

Product Guide

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Products issued by

National Life Insurance Company® | Life Insurance Company of the Southwest®

TotalSecure Whole Life Insurance and associated riders are underwritten by National Life Insurance Company, Montpelier, VT and Life Insurance Company of the Southwest, Addison, TX.

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Centralized Mailing Address: One National Life Drive, Montpelier, VT 05604 | 800-906-3310 | www.NationalLife.com

Individual Insurance Strategies

Whole Life – Who are your clients?

Consumers who are looking for the guarantees and the assurance whole life insurance provides. TotalSecure offers clients the control to fully pay for their policy in their own time frame.

If you have clients who are looking for predictability, flexibility, and convenience with one policy that helps them to protect their family and save for retirement, TotalSecure may be the solution.

- Beneficiary Protection
- Retirement Planning
- Living Benefits
- Wealth Transfer Protection

TotalSecure helps to offer your clients ultimate financial control over their policies, allowing them to “dial in” the year the policy is paid-up. Through the Excess Premium Option,¹ they can increase cash value without increasing the death benefit, helping them to meet both beneficiary needs and retirement goals – all with one policy.²

Predictability

TotalSecure offers your clients strong death benefit guarantees,³ cash value accumulation guarantees, with premium payments that will never go up.

Flexibility

Your clients can customize premium payments around their needs and time frame, which may lessen overall premium outlay while potentially increasing cash value.

At no-additional cost, Living Benefits, provided by Accelerated Benefits Riders (ABRs), can give your clients access to their death benefit during life.

Clients also have access to their cash value through tax-free loans and withdrawals.

Individual Planning Needs

Clients understand the need to protect their families against a wide range of potential situations, from dying too soon to needing access to cash in an emergency and to cover costs in the event of a terminal illness, chronic illness, Alzheimer's disease, critical illness, or critical injury. Unlike in years past, when the average whole life buyer was older and more established, today's whole life insurance prospects are generally younger.

Financial Control — The paid-up options and excess premium option offer clients a way to control their premium payment structure.

Tax-Free Retirement⁴ Strategy — With the excess premium option, clients can pay extra premium, increasing cash value, which can potentially be accessed through policy loans and withdrawals to supplement retirement income.

Leveraged Asset Transfer — TotalSecure is suitable for consumers who are concerned with the erosion of their assets due to estate and other death-related taxes, or want to protect a portion of their assets from riskier investments.

¹ Guarantees are dependent upon the claims-paying ability of the insurer.

² Some riders may not be available in all states and may require additional premium. The receipt of benefits may reduce other benefits.

³ Minimum premium payments must be met or policy will lapse which may result in a taxable event. Guaranteed cash value and premium payments assumes the policy is designed using only guaranteed values. Actual results may be more or less favorable for policies designed using non-guaranteed dividends.

⁴ Policy loans and withdrawals reduce the policy's cash value and death benefit and may result in a taxable event. Withdrawals of paid-up additions and loans will not create an immediate taxable event, but substantial tax ramifications could result upon contract lapse or surrender.

Quick Reference Guide

TotalSecure offers guaranteed level premiums, and guaranteed cash values with flexible new features and riders that let your individual, family, and business clients tailor their coverage to help meet their specific needs, goals, and objectives.

- **Predictability** through strong death benefit guarantees, cash value accumulation guarantees, and premium payments that will never go up. (For values not derived using dividends. Values that include non-guaranteed dividends may be more or less favorable than illustrated.)
- **Flexibility** through premium payments that can be customized around your client's needs, access to cash value through loans and withdrawals, and our valuable living benefits.
- **Convenience** through EZ Underwriting and eApp.

