

# Dual Living Benefits

## Legacy Forward II's Accelerated Death Benefit Rider can help with some health care expenses

When you buy life insurance, you help secure financial protection for the loved ones you leave behind. With Legacy Forward II single premium universal life insurance, you can use assets earmarked for legacy gifting to make a onetime purchase of a larger amount that will be paid to your beneficiaries when you pass away, guaranteed. Your beneficiaries receive this money generally free from federal income tax and without the delay and hassle of probate.

But did you know that certain benefits within your life insurance policy can help provide special protections for you during your lifetime, too? If needed, these living benefits, provided in the Accelerated Death Benefit Rider at diagnosis of chronic illness or terminal illness, allow you to tap into some of your policy's death benefit to help you pay for care, cover bills or take care of other financial needs.

Depending on the amount of benefit you take and the number of years you live after taking those benefits, there may be a portion of the original death benefit left to gift to your beneficiaries as you intended. The Accelerated Death Benefit Rider in Legacy Forward II is included in the policy at no additional premium.



### The Purpose of Asset Transfer Life Insurance

**Primary:** Pass assets to loved ones tax-efficiently

**Secondary/Good to Have:** Access to assets in the form of living benefits if needed for your own care

### What is a Chronic Illness?

A chronic illness is defined as the inability to perform two or more of the six recognized Activities of Daily Living (ADLs), or that you require substantial supervision due to severe cognitive impairment. At diagnosis of chronic illness, many people need medical care or assistance with everyday activities.

The Six Recognized ADLs include:

- Bathing
- Eating
- Contenance
- Transferring
- Dressing
- Toileting

# Legacy Forward® II

## Chronic Illness Reality: 7 in 10

The lifetime probability of becoming disabled in at least two activities of daily living or of being cognitively impaired for those aged 65 and older is nearly 70%, or **7 in 10!**

## As Life Expectancy Rises, So Does the Need for Care

We are living longer, in fact, life expectancy rates are at their highest in history. Unfortunately, as we age, the incidence of chronic illness also increases. Who will take care of us when we can no longer care for ourselves? And, how will we pay for that care?

Medicare only pays for long-term care if you require skilled services or rehabilitation care, and usually for a limited time. Medicare does not pay for non-skilled assistance with Activities of Daily Living, which make up the majority of long-term care services, putting the burden of cost on you or your loved ones.\*

\*Source: <https://acl.gov/ltc/basic-needs/who-will-provide-your-care>, U.S. Department of Health and Human Services. Accessed 8/9/22.

## What is a Terminal Illness?

Terminal illness is defined as a diagnosis of life expectancy of 12 months or less. At diagnosis of terminal illness, many people need to pay for medical care or pay final expenses, such as burial and funeral costs and debts.

## Life expectancy at age 65, all races

**Women:** 19.8 years (age 84)

**Men:** 17.0 years (age 82)

Source: Mortality in the United States, 2020. NCHS Data Brief, Number 427, Dec. 2021.



1 Source: <https://acl.gov/ltc/basic-needs/how-much-care-will-you-need>, U.S. Department of Health and Human Resources. Accessed 8/9/22.

## How the Accelerated Death Benefit Works<sup>2</sup>

**Chronic Illness:** The chronic illness maximum benefit is 100% of your premium paid minus any partial withdrawals you might take. For example, if you paid \$100,000 in Legacy Forward II premium and did not take any loans or withdrawals, you would have access to up to \$100,000, minus loan interest.

**Terminal Illness:** The terminal illness maximum benefit may be from 60% to 90% of your death benefit, based on your age, gender and tobacco status. This amount is based on factors determined at the time you request the terminal illness benefit withdrawal.

With Legacy Forward II, if you use the chronic illness benefit and are later diagnosed with a terminal illness, you may have access to a portion of the remaining death benefit in your policy. These benefits can help provide you access to funds at a time when you need them most.

Keep in mind that if you choose to access funds through the Accelerated Death Benefit Rider, it is treated as a lien on the death benefit of the policy. Interest is calculated and subtracted from the amount you request. The death benefit, cash value and available policy loan will be reduced by the amount of the outstanding lien, including interest. It is possible that there may not be any death benefit amount remaining when you pass away.

