

# Life Plus

ACCELERATED DEATH BENEFIT RIDER®



## CLIENT GUIDE



**Columbus Life  
Insurance Company**

A member of Western & Southern Financial Group



A Columbus Life universal life policy provides financial protection for your loved ones in the event of your death.

Did you know that you also have valuable protection that can be used while you are still living?

## Benefit From Your Life Insurance During Your Lifetime

Often known as a living benefit, an accelerated Death Benefit rider such as Life *Plus* provides the flexibility of being able to access a portion of the Death Benefit of a life insurance policy before the insured dies. Early access to your policy benefits can help improve your quality of life if you are terminally or chronically ill, or have a medical condition as specified in the rider. You may use the funds for any purpose — to cover medical care costs, or even to take the trip of a lifetime<sup>1</sup>.

### Living Benefits

Columbus Life's Life *Plus* living benefit is provided at no additional premium<sup>2</sup> and is called an Accelerated Death Benefit Rider in your policy. This rider gives you the power to access a portion of your life insurance policy's Death Benefit while you are living, provided you meet certain criteria as specified by the rider and the laws in your state.

In other words, you can receive an advance against your policy's Death Benefit and have the freedom to spend it however you choose. There are no restrictions regarding how the advance is used. No bills or receipts are required to receive the benefits — and in many instances benefits are tax-free.

## Accessing the Benefits of Life *Plus*

Life *Plus* Accelerated Death Benefit Rider will be added to your policy by Columbus Life, where approved.<sup>3</sup> The rider allows an advance<sup>4</sup> against the Death Benefit if you meet one of the following three qualifying events:

- **Specified Medical Condition.**<sup>5</sup> The conditions that meet this requirement include acquired immune deficiency syndrome (AIDS); first coronary angioplasty; first coronary artery bypass; first myocardial infarction; end-stage renal failure; major organ transplant; medical condition requiring continuous life support; stroke; or life-threatening cancer.
- **Chronic Illness.**<sup>5</sup> Chronic Illness is defined as an individual who is unable to perform two of six Activities of Daily Living, or ADLs, without substantial assistance for a period of at least 90 days due to a loss of functional capacity. The six ADLs are routine daily activities generally considered necessary for a self-sustaining person to remain independent: eating, bathing, continence, dressing, toileting, and transferring.
- **Terminal Illness**<sup>5</sup> expected to result in death in one year. Some states define the fatal or Terminal Illness timeframe as two years or less.

