

Living Benefit Rider Case Studies (v. 1-24-20)

Life Quotes wants you to know that there is a whole new crop of life insurance riders in the market that provide cash payouts ahead of death if certain medical events occur. These are called "Living Benefit Riders" or "Accelerated Benefit" riders. Because of the low cost of these riders, we now recommend them to every applicant wherever available. This gives a whole new meaning to the value of your term or permanent life insurance policy.

This is not long-term care insurance, but a simple cash advance of the death benefit that can be used for long-term care or any purpose should a serious medical event happen. The best of these riders, which vary by company, pay under three broad scenarios:

- 1) a specific critical illness medical event such as heart attack, cancer or stroke
- 2) when you become chronically ill and need care and cannot do at least 2 of 6 daily activities on your own and
- 3) if you become terminally ill

A recent survey of 500 adults indicated that eighty-four percent of those surveyed said they would be likely to buy a life insurance policy with living benefits. The problem is most life insurance shoppers don't know that these riders are available. We quote and display them at www.lifequotes.com on every quote request.

The purchase of a life insurance policy that contains a living benefit rider requires some homework and understanding. When a living benefit is paid, it will cause the death benefit to be reduced, often substantially if the payout occurs in the early policy years. Before you purchase a living benefits life insurance policy, we urge you to read the consumer brochure carefully and then discuss your understanding of the coverage with our Customer Service Agents, who will gladly take the time to explain how claims with living benefit riders.

We have assembled the following Case Studies and coverage examples:

Courtesy of American National Insurance Company:

Actual Example, \$234,364 Advanced:

Bonnie was a mother of three whose husband Bill was a salesperson for a manufacturing company. Bonnie worked for an automobile dealership and had been with the company for 12 years. They both purchased \$250,000 20-Year Term policies, with Accelerated Benefit features for Chronic, Critical and Terminal illness. Six months later Bonnie began experiencing various intestinal symptoms. She went to her doctor who ordered multiple tests including a stomach biopsy. The tests showed that Bonnie has stomach cancer with mastitis of the liver. The news was devastating. Bonnie begin treatment and was so sick that she was unable to work, and Bill was forced to take time from his job to take care of her. Their savings were soon depleted, medical bills continued to pile up, and the financial stress began to take a toll on the family. Bill talked to their agent who suggested they submit a claim for the Critical Illness Benefit from Bonnie's policy. American National made an offer ten days later that they would offer the maximum Terminal Illness Benefit payout of \$234,364. With this Bonnie's family was able to pay all the bills which removed a massive amount of stress. They also were able to fly-in Bonnie's mom and brother who she had not seen in years. They also began planning a trip to Disney World, but sadly Bonnie took a turn for the worse and was never able to make the trip. Bill took the

kids six months after Bonnie passed and the money from the benefit allowed them to focus on new memories instead of the financial stress. Bill had enough money left over to create a college fund for the kids and pay for childcare.

Actual example, \$733,062 Advanced:

Robert worked hard to earn his PhD in Management, to teach at a University but also did consulting on the side. When Robert was 62, he wanted to increase the coverage for his family while putting more money away for retirement, so he chose a permanent life insurance policy with American National. Robert had suffered from heartburn and acid reflux for many years and used antacids all the time to sooth his stomach. A year after he obtained his policy, he began having trouble swallowing, which lead to more symptoms and eventually coughing up blood. His doctor diagnosed him with Invasive Esophageal cancer. Robert could no longer work, and he and his wife began to go through their liquid assets and then began tapping into their retirement funds. As Robert went through treatment for the cancer his agent was also a close friend and they filed a claim for Critical Illness rider. Based on American National's Determination, they were able to pay a full benefit of \$733,062 out of his policy which had a death benefit of \$940,000. Robert and his wife immediately accepted the offer. He had purchased the policy to take care of his wife and their children but wound up using the policy to deal with the life-threatening illness that had become his full-time job.

Actual Example, \$120,500 Advanced:

Isabella and Luis worked hard to provide a better life for their kids than they had growing up. At the young age of 49 they purchased two permanent policies with American National to meet that goal in mind as well as looking forward to supplemental income for their future to allow them to travel and spend time on hobbies and grandchildren. About a year after taking out the policy Isabella noticed intestinal discomfort with bouts of fatigue and weakness. The day she had rectal bleeding she went to her physician; the test results came back that she had colon cancer. She was informed that she would need surgery and extensive treatment afterwards. The medical bills quickly went up over \$60,000 and seeing a stack of unpaid bills was a massive strain on Isabella and Luis. They knew that Isabella's policy had Accelerated Riders and so they contacted their agent to put in a claim. American National came back with an offer of a full acceleration of benefits for \$120,500 out of the face amount of \$124,600. This allowed them to be able to pay off all their bills and still have enough money to pay for future medical bills, as well as to make up for the lost wages Isabella suffered when she couldn't work.