Highlights

Paid-Up Options	<p>TotalSecure offers your clients the ability to choose the time frame in which they wish to completely pay for their policy. They can make premium payments through life or choose any paid-up period, such as at retirement.</p> <p>This feature helps to give your clients ultimate financial control over their policy and provides them with a level of convenience other policies may not offer. With the ability to pay up their policy sooner, your clients may be able to pay less cumulative premium and potentially build more cash value.</p>
Accelerated Benefits Riders⁵	<p>This no-additional-cost rider advances payment on a discounted basis of all or a portion of the death benefit during the lifetime of the insured in the event of a qualifying terminal illness, chronic illness, critical illness, or critical injury — or a qualifying diagnosis of Alzheimer's disease or Lewy Body Dementia. Any claim for critical illness or critical injury benefits for a given Qualifying Event must be filed within 365 days following the occurrence of such Qualifying Event.</p> <p>The rider allows clients to access the death benefit while living. These benefits can be used for anything, including travel, medical expenses, additional care, or other unexpected costs⁶. Because these benefits can be used during their lifetime, they are called "Living Benefits."</p>
Flex Term	<p>Flex Term rates are guaranteed for non-express classes, and coverage is convertible for 10 years.</p> <p>This feature allows your clients to "dial down" the cost of their insurance program without jeopardizing death benefit guarantees within the 10-year guarantee period.</p>
Waiver of Premium	<p>Through this rider, your clients can determine how much of their premium will be waived in the event they become disabled.</p> <p>The Waiver could only be applied to the base policy premium or the base policy premium plus any excess they've decided to pay – which means that if they are using TotalSecure to protect their family and accumulate cash value, they can still accomplish both should they become disabled.</p>
Beneficiary Insurance Option (BIO)	<p>The BIO rider guarantees that after the death of the primary insured, an insurance policy can be purchased on a second insured for up to five times the TotalSecure death benefit value regardless of health or insurability.</p> <p>With the BIO rider, your clients can postpone spending money today for coverage they may not need in the future. But should they need it in the future, they are guaranteed coverage.</p> <p>BIO is available on policies issued by National Life Insurance Company only. Please refer to the rider for other limitations and restrictions.</p>

⁵ Accelerated Benefits Riders are optional and may not be available in all states. Payment of Accelerated Benefits will reduce the Cash Value and Death Benefit otherwise payable under the policy, may result in a taxable event, and may affect your client's, your client's spouse or your client's family eligibility for public assistance programs. Please have your clients consult their personal tax advisor to determine the tax status of any benefits paid under this rider and with social service agencies concerning how receipt of such a payment may affect eligibility for public assistance. Any claim for critical illness or critical injury benefits for a given Qualifying Event must be filed within 365 days following the occurrence of such Qualifying Event.

⁶ In MA, accelerated benefits for Chronic Illness may only be used for qualified long-term care services which are described as: The necessary diagnostic, preventative, therapeutic, curing, treating, mitigating and rehabilitative services, and maintenance or personal care services that are required by a chronically ill individual and are provided pursuant to a plan of care prescribed by a licensed health care practitioner.

Product Details

Issue Ages	0 to 85 (age nearest birthday)			
Product Focus	Low premium, strong death benefit, cash value guarantees			
Minimum Face Amount	\$50,000			
Pension Minimum Face Amount	Initial Face Amount: Standard Classes: \$5,000; Preferred Classes: \$50,000; For subsequent policies on the same life, \$5,000 minimum face			
Policy Fee	\$50			
Payment Mode/Factors	Annual – 1.000	Semi-Annual – 0.510	Quarterly – 0.260	Monthly - EFT – 0.088
Basis of Mortality and Nonforfeiture	2017 CSO at 3.25%			
Face Amount Bands	Band 1: Minimum to \$250,000 Band 2: \$250,001 to \$999,999 Band 3: \$1,000,000 and up			
Rate Classification	Premium Class	Face Amount Availability		Available Ages
	Elite Non-tobacco	All		18 - 75
	Preferred Non-tobacco	All		18 - 85
	Select Non-tobacco	All		18 - 85
	Standard Non-tobacco	All		0 - 85
	Express Standard Non-tobacco 1	Total Face ≤ \$2M		0 - 85
	Express Standard Non-tobacco 2	Total Face ≤ \$2M		18 - 85
	Preferred Tobacco	All		18 - 85
	Standard Tobacco	All		18 - 85
Express Standard Tobacco	Total Face ≤ \$2M		18 - 85	
Substandard	Table ratings are available for standard rate classes. For face amounts up to and including \$2,000,000, nonsmoker insureds with a table rating of 300% or less and smoker insureds with a table rating of 200% or less will be placed in an express class. Temporary flat extras available with standard rate classes and express rate classes. Permanent flat extras available for all rate classes.			
Pension Cases	For pension cases, this product will be available under the same underwriting rules as non-pension cases, plus automatic issue, simplified issue, and guaranteed issue.			
Loan Rate	Variable Loan Rate with Dividend Direct Recognition			
Dividend Options ⁷	Cash: Dividends may be taken in cash. Applied: Dividends reduce premium payment. Additions: Dividends purchase additional paid-up life insurance. Internal Paid-Up Insurance: Dividends applied to convert ordinary insurance to paid-up insurance. Held: Dividends held at the company at an interest rate guaranteed not to be less than 1%. Flex Term: Dividends, net rider premiums, and any excess premium purchase a blend of one-year term insurance and additional paid-up life insurance. This option is available through the Flex Term Dividend Option Rider for an additional cost.			
Riders Available	<ul style="list-style-type: none">Accelerated Benefits RidersGuaranteed Insurability RiderAdditional Paid-Up Life Insurance RiderBeneficiary Insurance Option (NL only)Children’s Term Rider		<ul style="list-style-type: none">Exchange to New InsuredFlex TermQualified Plan Exchange PrivilegeTerm RidersWaiver of Premium	

⁷ Dividends are not guaranteed. Use of policy values to pay premiums will reduce cash value and death benefits and may affect policy's paid-up status or cause the policy to lapse.