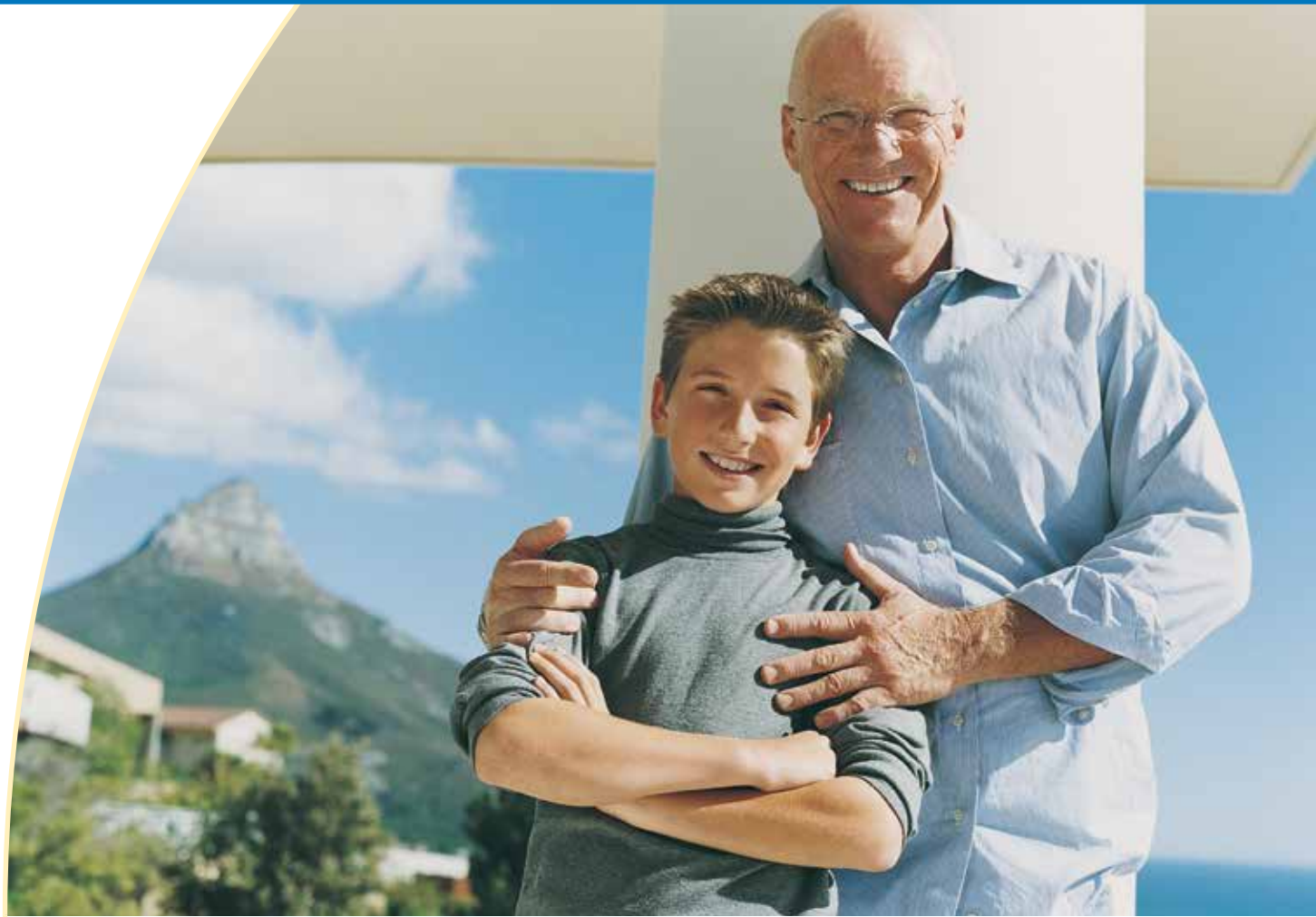
1 We recommend that you contact your tax advisor when making decisions about electing to receive benefits from any accelerated benefit product, as the owner may incur a tax obligation.

2 This rider is added at no additional premium; however, we may charge a fee of up to \$250.00 (state variations may apply) for an advance payment. An advance is treated as a lien secured by the Death Benefit of the policy. The advance will accrue interest each year. The rate of interest will depend on the cash value of your policy and may vary as required by the laws of your state. The lien may be increased if necessary to keep this policy in effect.

3 Certain medical histories may prevent qualification for the Life *Plus* Accelerated Death Benefit Rider. Insureds who do not qualify for the Life *Plus* rider will receive either the Accelerated Death Benefit *Plus* Rider or the Accelerated Death Benefit Rider.

4 In some states, benefits from the Life *Plus* Accelerated Death Benefit Rider are not available during the contestable period of the policy, as defined by the state of issue. In most states, benefits are not available for Chronic Illness until after the second policy anniversary, as defined by the state of issue. Contact your financial professional for information about your state.

5 Product provisions, availability, definitions and benefits may vary by state.



## Selecting a Payout Option

All three qualifying events allow you to receive your advance in the form of a lump-sum payment.<sup>7</sup> However, if a Chronic Illness advance is taken, you have two payout options.

