Benefit Builder XTRA

BUSINESS PLANNING RIDERS - EMPLOYER-OWNED

Products issued by Accordia Life and Annuity Company

Premium Deposit Fund Rider

The Premium Deposit Fund Rider (PDF) is a fund outside of the policy designed to accommodate a sum of money that will be used to make future premium payments into a life insurance policy while avoiding classification as a Modified Endowment Contract (MEC).

How it works: The client pays an amount into the PDF, which is then used to pay premiums into a life insurance policy over a specified period of time. Policy premiums are automatically paid annually from this account on the policy anniversary. This allows the client to fully fund the policy while remaining within established MEC limits. The PDF earns a competitive interest rate.

Availability: The PDF is only available at policy issue. It requires a minimum deposit of $10,000 per policy with a cumulative maximum deposit of $5 million. Deposits greater than $5 million will be considered on a case-by-case basis. Amounts part of a 1035 exchange cannot be deposited into the PDF and must go directly to the policy. Subject to terms and conditions.

Primary Insured Rider

The Primary Insured Rider (PIR) provides temporary coverage to be added to the base coverage instead of the purchase of a separate policy. Regardless of the age of the insured, this portion of temporary coverage may be terminated when it is no longer needed. The rider may also be useful when the insured's health might impact the cost of the insurance.

How it works: In addition to the base life insurance coverage you are buying, this rider will provide additional insurance coverage on the insured to age 121.

Availability: The rider is available at policy issue, with premiums deducted until age 121 or until the rider is terminated. If the insured is between ages 18 to 75, coverage may be purchased up to a maximum of five times the base plan coverage (minimum additional coverage must be $50,000). For example, if the base policy has a face amount of $1 million, an additional PIR amount up to $5 million can be added to the policy assuming the amount falls within financial underwriting guidelines.

Overloan Protection Rider[1]

The Overloan Protection Rider, when certain policy provisions are met, keeps the policy from lapsing. It is also designed to protect the policy owner from incurring unwanted income taxes in the event the policy should lapse from over-borrowing.

How it works: Once a certain percentage of the policy's cash value is borrowed, this rider will activate and cease future loan activity. This will prevent borrowing too much from the policy and causing it to lapse, which could result in negative tax consequences. There is no initial cost for the rider but a one-time charge is assessed if it is used. The policy must be in force for 15 years and the insured must have reached age 75 for the rider to activate.

Availability: This rider is available to all policyholders and can be added at issue or after the policy is in force. Subject to terms and conditions.

[1] The tax treatment of this rider, if activated, is not settled under current law. In particular, it is not clear whether the rider will result in a taxable event at the time it is activated. Anyone contemplating the purchase of this rider should consult a tax advisor as to the possible tax ramifications.

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