



Experience  
the Power of  
Collaborative  
Thinking

# Planning for Life's Unexpected Events

Boost the value of your life insurance policy with critical, terminal and chronic illness living benefit riders.



**Life insurance provides many solutions for you and it's an important part in creating a secure financial plan. Most important, it provides a death benefit for your family when they may need it most. Life insurance also offers additional benefits to you while you are still living.**

**Our fixed indexed universal life products offer lifelong flexible protection and have these important features:**

- Tax benefits such as tax-deferred growth potential on your account and insurance benefits that are generally not subject to income tax
- You have the choice of death benefit options – the face amount of your policy or the face amount plus your account value. Death benefits may be taken as a lump sum or periodic payments. You may adjust the death benefits.
- You can choose from several options for earning interest on your account value: one fixed interest option and additional options tied to market indexes. All of the options have a minimum guaranteed rate.<sup>1</sup>
- You may withdraw money at any time after year one.<sup>2</sup> These withdrawals may be subject to surrender charges.<sup>3</sup>
- You can customize your life insurance policy with a wide array of optional rider benefits to suit your family's needs. The rider benefits have limitations, restrictions and in some cases additional charges.

<sup>1</sup> The index options are linked to a market index, but you are not investing directly in the stock market or any index. We protect you from the downside risk, and you are guaranteed not to lose money due to market declines.

<sup>2</sup> Note that the amount of your withdrawal may be limited in order to keep the policy in effect.

<sup>3</sup> Surrenders, withdrawals and loans will reduce the available death benefit and may be subject to surrender charges. Excessive and unpaid loans will reduce the policy values and may cause the policy to lapse.



**Accelerated death benefit** riders, offered with life insurance, gives you access to your death benefit when certain conditions are met. You may hear accelerated death benefit riders referred to as “living benefit riders” because they protect you while you are still alive. We offer three living benefit riders; the critical illness, chronic illness and terminal illness riders.

### **Critical illness<sup>4,6,8</sup>**

This benefit allows the acceleration of up to 100% of the policy’s death benefit, not to exceed \$1,000,000 if the insured suffers from a covered critical illness.<sup>5</sup> It covers a heart attack, stroke, major organ transplant, paralysis, diagnosis of ALS (Amyotrophic Lateral Sclerosis), arterial aneurysms, central nervous system tumors, significant burns, an end-stage renal failure diagnosis and invasive cancer.

### **Terminal illness<sup>4,8</sup>**

If a physician diagnoses the insured with a terminal illness that results in a life expectancy of less than 24 months<sup>7</sup>, this rider allows the acceleration of up to 100% of the policy’s death benefit, not to exceed \$1,000,000.

### **Chronic illness<sup>4,8</sup>**

May accelerate up to 25% of the policy’s death benefit if the primary insured is certified by a licensed health care practitioner in the previous 12 months as having a qualifying chronic illness. A qualifying chronic illness is defined as being unable to perform two out of the six activities of daily living (ADLs) or requiring supervision because of severe cognitive impairment. This rider does not terminate after the initial acceleration. Subsequent annual accelerations are available, upon continued qualification, until your client accelerates either 100% of the death benefit or the lifetime maximum of \$1,000,000. The rider is not available in California.

The accelerated amount is paid prior to death so amount paid will be less than the amount accelerated. The policy death benefit will be reduced by the amount accelerated.

<sup>4</sup> The accelerated benefit paid will be based on the age and severity of illness and will be less than the accelerated amount due to receiving the death benefit prior to the death of the insured and the administrative fee. The death benefit will be reduced by the full, accelerated amount. Benefits under these riders are intended to qualify for favorable tax treatment, ultimately these benefits may or may not be taxable. You should seek assistance from your personal tax advisor before exercising this benefit.

<sup>5</sup> As defined in the rider.

<sup>6</sup> For the critical illness rider, a covered illness must first occur on or after the effective date of the rider. If you choose to accelerate the critical illness rider, both the terminal illness and chronic illness riders terminate.

<sup>7</sup> Less than 12 months in the state of Florida.

<sup>8</sup> The rider is not available when the insured life is rated higher than table 4 or if there is a flat extra rating per \$1,000.

# How do these benefits work?

## Critical illness rider

### Jeffrey

Issue age: 40

Jeffrey purchases an F&G life insurance policy and at age 68, is diagnosed with invasive cancer. His F&G life insurance policy includes a benefit for critical illness. He chooses to exercise part of his death benefit through the critical illness rider to help cover expenses while he continues treatment.