At the time of claim, you may choose to take your Chronic Illness advance as a ***lump-sum payment*** or as periodic payments through the ***Payout Benefit Option***.<sup>8</sup>

Selecting the Payout Benefit Option allows you to choose the length of time, from 3–10 years (4–10 years in OH) for which you will receive your advance in periodic payments. Interest will accrue on any outstanding advances.

The qualifying terms and conditions for accessing accelerated benefits vary by state. Be sure to check with your financial professional to determine the requirements in your state.

<sup>7</sup> The lump-sum advance may be taken as a single payment or as frequently as monthly. For Terminal Illness and Specified Medical Condition, all advances must be taken within 12 months of the first advance. For Chronic Illness, all advances must be taken within 48 months of the first advance. The lump-sum option on a Chronic Illness trigger is not available in the state of MA on Rider Series CLR-202.

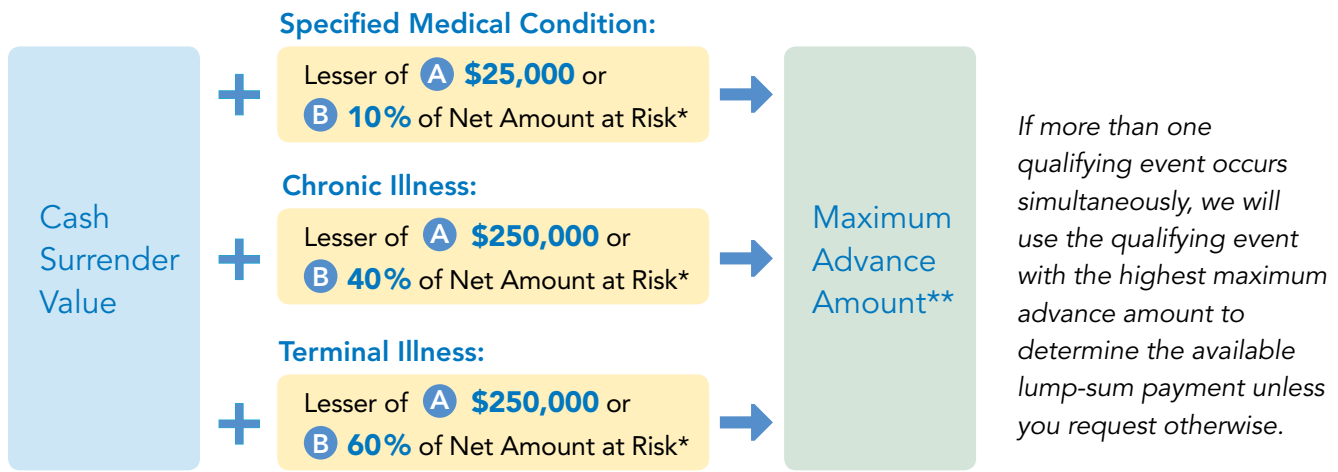
<sup>8</sup> The Payout Benefit Option is only available on Chronic Illness advances, as defined by the state of issue.

## How Your Benefit is Calculated

### Lump-Sum Payment

Minimum Advance: \$500

Maximum Advance Formulas:



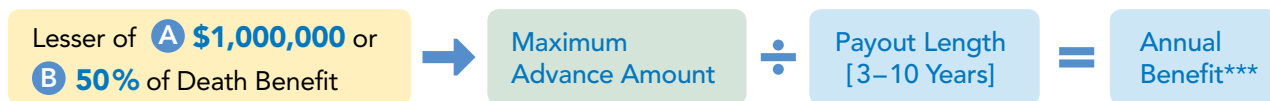
\*Net Amount at Risk refers to approximately the existing Death Benefit plus indebtedness less accrued account value.

\*\*Maximum Advance Amount may be reduced by interest.

