

Legacy Forward® II Accelerated Death Benefit Rider — Chronic Illness

Early, lifetime access to policy benefits and a potential death benefit for heirs

Legacy Forward II, a single premium universal life insurance policy, offers a chronic illness benefit through the Accelerated Death Benefit Rider (Terminal Illness benefit also available). Included with the policy for issue ages 55-80, the benefit provides an advance of the death benefit when the insured is diagnosed with the inability to perform at least two of the six Activities of Daily Living for at least 90 consecutive days or suffers severe cognitive impairment. It helps provide security at a difficult time with access to policy benefits for medical or other expenses, and may still provide a death benefit for the beneficiary.

Case Study: How the Chronic Illness advance works

Client: Mary; purchased Legacy Forward II at age 63; non-tobacco user*

Premium: \$50,000; approved for a \$100,349 death benefit

Scenarios:

At age 70, Mary experiences health problems and needs help with bathing and dressing. She is eligible for an advance of the policy's death benefit of up to 100% of her premium paid (\$50,000) minus any partial withdrawals, to help pay for her care. Mary can take an advance and potentially still leave a death benefit to her beneficiary as intended.

Mary still has a leveraged death benefit to pass to her beneficiary. The advance amount, in the form of a loan, plus interest on the loan in the years following, will be deducted from the death benefit. The two scenarios below show how many years after the advance a death benefit remains and how much it would pay to her beneficiary:

Scenario 1	
Mary's advance: \$25,000	
Advance paid to Mary after interest deducted: \$23,148	
\$100,349	Death benefit
- \$25,000	Advance
<u>\$75,349</u>	Death benefit remaining

Scenario 2	
Mary's advance: \$50,000 (100% of premium)	
Advance paid to Mary after interest deducted: \$46,296	
\$100,349	Death benefit
- \$50,000	Advance
<u>\$50,349</u>	Death benefit remaining

Mary's Age	Death Benefit Remaining
70 When advance is taken	\$75,349
71 1 year after claim	\$73,349
72 2 years after claim	\$71,189
73 3 years after claim	\$68,856
▼	▼
88 18 years after claim	\$449
89 19 years after claim	\$0

Mary's Age	Death Benefit Remaining
70 When advance is taken	\$50,349
71 1 year after claim	\$46,349
72 2 years after claim	\$42,029
73 3 years after claim	\$37,363
▼	▼
79 9 years after claim	\$399
80 10 years after claim	\$0

Example values assume maximum interest charge of 8.0%. Illustrative death benefit current as of 2/17/20. Advances may be subject to an administration fee.

*Subject to underwriting approval.

The Chronic Illness benefit advance

- › Can be up to 100% of premium paid minus any partial withdrawals and interest charged.
- › Is treated as a lien against the death benefit, with interest charged annually.
- › Does not void the death benefit, even when the entire premium amount is advanced. Instead, the death benefit is gradually reduced by yearly interest charged.

The Chronic Illness benefit advance can help provide needed funds and security at a difficult time. And it may still provide a death benefit for the beneficiary, even when the entire premium amount is taken as an advance.

For more information about Legacy Forward II, contact your financial representative.

Policy not available in AK, CA or DE.

The Chronic Illness benefit is available to issue ages 55-80. Chronic Illness means the insured has been unable to perform (without substantial assistance from another individual) at least two Activities of Daily Living (ADLs) for a period of at least 90 consecutive days due to a loss of functional capacity; or requires substantial supervision to protect himself/herself from threats to health and safety due to severe cognitive impairment. In CT, the insured also must have been confined for at least six months. The six recognized ADLs are bathing, continence, dressing, eating, toileting and transferring.

The maximum advance amount for chronic illness under this rider is 100% of premium paid less partial withdrawals. The minimum advance is \$5,000. An advance will first be applied to repay any outstanding policy loan. 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 secured by the Death Benefit of the policy and will reduce the Death Benefit payable if not repaid. The advance will accrue interest each year. The rate of interest will depend on the cash value of your policy and may vary. The lien may be increased if necessary to keep your policy in effect. This rider is added at no additional premium; however, we may charge an additional fee for an advance payment.

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, such as where total payments exceed the per diem limitation under the Internal Revenue Code (Chronic Illness only). In NY, the maximum payout amount allowed in a calendar year is equal to the per diem limitation amount. Consult a tax advisor before taking an advance. The taking of rider benefits may affect eligibility for certain public assistance programs and government benefits.

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.

Legacy Forward II is a single premium universal life insurance policy, issued and guaranteed by Western-Southern Life Assurance Company, Cincinnati, OH operating in DC and all states except NY, where National Integrity Life Insurance Company, Greenwich, NY, operates. Guarantees are based on the claims-paying ability of the issuing insurance company. W&S Financial Group Distributors, Inc. is an affiliated agency of the issuer. Issuer has sole financial responsibility for its products. All are members of Western & Southern Financial Group.

Product and feature availability varies by state. Single premium universal life insurance policy series: ICC12 1301-3030 WSA, ICC12 1301-3030 NIL and 1301-3030 NIL NY; Chronic Illness Accelerated Death Benefit Rider series: ICC12 1301-2626 WSA, ICC12 1301-2626 NIL, 1301-2626 WSA FL and 1301-2626 NIL NY; and Terminal Illness Accelerated Death Benefit Rider series: ICC10 1010-2622 WSA, ICC11 1010-2622 NIL and 1010-2622 NIL NY. Chronic Illness underwriting guidelines will be used to determine eligibility for our various Accelerated Death Benefit Riders.

The policy may be issued as a Modified Endowment Contract (MEC) for tax purposes. Any withdrawals or surrenders could result in a taxable event. Distributions are taxable to the extent that there is gain in the contract. A 10% penalty applies for distributions prior to age 59½ with certain exceptions. In order for policies funded by an exchange to be issued as a non-MEC, the entire single premium must be in the form of a 1035 Exchange and the existing policy must not be a MEC. Western & Southern member companies and its agents do not offer tax advice. For specific tax information, contact your attorney or tax advisor.

No bank guarantee	Not a deposit	May lose value	Not FDIC/NCUA insured	Not insured by any federal government agency
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