## How the Accelerated Death Benefit Rider can help with health care expenses

Mary, age 67, is a healthy non-smoker. She purchases Legacy Forward II with a \$100,000 premium and a [\$180,492] death benefit, and never takes a withdrawal from her policy.<sup>3</sup>

### Health event – Chronic Illness diagnosis:

At age 85, Mary's doctor indicates that she needs assistance with bathing and dressing and should consider home health care. She takes a portion of the original premium out of her Legacy Forward II policy. Mary receives cash, minus the first year loan interest, to help supplement her niece Kim's income and expenses when Kim reduces her hours with her employer to help Mary.

### Health event – Terminal Illness diagnosis:

At age 87, Mary is diagnosed with terminal cancer with a life expectancy of 6 months. She and her family decide to take care of some existing medical bills and final expenses. Mary takes a portion of her remaining Death Benefit from her Legacy Forward II policy using the terminal illness benefit to help pay for her expenses. If there is any remaining death benefit remaining in her policy when she passes away, that amount passes to her beneficiary as intended.

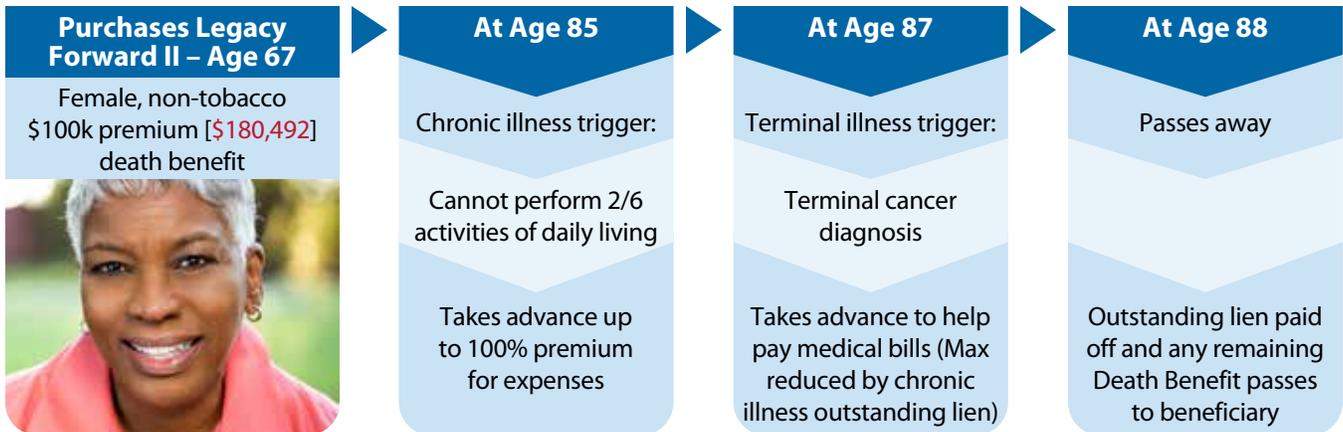
See Mary's timeline on the back page.

<sup>2</sup> Accelerated Death Benefit Rider not available to issue ages 81-85.

<sup>3</sup> Subject to standard underwriting and policy approval. Death benefit, current as of [9/1/22], subject to change.

# Dual Living Benefits

## Meet Mary



You may never need to use the chronic illness or terminal illness benefits, but you may feel better knowing they are there in the event you ever do. If you don't need to access them, and you take no other withdrawals from your policy, the entire initial death benefit amount will pass to your named beneficiary as planned, guaranteed.

If you are considering leaving a legacy by transferring assets to loved ones or charity, Legacy Forward II can help you instantly increase the value of your legacy with one payment and policy acceptance can be confirmed with a few short health questions. If approved for a policy, you have the security knowing your assets will be transferred as intended, while retaining control over some of your assets if needed for your own health care expenses.

*Ask your representative about Legacy Forward II.*

Policy not available in CA or DE.

The Accelerated Death Benefit Rider is not available for issue ages 81-85. Terminal illness means an illness that is expected to result in death of the insured within 12 months. 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. The six recognized ADLs are bathing, continence, dressing, eating, toileting and transferring.

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 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, 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. Receipt of Accelerated Benefit payments may adversely affect the recipient's eligibility for Medicaid or other government benefits or entitlements. They may also be considered taxable by the Internal Revenue Service. Consult your tax advisor before taking an advance.

Payment of benefits under the life insurance policy is the obligation of, and is guaranteed by the company issuing the policy.

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 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**

© 2016-2022 Western & Southern Financial Group. All rights reserved.