

Accelerated Access Living Benefit Rider

Issued by Accordia Life and Annuity Company
for California residents

Helping you
through life's
unexpected
times





Life insurance can help provide financial security and continuity during one of life's most difficult times – the death of a loved one.

What you may not know is life insurance can also help during another one of life's most difficult times – a diagnosis of a chronic, critical, or terminal illness. This help can come in the form of optional riders called accelerated death benefit riders, often referred to as living benefit riders.

Many individuals and families cannot fully cover the costs and services of a chronic, critical, or terminal illness with their income and assets. Lacking adequate financial resources may cause you additional stress as well as have a significant impact on your life savings. Someone turning age 65 today has an almost 70% chance of needing some type of long-term care services and support¹. What is the potential impact of these services?

You may want to consider the following¹:

- One in five 65-year-olds will need some type of long-term care for more than five years.
- A home health aide can cost more than \$30,000 per year.
- A typical private room at a nursing home can cost more than \$80,000 per year.
- The average length of nursing home stay is more than two years for men and nearly four years for women.

If the need for such services are the result of a chronic or critical illness, Global Atlantic's living benefit riders can offer the flexibility to access a portion of the life insurance death benefit during a life-altering event like a chronic, critical, or terminal illness.

IMPORTANT: Accelerated Access Rider is not health, nursing home, or long term care insurance, and it is not intended or designed to eliminate the need for such coverage. An accelerated benefit payment may not be enough to cover a policy owner's medical, nursing home or other bills. The acceleration will not reduce the amount of monthly charges assessed against the policy account value. Planned premiums should still be paid to maintain policy values and guarantee provisions of the base policy and other riders.

¹ Source: "Cost of Care," U.S. Department of Health and Human Services, <https://longtermcare.acl.gov/costs-how-to-pay/costs-of-care.html>

Living longer may mean you'll need more financial protection for you and your family. Global Atlantic's **Accelerated Access Rider** provides you protection when you need it the most – when the unexpected happens. The Accelerated Access Rider provides an optional living benefit of a life insurance policy that allows early access to a portion of the death benefit if the insured becomes **chronically** or **critically ill**.



Chronic Illness

The Accelerated Access Rider can help reduce the financial burden of costs related to chronic illness by helping to pay for expenses when the insured meets certain qualifications. It provides an acceleration of the policy death benefit if the insured is certified as chronically ill.

How It Works:

If the insured becomes chronically ill and the eligibility requirements are met, the policy owner may elect to receive benefit payments either monthly or as an annual lump sum. Any benefits paid under this rider, along with accrued interest on those benefits, will reduce the policy death benefit payable to the beneficiary in the form of a lien.

The benefit amount will be based on a percentage of the current policy death benefit less any outstanding liens at the time of claim. The maximum monthly benefit is 2% of the Eligible Amount.

The insured must either:

1. Be unable to perform, without Substantial Assistance, at least two of the six Activities of Daily Living – bathing, continence, dressing, eating, toileting and transferring.
2. Require Substantial Supervision to be protected from threats to health and safety due to Severe Cognitive Impairment.

And:

- *The condition must have occurred during the 90 consecutive calendar days immediately preceding the certification of chronically ill.*



Critical Illness

The Accelerated Access Rider can help reduce the financial burden of costs related to critical illness by helping to pay for expenses when the insured meets certain qualifications. It was designed to help fill the financial gaps not covered by disability, traditional health, and life insurance, if a critical illness occurs.

How It Works:

If the insured becomes critically ill with one of the Critical Illness Conditions listed below and all eligibility requirements and elimination periods are met, the policy owner may elect to receive a benefit payment as a single lump sum. The insured may request up to two Critical Illness benefit payments over the life of the policy for unrelated illnesses. Any benefits paid under this rider, along with accrued interest on those benefits, will reduce the policy death benefit payable to the Beneficiary in the form of a lien.

The benefit amount will be based on a percentage of the current policy death benefit less any outstanding liens at the time of claim. The non-guaranteed maximum benefit amount under this rider is the lesser of 50% of the policy death benefit or the amount listed on page 1 of the Accelerated Access Rider supplemental report that accompanies the life insurance illustration, per Critical Illness event.

Critical Illnesses named under this rider are: Certain cancers, stroke, heart attack, diagnosis of end-stage renal failure, major organ transplant, paralysis, coronary artery bypass, coma, severe burn, and auto immune deficiency syndrome (AIDS). Subject to underwriter review at the time of claim. Conditions and limitations apply.

In addition, you may want to be aware of and consider other life insurance riders to assist you when a life-altering event occurs unexpectedly.



Terminal Illness Rider

A terminal illness can cause a lot of hardship, emotionally and financially, for a family. The Terminal Illness Accelerated Death Benefit Rider, which is automatically included with your policy, helps by providing an acceleration of a portion of the policy's death benefit up front to assist with health costs and other expenses.

How It Works:

This rider allows access to 50% of the policy's death benefit, up to a maximum of \$250,000, when the life expectancy of the insured is 12 months or less.

▼ THESE RIDERS DO NOT PROVIDE AN ACCELERATED DEATH BENEFIT. ▼



Waiver Riders Due to a Disability

Although these riders do not accelerate policy death benefits, they are designed to help maintain your life insurance policy in the event of a disability. Benefits provided may either be a Waiver of a Specified Premium or a Waiver of Monthly Deductions if the insured becomes totally disabled for at least six months, and before the policy anniversary nearest their 65th birthday.

Waiver of Specified Premium - When this rider is purchased, the owner will establish, within certain limitations, a specified monthly premium amount for the purpose of the rider. If the insured is disabled for six continuous months, we'll credit the policy the specified amount of premium while disabled.