Key Competitive Features

TotalSecure provides your clients with all these benefits, and more.

- Strong, predictable guaranteed death benefit and guaranteed cash value accumulation.
- Income tax-free death benefit payable to their beneficiaries at death.
- Premium flexibility, including a Paid-Up option to fully fund their policy within their preferred time frame.
- The ability to enhance and accelerate cash value accumulation through the payment of additional (and commissionable) premiums — without having to show evidence of insurability.
- Internal Paid-Up Insurance Dividend option that can reduce their required minimum premium and give them premium flexibility during times of financial uncertainty.
- Flex Term Rider with rates guaranteed for 10 years, allowing them to “dial down” the cost of their insurance without jeopardizing their death benefit guarantees in the first 10 years.
- Waiver of Premium Rider that allows for a portion of their premium to be waived in the event they become disabled. It could be only the base policy premium or the base policy premium plus any excess they have decided to pay – which means that if they are using TotalSecure to protect their family and accumulate cash value, they can still accomplish both in the event they become disabled.
- Two-year discounted rate for smokers, giving them an incentive to improve their health and keep their lower premium.⁸
- Term riders available to meet temporary coverage needs.
- A full range of valuable Living Benefits riders in the event of a qualifying terminal illness, chronic illness, critical illness, or critical injury — or a qualifying diagnosis of Alzheimer's disease or Lewy Body Dementia.
- Beneficiary Insurance Option Rider guarantees that an insurance policy can be purchased on a second insured.

Ultimate Policy Owner Control

Because TotalSecure allows your clients to design their own premium structure, they can obtain the insurance protection they need at a price that better fits their budget, without giving up cash value growth potential.

Excess Premium Option

Then, when circumstances allow, they can begin paying additional (or, “excess”) premiums, plus apply dividends directly to their policy — without increasing its death benefit. This innovative feature provides a number of benefits including:

- Increased policy cash value without increasing the death benefit. Unlike the Additional Paid-Up Life Insurance Rider, additional premiums don't increase the death benefit.
- The ability to tailor a “limited pay” policy without being locked into a rigid payment structure.
- The ability to fully fund the policy more quickly, resulting in a lower required premium outlay and additional premium flexibility.
- The ability to increase or decrease premium payments as circumstances require.

⁸ Not available on unisex policies.

EZ Underwriting Program

Every applicant between ages 18-50 (up to \$3,000,000, ages 51-60 up to \$1,000,000, and ages 61-65 up to \$250,000) has the opportunity to have their case issued without having to submit an exam or blood and urine. Underwriting will review the case when submitted and if the applicant meets certain parameters, we can issue the case immediately without the need for exams or fluids!

All cases still undergo underwriting, but with the use of new underwriting tools we will often be able to make decisions without invasive underwriting requirements.

Underwriting reserves the right to request any underwriting requirements deemed necessary to assess the risk, including paramedical exams, blood and urine, ECGs, and APS reports.

Underwriting Parameters and Requirements

- Age 18-50: up to \$3,000,000
- Ages 51-60: up to \$1,000,000
- Age 61-65: up to \$250,000
- Full underwriting for higher face amounts and ages
- Application
- MIB
- Rx
- Risk Classifier
- Instant ID

Why Whole Life?

The short and simple answer is that life insurance cash values accumulate income tax-deferred and are available to policy owners on a tax-favored basis. Clients who need the protection of life insurance plus a flexible asset accumulation product often find the idea of combining the two very attractive.

With TotalSecure, your clients can achieve both their protection and accumulation objectives in a single policy. They can:

- Pay a more affordable initial premium to get the protection they need
- Pay excess premium to help build cash value or to fully fund the policy
- Add an Additional Paid-Up Insurance Rider in order to increase their death benefit and cash value⁹
- Increase their protection through the purchase of Term Riders or Flex Term⁹

What's more, because their base policy will always be based on TotalSecure's level premiums, clients who choose to pay more for their coverage essentially increase their future ability to lower their payments should they need to.