### Payout Benefit Option — For Chronic Illness Only

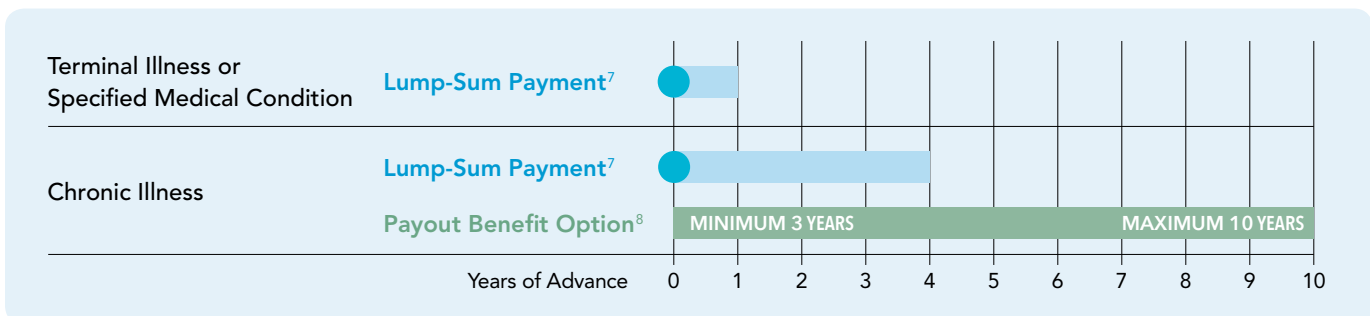
Minimum Advance: \$500

Maximum Advance and Periodic Payments Formula:



\*\*\*The annualized amount is not to exceed the lesser of the Annualized IRS Per Diem Limit or \$240,000 in a given year.

### Payout Durations



## How Life *Plus* Works

Here are some examples of how the living benefits might be used in various scenarios.

### Terminal Illness

Michelle, a successful business owner, has owned a \$200,000 Indexed Explorer *Plus*® Universal Life policy for years. She's single, but intends to leave a financial legacy to her two nieces to help pay for college, or a down payment on a house. Unfortunately, at age 60 she is diagnosed with an aggressive cancer and given about nine months to live.



Michelle decides to access the living benefit of her policy and travel to see several members of her family in both Europe and the U.S. Since she had accumulated a cash value of \$40,000, she is eligible to access up to \$136,000 (\$40,000 cash surrender value plus 60% of the Net Amount at Risk of \$160,000). Michelle chooses to advance \$80,000, leaving \$120,000 net Death Benefit or \$60,000 each to her two nieces to help defray college expenses.

In each of these examples, the advance will continue to accrue interest until the insured's death and will reduce the Death Benefit accordingly.

These examples are for illustrative purposes only and may not include all potential charges, **interest reductions** and fees.

### Chronic Illness

John and Sarah purchase a \$1 million Voyager Universal Life® policy on John when they are both age 50. After suffering a sudden stroke at age 85, John recovers only partially. Although he does not require 24-hour nursing care, he is unable to perform two of the six ADLs. John and Sarah determine that accessing part of their policy's living benefit is necessary to help Sarah care for John and to help meet their financial obligations.



John and Sarah have two options: they could take their advance as a lump-sum payment from their policy and receive a total of \$300,000; or they could decide to take their advance in periodic payments. By choosing the Payout Benefit Option, John and Sarah can select the length of time that they would like to receive their periodic payments—from 3–10 years. With a payout length of 10 years, they would receive \$50,000 per year for the next ten years (totaling \$500,000). Because John and Sarah have determined that they will not need all of the money up front, they decide to take their advance through the Payout Benefit Option over 10 years.

By choosing periodic payments, they will receive smaller individual payments over the course of 10 years. This option also allows them to receive a higher total advance while reducing the payable Death Benefit on John's death less rapidly than the Lump-Sum Option.

## Specified Medical Condition

Dennis and Laurie purchase a \$500,000 Explorer Plus® Universal Life policy on Dennis when he is age 50.