Waiver of Monthly Deductions - With this rider, all monthly policy deductions (expense charge, monthly policy charge, cost of insurance charge and any rider charges) will be waived if the insured becomes totally disabled for at least six months, and will continue while disabled.

These riders are available at policy issue, with charges deducted until age 65. On the policy anniversary date when the insured reaches age 65, the waiver riders will terminate unless the rider is paying benefits.

Accelerated Access Rider and long-term care insurance, a comparison

	Global Atlantic's Accelerated Access Rider	Typical Long Term Care (LTC) insurance policy
Benefits	Global Atlantic's Accelerated Access Rider allows the policy owner to receive a portion of the policy death benefit if the insured becomes chronically ill (as defined in the tax law) and meets other qualifications. The policy owner may choose whether to have the accelerated death benefit paid in a lump sum or by periodic payments.	The typical LTC policy provides benefits when the insured has a chronic illness, as defined by tax law. Most qualified LTC policies are designed to pay or reimburse only for defined LTC services. LTC policies generally pay only when the insured is treated in a nursing home or assisted living facility or for treatment by home care workers who meet defined criteria.
Conditions for Benefit Payment	A licensed health care practitioner (as defined in the tax law) must certify that: (1) The insured is expected to be unable to perform at least two activities of daily living for at least 90 consecutive days, without substantial assistance from another person; OR (2) The insured requires substantial supervision from another person to be protected from threats to health and safety due to severe cognitive impairment.	Generally similar to the conditions for payment of an accelerated death benefit. However, LTC policies typically provide benefits only to the extent of expenses actually incurred. LTC payments may be limited to payment for treatment in particular facilities or for home treatment by home care providers meeting defined standards.
Amount of Benefits	The amount of death benefit which may be accelerated is based upon the size of the death benefit and the history of the policy, considering issues such as loans on the policy. The formula for determining the amount that may be accelerated is defined in the policy.	LTC policies typically have a daily maximum benefit and maximum lifetime benefit selected by the policy owner when the policy is purchased. Purchasers must be offered an inflation protection option for a separate charge.
Elimination Period	A claim may be filed 90 days after the insured was certified as chronically ill, if the insured satisfies the other conditions for benefit payment.	LTC policies vary with respect to elimination period requirements. If a policy has an elimination period, expenses incurred during the elimination period are not reimbursable.
Cost	There is no additional premium to have the Accelerated Access Rider available on your life insurance policy. If you claim an accelerated death benefit, an administrative fee will apply when the accelerated death benefit payment is made.	Premiums vary greatly based upon terms and underwriting criteria such as age and health.
Taxation of Benefits	Accelerated death benefits are generally not subject to federal income tax. Global Atlantic's Accelerated Access Rider provides accelerated death benefit payments that generally are intended to receive favorable tax treatment to the extent of the per diem limitation under Internal Revenue Code Section 101(g).	If the LTC policy reimburses for expenses incurred for qualified LTC services, benefits usually will be exempt from income tax under Section 104 of the Internal Revenue Code. LTC indemnity benefits, which do not reimburse specific expenses, are generally excludable from income to the extent of the per diem limitation.
Effect on Death Benefit and Other Policy Values	The policy death benefit is reduced by the accelerated death benefit that is requested.	Qualified LTC policies usually have no death benefit or cash value. For an additional premium charge, some policies provide a return of premium benefit upon the insured's death (and in rare cases upon policy surrender).

To learn all the ways life insurance can be more than a death benefit, ask your insurance professional or visit globalatlantic.com.

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Qualified Long-Term Care Services are defined by the IRS as: necessary diagnostic, preventative, therapeutic, curing, treating, mitigating, rehabilitative services and maintenance and personal care services required by a chronically ill individual and provided pursuant to a plan of care prescribed by a licensed health care practitioner. Source: Internal Revenue Code § 7702B(c)(1).

Substantial Assistance – means hands-on assistance and standby assistance. Hands-on assistance means the physical assistance of another person without which the individual would be unable to perform the ADL. Standby assistance means the presence of another person within arm's reach of the individual that is necessary to prevent, by physical intervention, injury to the individual while the individual is performing the ADL (such as being ready to catch the individual if the individual falls while getting into or out of the bathtub or shower as part of bathing, or being ready to remove food from the individual's throat if the individual chokes while eating).

Activities of Daily Living – are the following basic human functional abilities which measure the Insured's ability to live independently without Substantial Assistance from another person: Eating, Bathing, Continence, Dressing, Toileting, and Transferring.

Substantial Supervision – means continual supervision (which may include cuing by verbal prompting, gestures, or other demonstrations) by another person that is necessary to protect the Severely Cognitively Impaired individual from threats to his or her health or safety (such as may result from wandering).

Severe Cognitive Impairment – means a loss or deterioration in intellectual capacity that is (a) comparable to (and includes) Alzheimer's disease and similar forms of irreversible dementia, and (b) measured by clinical evidence and standardized tests that reliably measure impairment in the individual's short-term or long-term memory, orientation as to people, places, or time, and deductive or abstract reasoning.

The following disclosures pertain to the Accelerated Access Rider:

This is a life insurance benefit that also gives you the option to accelerate some or all of the death benefit in the event that you meet the criteria for a qualifying event described in the policy. This policy or certificate does not provide long-term care insurance subject to California long-term care insurance law. This policy or certificate is not a California Partnership for Long-Term Care program policy. This policy or certificate is not a Medicare supplement (policy or certificate).

This rider pays proceeds that are intended to receive favorable tax treatment under Section 101(g) of the Internal Revenue Code (26 U.S.C. Sec. 101 (g)).

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