Premium Payments

The internal funding feature provides an alternative to the Additional Paid-Up Life Insurance (ADDS) Rider and the Paid-up Additions Dividend option. This option is based on the premise that many people who pay the ADDS Rider premium or use the Paid-Up Dividend option do so because they want to improve the cash value growth potential of the policy and not because they want to increase the death benefit.

The Internal Funding feature works by segmenting the policy into ordinary insurance and paid-up insurance and by introducing a new dividend option – the Internal Paid-Up Insurance Dividend option. Ordinary insurance is defined as whole life insurance with premiums payable until the maturity date. Paid-up insurance is defined as whole life insurance for which no further premiums are due. All paid-up insurance, regardless of its source (e.g. dividends, excess premium, additional premium), will have the same net single premiums and dividend rates.

Until such time as any excess premium is paid or dividends are applied under the new option, all of the face amount will be ordinary. Paying excess premium or applying dividends under the New Dividend option will replace ordinary face amount with a paid-up face amount. This has two immediate effects:

1. It increases the cash value of the policy by the amount of net excess premium or the dividend and
2. The required policy premium is decreased based on the decrease in ordinary face amount. If the original premium amount is continued, the policy will become paid-up prior to the maturity date.

In addition to providing an option for more efficient cash value accumulation, this option provides for a fair amount of premium flexibility.

- The required policy premium decreases as portions of the policy are paid-up.
- The policy owner can design any limited-payment period desired.
- Policy owners will not have to remain committed to a high limited-payment premium.
- The policy owner can increase the premium amount without underwriting (subject to the maximum premium amount).

⁹ These items are subject to underwriting.

How do loans work?

Loans are available at any time after the first policy year (or at issue for 1035 loans resulting from exchanges). The policy will serve as the sole collateral for the loan.

The amount available for a loan on any given date is equal to the cash value of the policy (not including future dividends, dividends held, or pending excess premium balance) on the date to which premiums are paid (or the next policy anniversary in the case of policies in force as paid-up insurance) discounted with interest at the loan interest rate to the valuation date.

The interest rate charged on the loan will be a variable rate that is based on Moody's Corporate Bond Yield Average – Monthly Average Corporate, subject to a minimum rate of 4.20%.

How do withdrawals work?

Policy owners who have paid-up insurance will be able to access a portion of their cash value. Withdrawals can be taken as long as the minimum face amount is maintained. Both ordinary and paid-up insurance will count towards the minimum. Once the minimum has been reached, if the policy owner would like to access their cash value, they must surrender the entire policy.

Withdrawal Options:

1. Convert Paid-Up Insurance to Ordinary Insurance

Under this option, the reduction in both total death benefit and total cash value will be equal to the amount of the withdrawal. While this option will minimize the reduction in death benefit, it will also increase the required premium.

2. Surrender Paid-Up Insurance

Under this option, the policy owner can surrender any portion of their paid-up insurance and receive the cash surrender value of that insurance. This option does not increase the required premium. However, it will produce a larger decrease in death benefit.

1035 Exchanges

TotalSecure accepts 1035 Exchanges, including 1035 Exchanges with loans up to 50% of the gross transfer amount.

Riders

Waiver of Premium Rider (WP)

Issue Ages: 0-55

Available with issue ages 56-60 with term conversions only.

Subject to the terms of the rider, the company will waive the amount of premium specified, when we receive proof that:

1. The insured has become totally disabled while the rider is in force; and
2. The insured has remained disabled for six consecutive months.

The company will waive the payment of premiums on the policy as described below.

While premiums are still due for the policy (i.e., so long the ordinary face amount is greater than zero), we will waive the payment of the premium named in the data section, as well as the premium on any waiver of premiums and yearly renewable term riders, and additional insurance option.

While premiums are no longer due for the policy (i.e., the ordinary face amount is equal to zero), we will waive the payment of the premium on all riders with the exception of any Additional Paid-Up Life Insurance riders and any additional term premium under a Flex Term rider (i.e., insufficiency premium) attached to the policy.

The premium for Additional Paid-Up Life Insurance riders will continue to not be waived under any waiver of premiums rider.

Waiver of Premiums

Waiver of premiums shall start with the first premium due on or after the later of:

1. The date the insured reaches attained age 10.
2. The sixth consecutive month of total disability.

We will waive premiums during the continuance of the disability. However, if the disability begins on or after the date the insured reaches attained age 60, premiums shall not be waived beyond the later of:

3. The date the insured reaches attained age 65.
4. Two years after the date on which the insured became disabled.

If total disability begins within a grace period for any unpaid premium, such premium shall not be waived.

