT IS AN ACCELERATED DEATH BENEFIT RIDER?

Living benefit riders allow you to access part of your death benefit while still alive if you get a qualifying chronic, critical, or terminal illness.

WHY WOULD I NEED TO USE MY LIFE INSURANCE BEFORE I DIE?

- A Harvard study found that 46% of bankruptcies were attributable to major medical expenses. Whether it is a critical illness, a chronic illness or even the terminal illness of a loved one, these tragedies can drain the entire family emotionally and financially.¹
- Caregivers that live with a loved one spend an average of 39 hours a week providing care.²
- The average age of individuals filing bankruptcy due to medical costs was 44 years old.³
- The national average for a semi-private nursing room in a nursing facility is \$66,000 per year.⁴
- The number of adults who have ever been diagnosed with cancer: 20.1 million.⁵

THE ACCELERATED DEATH BENEFIT RIDER (FORM SERIES 1591) IS COMPOSED OF 3 INDIVIDUAL RIDERS:

- Chronic Illness Rider⁶ (Form Series 1591-CH): A chronic illness is a condition that causes you to be unable to perform 2 or more ADLs (activities of daily living: bathing, continence, dressing, eating, toileting, and transferring).
- Critical Illness Rider⁶ (Form Series 1591-CR): May be exercised if you have one of the following conditions: cancer (life threatening), heart attack (myocardial infarction), stroke, paralysis, end state renal failure, and major organ transplant.
- Terminal Illness Rider⁶ (Form Series 1591-T): Terminal illness is a qualifying event where you are expected to only live for 12 months or less.



Meet Harriet

She is 65 years old and has an Essential Whole Life certificate for \$500,000. She has a heart attack. Doctors tell her she may need a few months to recover. She wants to spend her recovery time at home with loved ones and not burden them with taking care of her physical needs, so she decides to hire an in home care provider. She exercises the Critical Illness Rider and requests \$100,000 to cover the expenses of hiring help. She receives a check from Royal Neighbors for \$76,048.* She still has \$400,000 death benefit in force.



BENEFITS OF RIDERS:

- No additional cost of rider. Be sure to check the boxes on your application.
- Freedom of options: Alleviating financial burden allows you to choose what is best for you and your family instead of being forced to take only the cheapest option.
- Spend quality time with loved ones instead of having them tend to your physical needs.
- Reduce burden on family members, both financially and emotionally.
- Keep current standard of living: You don't have to sell home, take on roommates, etc.

HOW WILL YOU USE THE MONEY THAT IS ACCELERATED?

You are not limited on how they can use it. You do not need to keep receipts or submit anything further to Royal Neighbors.

Some ways you may want to spend the money include:

- Pay off mortgage or other debts so you do not have to worry about these bills while you recover.
- Supplement individual disability and long-term care income benefits.
- Install ramps in your home for wheelchair access.
- Go on vacation with loved ones.
- Use the money to help your favorite charity.
- Pay for medical expenses, specialized care, insurance deductibles and equipment not covered by health insurance or Medicare.
- Hire house cleaning and lawn care services.

¹ Medical Bankruptcy in the United States, 2007: Results of a National Study [http://www.amjmed.com/article/S0002-9343\(09\)00404-5/abstract](http://www.amjmed.com/article/S0002-9343(09)00404-5/abstract) ² <https://caregiver.org/selected-caregiver-statistics> ³ [http://www.amjmed.com/article/S0002-9343\(09\)00404-5/fulltext](http://www.amjmed.com/article/S0002-9343(09)00404-5/fulltext) ⁴ <http://www.adn.com/article/20130321/alaska-nursing-homes-extraordinarily-expensive-seniors> ⁵ <http://www.cdc.gov/nchs/fastats/cancer.htm> ⁶ Critical and/or Chronic cannot be selected without also accepting the terminal illness rider. Terminal can be chosen without the other riders. Selection or decline of any or all riders should be based on customer needs. Riders might make client ineligible for some government programs such as Medicaid.

*Accelerated Death Benefit Rider (ADBR) is not a long-term care insurance product and does not provide long-term care benefits. ADBR is not a sufficient alternative to a long-term care insurance product. ADBR is subject to the terms of the US Tax Code Section 101(g) and may receive favorable tax treatment according to those conditions. Exercise and receipt of benefits under the ADBR may adversely affect eligibility for government programs or entitlements. Royal Neighbors does not offer tax advice and clients are encouraged to consult a qualified tax advisor. The accelerated benefit payment may be reduced by an administrative fee, actuarial discount, and policy loans. Any examples provided are for illustrative purposes only.

Overview: Accelerated Death Benefit Riders for Critical, Chronic and Terminal Illnesses



	Critical Illness	Chronic Illness	Terminal Illness
Base Products	ULDB ULCV Essential WL (including youth) SPWL	ULDB ULCV Essential WL (including youth) SPWL	ULDB ULCV Essential WL (including youth) SPWL
Issue Ages	Low issue ages = same as the underlying base plan High issue ages = lower of age 65 or high issue age for the underlying base plan	Low issue ages = same as the underlying base plan High issue ages = lower of age 70 or high issue age for the underlying base plan	Low issue ages = same as the underlying base plan High issue ages = high issue age for the underlying base plan
Premiums	No monthly charge	No monthly charge	No monthly charge
Maximum Benefit Levels	Maximum of (25% of certificate death benefit (assuming no loans) or \$100,000)	Maximum of (80% of certificate death benefit or \$400,000) Annual payments will be limited to the year's per diem allocation	Maximum of (90% of certificate death benefit or \$450,000)
Claims	Only one (critical) per lifetime	Only one (chronic) per lifetime	Only one (terminal) per lifetime
Qualifying Events	Cancer (life threatening) Heart attack Stroke Paralysis End stage renal failure Major organ transplant	Individual has been certified as being unable to perform 2 or more of the ADL's for a period of at least 90 days OR Requiring an individual to need substantial supervision to protect the individual from threats to health or safety due to severe cognitive impairment	A medical or physical condition that is reasonably expected to result in a drastically limited life span that is "12 months or less" No longer requiring confinement to nursing home or waiting period