At age 75, Dennis suffers a heart attack and requires surgery. Because Dennis has been diagnosed with a rider-Specified Medical Condition, he can access the living benefit of his Explorer Plus policy. Dennis and Laurie decide to advance \$25,000 to help pay for medical bills and prescription drugs related to his condition. At the point of this advance, the net Death Benefit payable on Dennis' death is reduced to \$475,000.

Should you ever need to access your living benefit, your Columbus Life representative can guide you through the steps.

You can expect to provide the following:

- Written request for the advance.
- Written consent of any irrevocable beneficiary and any assignee.
- Medical evidence of the qualifying condition.
- Written designation of Columbus Life as an assignee of the policy proceeds equal to the amount of the benefit received plus accrued interest.

With a Columbus Life universal life policy and its Life Plus living benefit, you have peace of mind during your lifetime while providing a lasting legacy to your loved ones. Now you can focus on what is most important: enjoying your life and enjoying your family.

## Your Residual Death Benefit

If you do need to take an advance through your Life Plus Accelerated Death Benefit Rider, you have the comfort of knowing that your beneficiary will still be able to receive a Death Benefit. With Columbus Life's Residual Death Benefit, policies with a Death Benefit of \$75,000 or greater will be eligible to have a \$10,000 Death Benefit, regardless of the lien that accrues.<sup>9</sup>

## Your Personal Plan

Your Columbus Life representative can provide you with a personalized illustration of your living benefit and Death Benefit based on your needs and financial circumstances.

## Why Columbus Life?

When you consider financial services and products, the resources and expertise of the financial services provider are paramount. Columbus Life Insurance Company is a leader in financial security, service quality and performance excellence. We are part of Western & Southern Financial Group, a family of financial services companies whose heritage dates back to 1888 and whose assets owned (\$47.2 billion) and managed (\$22.3 billion) total \$69.5 billion as of September 30, 2017. Find out more about our financial strength and distinguished history at **ColumbusLife.com**.

<sup>9</sup> Policy's Death Benefit must be greater than \$75,000 at the time of the first advance of the last qualifying event. Any outstanding policy loans will reduce the Residual Death Benefit on a dollar for dollar basis. Residual Death Benefit is only available on Rider Series CLR-202.



## Columbus Life Insurance Company

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Not available for use in California.

Living benefits are accessed through an advance of the policy's death benefit, provided the insured meets eligibility requirements under the applicable rider. An advance is treated as a lien against the policy and will reduce the Death Benefit payable if not repaid. The advance will accrue interest each year. The lien may be increased if necessary to keep your policy in effect. We may charge a fee of up to \$250.00 for an advance payment. The accelerated death benefit will terminate with the policy.

Life insurance proceeds paid in the form of an accelerated death benefit when the insured has become chronically or terminally ill, and is otherwise eligible for benefits, are intended to receive favorable tax treatment under Section 101(g) of the Internal Revenue Code (26 U.S.C. Sec. 101(g)). There may be tax consequences in some situations in accepting an accelerated benefit payment amount. Consult your tax advisor before taking an advance.

An accelerated death benefit is not to be sold as or to replace long-term care insurance, nursing home insurance, or home care insurance. An accelerated death benefit (such as the Accelerated Death Benefit Plus Rider) and long-term care insurance provide very different kinds of benefits.

Accelerated Death Benefit Rider series CLR-202 1409, CLR-143 1208 and CLR-137 1208.

The accelerated Death Benefit under this rider will be made available on a voluntary basis only. Product and rider provisions, availability, definitions and benefits may vary by state. Consult your financial professional for information about your state. It is possible that all or part of an advance may be considered taxable by the IRS. You should consult your attorney, accountant, or other tax advisor before requesting an advance under this rider.

**Life insurance products are not bank products, are not a deposit, are not insured by the FDIC, nor any other federal entity, have no bank guarantee, and may lose value.**

Payment of the benefits of Columbus Life Insurance Company products is backed by the full financial strength of Columbus Life Insurance Company, Cincinnati, Ohio.

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