Refund of Premium

For any period of total disability lasting at least six months we will refund to the owner:

1. Any policy premiums paid during the period.
2. The portion of any premium paid prior to the period for coverage within the period.

Total Disability

The insured will be deemed to be totally disabled only if due to accidental injury or disease at least one of the following conditions applies:

1. Inability to work at an occupation for economic gain.
2. Sole occupation of a student or homemaker and is unable to work.
3. The complete and permanent loss of sight, hearing, speech, use of both hands, use of both feet, or the use of one hand and one foot.

For the first two years of disability, occupation means the occupation of the insured at the time the disability began. After two years, it means any occupation for which the insured is or becomes reasonably fitted by education, training, or experience, with due regard to vocation and earnings at the time the disability began.

ABR for Terminal Illness

Accelerates the death benefit during lifetime for terminal illness. Refer to the Accelerated Benefits Riders agent guide for more details.

Overview

Accelerated Benefits Riders (ABRs) are supplemental benefits that can be added to a life insurance policy and are not suitable unless the client has a need for life insurance. ABR for Terminal Illness is a no-additional premium rider that allows for the death benefit, on a discounted basis, to be accelerated during lifetime for terminal illness.

What's unique about this ABR is that benefits do not have to be used to defray actual expenses associated with the terminal illness. They could be used for other expenses, including for such things as making structural changes to a home to accommodate the illness and compensating a non-licensed care provider.

Terminal Illness Definition

Terminal Illness advances payment, under certain circumstances and on a discounted basis, of all or part of the policy's death benefit prior to the death of the insured. The accelerated payment can be made if the Insured is suffering from a terminal illness that will result in death within 24 months (For NL: 12 months in CT, NY, and PA) (For LSW: 12 months in CT, PA, and VT).

ABR Terminal Benefit

The amount of death benefit available for ABR payout is based on a discount factor of the death benefit amount. The amount accelerated reduces the death benefit, the cash surrender value, and the loan value. A summary of the projected discounted death benefit amount can be illustrated through the National Life Group Illustration system.

For Terminal Illness, National Life Group will accelerate, income-tax free, the discounted death benefit, not to exceed a lifetime maximum of \$1,500,000 per insured. There is no annual limit and the benefit can be received as a lump sum if desired. ABR Terminal does not have a waiting period.

ABR for Chronic Illness

Accelerates the death benefit during lifetime for chronic illness. Refer to the Accelerated Benefits Riders agent guide for more details.

Overview

Accelerated Benefits Riders (ABRs) are supplemental benefits that can be added to a life insurance policy and are not suitable unless the client has a need for life insurance. ABR for Chronic Illness is a *no-additional premium* rider that allows for the death benefit, on a discounted basis, to be accelerated during lifetime, for chronic illness.

A unique feature of this ABR is that benefits do not have to be used to defray actual expenses associated with the chronic illness. They could be used for other expenses, including for such things as making structural changes to a home to accommodate the illness and compensating a non-licensed care provider. ABR proceeds in the state of MA can only be used to pay for expenses incurred for Qualified Long-Term Care Services.

Note: Rider availability and waiting period can vary by state, so make sure to check your policy form.

Chronic Illness Definition

A chronically ill individual is one who has been certified, within the past 12 months, by a licensed health care practitioner as being unable to perform, without substantial assistance, at least 2 out of 6 activities of daily living (ADLs) for a period of at least 90 days due to a loss of functional capacity. The six activities are defined as:

- Eating
- Toileting
- Transferring
- Bathing
- Dressing
- Continence Cognitive impairment may also qualify.

ABR Chronic Illness Benefit

The amount of benefit available for ABR payout is based on a discount factor of the death benefit amount. The amount accelerated will reduce the death benefit, the cash surrender value, and the loan value. A summary of the projected discounted death benefit amount can be illustrated through the National Life Group illustration system.

NL — Generally, once the policy has been in force for 30 days, National Life Insurance Company will accelerate an annual benefit not to exceed the IRS per diem limit, or the total current lifetime maximum of \$1,500,000 per insured.

LSW — Generally, once the policy has been in force for 30 days, Life Insurance Company of the Southwest will accelerate 2% of the net death benefit each month or 24% annually, not to exceed the annual limit or current lifetime maximum of \$1,500,000 per insured.

ABR for Alzheimer's Disease

Accelerates the death benefit during lifetime for a qualifying diagnosis of Alzheimer's Disease or Lewy Body Dementia. Refer to the Accelerated Benefits Riders agent guide for more details.

At a glance

- Accelerated death benefit for Alzheimer's disease or Lewy body dementia.
- No additional cost.
- ABR benefits are generally unrestricted — you can choose how to use your benefit.
- Annual benefit limit: None.
- Current Lifetime benefit limit: \$1,500,000.
- Issue ages: 0-60.