Actual Example, \$51,860 Advanced:

Rachel, at age 38, tried to do everything right. She was a good employee, contributed to her 401K, bought a home near her Mother so she could visit on a regular basis. She had purchased a \$75,000 permanent policy in 2011 so that she would have a death benefit to take care of her affairs that could also provide supplemental retirement income in 30 years when she retired. She never felt she would need her life insurance policy when she was only 38, bad things only happened to other, older people. After two years of being tired, weak and experiencing pain in her bones. One day when she was working out she broke her left arm in a minor fall. The doctors who treated her found that she was suffering from Multiple Myeloma. The doctors identified one where of tumors but that it had not spread to other bones. She began treatment but she missed large amounts of work due to the illness and treatments. She ran through her liquid assets very fast and turned to her other assets to find money. Her life insurance policy had Accelerated Benefits and after speaking to her agent she filed a claim. While her policy didn't have substantial cash value, based on the full acceleration she was still able to get \$51,860. Rachel was very happy to accept the offer which allowed her to meet her obligations and stay in her home. She realized that when someone is suffering terribly with an unknown future, the living benefit may mean more to them than the death benefit ever could.

Courtesy of North American Company for Life and Health

A *real-life* example of accelerated death benefits, \$145,000 advanced:

We never think the worst could happen to us, until it does. Mike Anderson* was a healthy, physically fit 63-year-old. Unexpectedly, Mike suffered a cerebral hemorrhage and was completely paralyzed. This life-threatening condition put his family into immediate shock, as he had been very active and had no history of health issues. Mike and his wife, Laurie*, had educated their four children and had recently purchased a high-priced home that came with a big mortgage. Clearly, Mike's health was the most important issue; however, it was hard for Laurie and her family to ignore the medical costs that were ahead of them. "This came out of nowhere and we were going to need a miracle," said Laurie. Fortunately, Mike had a life insurance policy that had a special feature that allows an eligible policyowner to "accelerate" a portion of the death benefit annually for a chronic illness. For the Andersons, the accelerated death benefit made a world of difference. After qualifying for the benefit, the family received a check for \$145,000 to help cover the expenses for Mike's care. "I believe we got the best of both worlds because we received a portion of the policy proceeds when we needed it most and still have the remainder of the death benefit. It was truly a gift that we were able to be helped," said Laurie.

Courtesy of Transamerica Life Trendsetter Living Benefits:

MEET SARAH, \$24,601 Advanced:

At 35, Sarah had been saving for years and was thrilled to buy her first home. During that time, her friend told her about the Trendsetter LB. She realized for under \$27 per month she could purchase a 30-year term life policy with an initial face amount of \$300,000. She knew she could access the living benefits to help pay her mortgage, medical bills, groceries, or any other expenses if she suffered from a qualifying illness. Seven years later Sarah was involved in a car accident, resulting in a serious back injury that made it difficult to do everyday tasks. While she struggled to recover, only three years later she was diagnosed with a chronic illness. Thankfully, since Sarah had a Trendsetter LB policy, she was able to accelerate her death benefit. After paying just \$3,189.60 in premiums, she was able to get a cash payout of \$24,601. She used the cash to help pay her mortgage and medical expenses. Sarah and her friend don't want to think about what would have happened if she hadn't bought the policy.

MEET EVA

Eva always dreamed of owning her own small business and at age 40 she finally made it happen with the help of a loan of \$250,000. That spurred her decision to purchase a Trendsetter LB 25-year term life policy for the same face amount as her loan, in case anything unexpected should happen to her. She couldn't believe the premium payments were under \$47 per month. Eight years later, Eva suffered a serious heart attack, and that critical illness diagnosis had a major impact on her life expectancy. She was happy she had the ability to access funds by accelerating her death benefit in order to help with her medical bills.

MEET MICHAEL

As the father of two young children and a successful executive, Michael wanted to make sure his children would be taken care of, regardless of what may happen to him. He chose to purchase a Trendsetter LB 15-year term life policy in the amount of \$1 million. The premium payments were under \$170 per month and fit in his budget. Five years later, Michael suffered a devastating fall while working on his house and he had to undergo a major organ transplant as a result. That accidental injury had a severe impact on his life expectancy. Michael chose to accelerate a portion of his death benefit right away, which helped pay for things like his ambulance transportation, organ transplant, and hospital stay. He's thankful he still has a portion of his death benefit leftover for his children, should he pass away too soon.

MEET ROBERT, \$500,000 Advanced:

At 45, Robert earned \$50,000 a year and thought it was time to get his finances in order. He was advised to get coverage ten times his income, so he purchased a Trendsetter LB 20-year term life policy in the amount of \$500,000 for only \$61.06 per month.

Sadly, eight years later Robert was diagnosed with pancreatic cancer and was told he had eight months to live. Though a heartbreaking diagnosis, Robert took comfort knowing that he was entitled to accelerate one hundred percent of his death benefit immediately.

Have questions? Call us at 1-800-556-9393