## Let's take a look at the potential benefit he receives:

- Base policy death benefit = \$400,000
- Cash surrender value = \$48,849
- Jeffrey accelerates 90% of his death benefit, or \$360,000
- Jeffrey receives a benefit amount of \$228,622.25<sup>10</sup>
- After accelerating 90% of the available death benefit, Jeffrey's remaining death benefit is \$40,000 and his cash surrender value is \$4,884.90

## Terminal illness rider

### Mary

Issue age: 50

Mary purchases an F&G life insurance policy and at age 70, is diagnosed as having a life expectancy of 24 months or less.<sup>9</sup> She included the terminal illness living benefit rider as a supplement to her F&G life insurance policy so she decides to use a portion of it to enjoy life with her family.

## Let's take a look at the potential benefit she receives:

- Base policy death benefit = \$300,000
- Cash surrender value = \$50,042
- Mary accelerates 90% of her death benefit, or \$270,000
- Mary receives a benefit amount of \$221,129.36<sup>11</sup>
- After accelerating 90% of the available death benefit, Mary's remaining death benefit is \$30,000 and her cash surrender value is \$5,004

<sup>9</sup> Less than 12 months in Florida.

<sup>10</sup> The benefit amount is determined by the severity of his illness and the impact on future life expectancy and is reduced by an administrative fee and an actuarial discount as outlined in the rider. Hypothetical assumptions based on issue age 40, initial face amount \$400,000 at issue level death benefit, critical illness of lung cancer severity level three. Jeffrey exercised 90% of benefit at age 68. If you choose to accelerate the critical illness rider, both the terminal illness and chronic illness riders terminate.

<sup>11</sup> The benefit amount is reduced by an administrative fee and an actuarial discount as outlined in the rider. Hypothetical assumptions based on issue age 50, initial face amount \$300,000 at issue level death benefit, Terminal illness occurred at age 71 and Mary exercised 90% of benefit. If you choose accelerate the terminal illness rider, both the critical illness and chronic illness riders terminate.

## Chronic illness rider

# Sue

Issue age: 35

Sue purchases an F&G life insurance policy and at age 70 is diagnosed by a licensed health care practitioner with a chronic illness. She decides to accelerate a part of her death benefit through F&G's chronic illness rider to help pay for the cost of her care.

## Let's take a look at the potential benefit she receives:

- Base policy total death benefit = \$500,000
- Cash surrender value = \$365,883
- Sue accelerates 25% of her death benefit, or \$125,000
- Sue receives a benefit amount of \$97,175<sup>12</sup>
- Her remaining death benefit is \$375,000 and the remaining cash surrender value is \$274,412
- If Sue continues to qualify for chronic illness benefits under this rider, she can accelerate up to 25% of the original eligible death benefit, or \$375,000.



<sup>12</sup> The benefit amount is reduced by an administrative fee and an actuarial discount as outlined in the rider. Hypothetical assumptions based on issue age 35, initial face amount \$500,000 at issue level death benefit, Chronic illness occurred at age 70 and Sue exercised 25% of the benefit. If you choose to accelerate the chronic illness rider, both the critical illness and terminal illness riders terminate.



**Accelerated living benefit riders<sup>13</sup> give you access your death benefit as part of your life insurance contract during different times in your life. It's important for you to understand how these benefits work and the value they provide for life's "what-ifs."**

## Ready to learn more?

Contact your financial or insurance professional today about **F&G** and let's get to work ensuring you have a bright tomorrow.

<sup>13</sup> No additional premium is required for these riders. Riders are subject to state availability. Riders may have limitations, restrictions and availability is based on underwriting criteria. Terminal illness, chronic illness and critical illness riders are available on cases approved at table 4 or better rates. Policies issued with flat extra will not include these riders.

The chronic illness rider is not available in California.

Surrender charges begin when the contract is issued and decline over 15 years to zero. If you increase your coverage, a new 15-year surrender charge period applies based on the amount of the increase in coverage.

In the first 10 years of the policy, F&G will deduct annually a 7.5% expense charge from premiums up to the annual target premium amount, and a 5% expense charge from premiums in excess of that. From year 11 on, F&G will deduct annually a 5% expense charge from all premiums. Each month, F&G will also deduct a cost of insurance charge, unit expense charge, charges for any riders you have chosen, and an \$8 expense charge. Applicable surrender charges will be deducted if withdrawals are made. Administrative charges may apply.

Form Numbers: 16-LRI-1114, 17-LRI-1115, ICC16-LRI-1114, ICC17-LRI-1115, et al.

"F&G" is the marketing name for Fidelity & Guaranty Life Insurance Company issuing insurance in the United States outside of New York. Life insurance and annuities issued by Fidelity & Guaranty Life Insurance Company, Des Moines, IA



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