Overview

Accelerated Benefits Riders (ABRs) are supplemental benefits that can be added to a life insurance policy and are not suitable unless the client has a need for life insurance. ABRs are optional and may not be available in all states. The use of one benefit may reduce or eliminate other policy and rider benefits.

This rider is a no-additional premium rider that allows for the death benefit, on a discounted basis, to be accelerated during lifetime, for Alzheimer's disease or Lewy Body Dementia.

What's unique about this ABR is that benefits do not have to be used to defray actual expenses associated with Alzheimer's Disease or Lewy body dementia. They could be used for other expenses, including for such things as making structural changes to a home to accommodate the illness and compensating a non-licensed care provider.

This rider is available for issue up to age 60.

Qualifying events

A qualifying diagnosis is needed of Alzheimer's disease or Lewy body dementia, determined by a Specialist. In addition, a Specialist needs to provide certification of both:

- A score of less than 20 out of 30 on Mini-Mental State Exam (MMSE), or an equivalent of this score under a widely accepted test of cognitive function.
- Clinical impairment of at least two of the following:
 - Orientation to people, places, or time.
 - Registration (ability to learn and remember new information).
 - Attention and calculation (reasoning and handling of complex tasks).
 - Visuospatial abilities.
 - Language functions.

In determining whether an Insured has experienced a Qualifying Event, National Life Group may consider both the certification and the records of the Insured's medical history, diagnosis, and treatments to ensure that the records support the certification. All other forms of dementia are not covered by this rider but may be covered by the chronic illness rider. The rider will not be available if the client has a first-degree relative (mother, father, or siblings) with a history of Alzheimer's disease.

Benefit

The actual payment received will be less than the portion of the death benefit accelerated because the benefits are paid prior to death. Values are based on a current interest rate and mortality rates. There is an initial administrative fee at the time the rider is exercised. The amount accelerated reduces the death benefit, the cash value, and the loan value. A summary of a discounted death benefit amount can be illustrated through the National Life Group illustration system.

The current lifetime benefit limit is \$1,500,000 per insured. There is no annual benefit limit.

ABR for Critical Illness and Critical Injury

Accelerates the death benefit during lifetime for critical illness and critical injury. Refer to the Accelerated Benefits Riders agent guide for more details.

Overview

Accelerated Benefits Riders (ABRs) are supplemental benefits that can be added to a life insurance policy and are not suitable unless the client has a need for life insurance. ABR for Critical Illness and Critical Injury is a no-additional premium rider that allows for the death benefit, under certain circumstances, and, on a discounted basis, to be accelerated during lifetime for critical illness or critical injury.

A unique feature of this ABR is that benefits do not have to be used for actual expenses associated with the triggering illness or injury. They could be used for other expenses, including for such things as making structural changes to a home to accommodate the illness and compensating a non-licensed care provider.

Any claim for critical illness or critical injury benefits for a given Qualifying Event must be filed within 365 days following the occurrence of such Qualifying Event.

Critical Illness Definition

The death benefit can be accelerated when an insured is diagnosed with one of the following triggering illnesses:

- Diagnosis of ALS (Lou Gehrig's disease)
- Heart Valve Replacement
- Aplastic Anemia
- Cystic Fibrosis
- Aorta Graft Surgery
- Major Organ Transplant
- Blindness*
- Heart Attack
- End Stage Renal Failure
- Motor Neuron Disease
- Cancer**
- Stroke
- Sudden Cardiac Arrest

*Not a qualifier in CT, IL, KS, MD, MA, MN, NJ, NY, OH, PA, UT, VA, WA.

**Invasive Cancer CA only.

Critical Injury Definitions

The death benefit can be accelerated when an insured is diagnosed with one of the following triggering injuries:

- Coma
- Paralysis
- Severe Burns
- Traumatic Brain Injury

ABR Critical Benefit

The amount of benefit available for ABR payout is based on a discount factor of the death benefit amount. The amount accelerated reduces the death benefit, the cash surrender value, and the loan value. A summary of the projected discounted death benefit amount can be illustrated through the National Life Group illustration system.

The critically ill or critically injured client can request a full acceleration or partial acceleration of the policy's death benefit in the form of a lump sum not to exceed the current lifetime benefit maximum of \$1,000,000 per insured. There is no annual limit.

The level of discounting applied to the death benefit varies depending on the insured's age and the severity of the critical illness or critical injury. The policy must be in force for 30 days.

Note: Waiting period and rider availability can vary by state. Make sure to check your policy form.

ABR Critical is not available on Annual Renewable Term. In CA, ABR Critical Injury and Critical Illness riders are only available for issue ages 0-64.

Covered critical illnesses and covered critical injuries may vary by state.

NL ABR for Chronic Illness – NY State Special

Accelerates the death benefit during lifetime for chronic illness. Refer to the Accelerated Benefits Riders agent guide for more details.

Overview

Accelerated Benefits Riders (ABRs) are supplemental benefits that can be added to a life insurance policy and are not suitable unless the client has a need for life insurance. ABR for Chronic Illness is a no-additional premium rider that allows for the death benefit, on a discounted basis, to be accelerated during lifetime for chronic illness.

A unique feature of this ABR is that benefits do not have to be used to defray actual expenses associated with the chronic illness. They could be used for other expenses, including for such things as making structural changes to a home to accommodate the illness and compensating a non-licensed care provider.

This rider also offers a guaranteed paid-up option on any death benefit not accelerated.

Chronic Illness Definition

A chronically ill individual is someone who has been certified, within the past 12 months, by a licensed healthcare practitioner as being unable to perform, without substantial assistance, at least 2 out of 6 activities of daily living (ADLs) for a period of at least 90 days due to a loss of functional capacity, and who will require continuous care for the remainder of life. The six activities are defined as eating, toileting, transferring, bathing, dressing and continence. Cognitive impairment may also qualify.

In addition to meeting the requirements mentioned above, a life expectancy calculation needs to be completed at the time of acceleration.

Chronic Illness Benefit

The amount of benefit available for ABR payout is based on a discount factor of the death benefit amount. The discount factor is determined by underwriting the insured at claim time to determine life expectancy. The amount accelerated reduces the death benefit, the cash surrender value, and the loan value. A summary of the projected discounted death benefit amount can be illustrated through the National Life Group illustration system.

There is no waiting period for the NL Chronic Illness ABR in the state of New York. Once the chronic illness definition has been met, National Life Insurance Company will accelerate the death benefit up to the IRS per diem limit for chronic illness, not to exceed the total discounted death benefit, or a current lifetime maximum of \$1,500,000 per insured.

Guaranteed Insurability Option Rider (GIO)

This rider guarantees availability of permanent insurance regardless of future insurability. During certain option periods, new permanent policies may be purchased without proof of insurability. Regular option periods run from the 60th day before through the 31st day after the policy anniversaries on which the insured reaches attained age 25, 28, 31, 34, 37, or 40.

Regular Option Period: During a regular option period, an option to buy a new permanent policy is available, provided that the exercise of a prior alternate option has not made the regular option unavailable. The minimum option amount is \$10,000. The maximum option amount is the lesser of \$150,000 and the total face amount (base+term+Flex Term).

Alternate Option Period: Alternate option periods run for 90 days after the marriage of the insured, the birth of the insured's child, or the legal adoption of a child under age 18 by the insured. During an alternate option period, an option to buy a new permanent policy is available, provided there is at least one future regular option available. The exercise of an alternate option offsets the next available regular option. Premiums for the new policy are at attained age as of the date of issue.

If the base policy also has a Waiver of Premiums (WP) Rider and the insured is not totally disabled, then a WP Rider may be added to the new policy without proof of insurability. Premiums for the new WP Rider are those at the attained age as of its date of issue. If the base policy has a WP Rider and if the insured is totally disabled during a regular option period and has remained or remains disabled for 120 days, then a WP rider may be added to the new policy and premiums on the new policy will be waived during the time of disability. If the base policy has a waiver, there is an additional charge for the waiver when GIO is on the policy.

Additional Paid-Up Life Insurance Rider (ADDS)

The purpose of this rider is to increase the death benefit and cash value through the purchase of additional paid-up life insurance.

This rider has single and annual premium options. The single premium option pays a 3% commission when purchased with new money (a single premium at issue from outside the company).

Beneficiary Insurance Option (BIO) Rider (NL Policies Only)

The purpose of this rider is to guarantee, upon the death of the primary insured, the availability of permanent insurance on the life of a second insured person named in the rider. The rider provides the beneficiary the option of buying insurance on the second insured at the time the first insured dies, up to the option amount regardless of insurability. The minimum option amount on this rider is \$50,000. The maximum amount is two times the base policy up to a maximum of \$5 million.

- **Death Of First Insured:** The BIO rider must be exercised within 90 days after the death of the first insured. The issue date on the new whole life policy will be the same as the issue date of the BIO rider. Therefore, premiums are based on the age of the insured on the date the rider was issued. Since the issue age of the new BIO policy being purchased on the life of the second insured is dated back to the original rider date, a "start-up" cost for the new permanent policy must be paid when the application is submitted. The cost, which is generally paid for out of the proceeds of the original policy, will consist of the guaranteed cash value of the new policy plus a prorated premium to the next anniversary.
- **Simultaneous Death:** Should the first insured and the second insured die simultaneously, one half of the option amount will be paid on behalf of the second insured.

BIO is not available if the base insured is in an express class or if either insured has a substandard rating.

Flex Term Rider (FLEX)

The Flex Term Rider is an option that uses the annual dividend, generated by the base policy, plus the Flex Term premium and any additional ADDS rider or excess premium, to purchase a combination of one-year term and paid-up additions.

Flex Term provides a level total death benefit amount by using a decreasing term structure. In the early years of the policy, the one-year term insurance portion will make up most of the Flex Term amount, with only a small amount of paid-up additions. However, with proper funding, as the policy matures more dividend is generated, allowing more paid-up additions to be purchased within the Flex Term amount.

Term Purchase Provision Rider: The Term Purchase Provision (TPP) rider is a method used to illustrate the use of the policy dividends to shorten the policy's premium payment period. At the time the option is elected, the policy cash value is used to purchase a paid-up policy. The death benefit of the paid-up policy will be less than the death benefit of the original policy. Thereafter, annual dividends are used to purchase One-Year Term (OYT) insurance and additions, much like the Flex Term dividend option.

Term Rider

The total term face amount is limited to nine times the base face policy amount. For express classes, the term face amount limit is \$250,000.

If the base insured is in an express class and the face amount of term coverage is above \$250,000, a separate substandard term policy can be issued and we will waive the policy fee.

If the base insured has a substandard table rating, term riders are not permitted. A separate substandard term policy can be issued and we will waive the policy fee.

Term Product	Issue Ages
ART	18-85
10-Year Term	18-75
15-Year Term	18-75 Non-Tobacco 18-70 Tobacco
20-Year Term	18-70 Non-Tobacco 18-65 Tobacco
30-Year Term	18-55 Non-Tobacco 18-50 Tobacco

Children's Term Rider (CTR)

Provides term coverage on the insured's children.

Overview

The Children's Term Rider provides term life insurance on all of the insured's children until they reach age 25. Each child is covered for the same selected benefit amount. Children born or adopted after issue (after they reach the age of 15 days), and dependent stepchildren living in the insured's home are covered as well.

The rider can be converted while in force and within 31 days of the insured's death; within 31 days of the dependent child's marriage; or within 31 days of the policy anniversary following the dependent child's 25th birthday.

The children's coverage is convertible for six times the rider face amount when the child reaches age 25 or marries, or at the death of the primary insured.

Availability

- Issue ages: 15 days – 16 years.
- Rider stays in force until the policy anniversary following the last covered child's 25th birthday, as long as the base policy remains in force.
- Minimum rider amount: \$5,000.
- Maximum rider amount: \$25,000.
- Coverage must be purchased in multiples of \$1,000.
- Rider is available after issue.

Charges are a level amount per \$1,000, regardless of the number of children covered.

Business Use

Exchange to New Insured Rider (ENIR)

The Exchange to a New Insured Rider (ENIR) allows a one-time exchange of an existing traditional permanent policy for a new policy on the life of a new insured. The rider itself is available at no additional charge, but the exchange is subject to the following conditions:

- It may not be made if the policy is under the extended term insurance option.
- The new insured must be insurable.
- The new insured must consent to the exchange.
- The policy owner must have an insurable interest in the life of the new insured.

You must indicate on the application if the policy owner wants this rider.

This provision is beneficial to the employer in case one key executive leaves the company and is replaced by another. The new executive can be substituted for the departing executive under this policy provision. This is a no-additional-cost rider.

Qualified Plan Exchange Privilege (QPEP) Rider

For Qualified Pension and Profit Sharing Plan trust-owned life insurance, the QPEP rider allows the policy to be surrendered while owned under the qualified plan and to elect to have a new policy written outside of the qualified retirement plan. The face amount of the new policy cannot be more than the net amount at risk (face amount - cash value) of the original policy surrendered on the date of exchange. The maximum face amount under the new policy cannot exceed \$2 million and must be at least \$25,000.

No evidence of insurability will be required and the new policy will be issued based on the age the insured has attained on the date of the exchange. The class of risk under the new policy will be the same as under the pension policy. The new policy date will be the date of the exchange. The new policy will be issued on a policy form and at a premium rate for the insured's attained age in use by the company on the New Policy Date.