

# BasicSecure

## FIXED UNIVERSAL LIFE INSURANCE

### Product Guide

#### Table of Contents

Individual Insurance Strategies .....	2
Quick Reference Guide.....	3
Product Details .....	4
Key Competitive Features.....	5
EZ Underwriting Program .....	6
Underwriting Parameters and Requirements.....	6
Premium Payments .....	7
Insurance Premium Test .....	7
Loans, Withdrawals, and 1035 Exchanges.....	8
How do loans work? .....	8
How do withdrawals work? .....	8
Charges .....	9
Additional Protection Benefit Rider (APB).....	14
Charitable Matching Gift Death Benefit Rider (CMGDB) .....	15
Children’s Term Rider.....	16
Death Benefit Protection Rider .....	17
Guaranteed Insurability Option Rider .....	18
Overloan Protection Rider (OPR) .....	19
Qualified Plan Exchange Privilege Rider (QPEP) .....	20
Waiver of Monthly Deductions Rider.....	21
Waiver of Specified Premium Rider .....	22

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Guarantees are dependent upon the claims-paying ability of the issuing company.

# Individual Insurance Strategies

## BasicSecure Fixed Universal Life Insurance (FUL) – Who are your clients?

Consumers who are looking for permanent protection and solutions at a relatively low cost compared to our other permanent life options. BasicSecure offers clients flexible premiums and access to tax-deferred cash value, guaranteed death benefit protection and living benefits, all with simplicity in mind.

If you have clients who are on a tight budget and looking for a permanent life insurance product, BasicSecure may be the solution. BasicSecure offers clients a simple, easy to understand permanent life insurance solution that can be tailored to fit a wide variety of budgets.

### Specifically, consumers who want:

- Enough death benefit protection to cover financial risks
- Optional riders that can provide living benefits
- Cash value accumulation potential without market exposure

### BasicSecure is designed to provide:

#### Protection with Flexibility

Premium flexibility and optional riders for dependable protection. The potential to build tax-deferred cash values and the flexibility to choose when and how to use them through policy loans and withdrawals.

#### Protection with Options

Riders are available to provide family coverage, the ability to cover other insured lives, and other features to customize their protection, all with just one policy.

#### Protection while Living

At no additional cost, living benefits, through Accelerated Benefits Riders, can give your clients access to their death benefit during life.

#### Protection from Market Volatility

Your clients can earn interest on their cash value with a guaranteed interest rate. Clients also have access to their cash value through tax-free loans and withdrawals.<sup>1</sup>

#### Individual Planning Needs

These individuals understand the need to protect their families against a wide range of potential situations – from dying too soon to potential costs of a terminal, chronic, or critical illness or a critical injury to needing access to cash in an emergency. With BasicSecure's lower cost permanent solutions, it provides multiple protection options:

**As a Foundation for the Future** – Ideal for a young professional with a family and many financial responsibilities.

**Term Conversion** – A more permanent solution for a client wishing for more protection than their current term policy. Ideal for a client approaching retirement with an employer-sponsored term policy, who still wants living benefits in a simpler policy.

<sup>1</sup> Policy loans and withdrawals reduce the policy's cash value and death benefit and may result in a taxable event. Withdrawals up to the basis paid into the contract and loans thereafter will not create an immediate taxable event, but substantial tax ramifications could result upon contract lapse or surrender. Surrender charges may reduce the policy's cash value in early years.

## Quick Reference Guide

BasicSecure combines the benefits of permanent life insurance with lower cost death benefit protection, reliable cash value interest crediting and living benefits, providing your individual and family clients with secure and flexible coverage to help meet their protection and budgetary needs.

### BasicSecure FUL Offers:

- Life insurance at the lowest cost of our permanent life products for clients who want full protection with the flexibility to ramp up as their budget allows them.
- Cash value growth potential without market exposure, plus living benefits in the event of a qualifying serious illness or injury.
- Convenience through EZ Underwriting and eApp.

### Highlights

<b>Flexibility</b>	As your client's needs change, BasicSecure FUL provides the flexibility to help meet their ever-changing insurance needs, all in a single policy. Premium flexibility, with either a level death benefit or increasing death benefit, gives clients the choice to pay more, pay less, skip, or stop premium payments. <sup>2</sup>
<b>Living Benefits with Accelerated Benefit Riders<sup>3</sup></b>	<p>These no additional cost riders advance payment, on a discounted basis, of all or a portion of the death benefit during the lifetime of the insured should they be diagnosed with an illness that is terminal, chronic, or critical or have incurred a critical injury. 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>These benefits can be used for anything, including travel, medical expenses, additional care, or other unexpected costs. Because these benefits can be used during your client's lifetime, they are called "Living Benefits".</p>
<b>Cash Value Accumulation</b>	Clients can be assured that, regardless of where interest rates move, their policy values will continue to be credited with a fixed interest rate. The guaranteed minimum annual interest rate is 1%. Through the accumulated value enhancement rider, there is an additional guaranteed 0.35% interest enhancement, starting in policy year six.
<b>Waiver of Monthly Deduction and Waiver of Specified Premium Riders</b>	Through these riders, your clients have options to waive their premium in the event that they become disabled.

<sup>2</sup> It is possible that coverage will expire when either no premiums are paid following the initial premium or subsequent premiums are insufficient to continue coverage. Increases in death benefit are subject to underwriting approval. The ability of a life insurance contract to accumulate sufficient cash value to skip premium payments will be dependent upon the amount of premium paid into the policy, and the performance of the policy, and is not guaranteed.

<sup>3</sup> 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. 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

<b>Issue Ages:</b>	0 to 85 (age nearest birthday)		
<b>Product Focus</b>	Permanent death protection at the lowest cost of our permanent life products with fixed interest crediting and flexible riders		
<b>Minimum Face Amount</b>	\$50,000 (\$25,000 for pension cases)		
<b>Monthly Policy Fee</b>	\$10		
<b>Guaranteed Interest Rate</b>	1%		
<b>Guaranteed Accumulated Value Enhancement</b>	0.35% in policy year six and later		
<b>Policy Protection Period</b>	10 years		
<b>Bands</b>	Band 1: Minimum to \$250,000 Band 2: \$250,001 to \$2,000,000 Band 3: \$2,000,001 and up		
<b>Rate Classifications</b>	<b>Premium Class</b>	<b>Face Amount Availability</b>	<b>Available Ages</b>
	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 (Band 1 & 2 Only)	Total Face ≤ \$2M	0 - 85
	Express Standard Non-Tobacco 2 (Band 1 & 2 Only)	Total Face ≤ \$2M	18 - 85
	Preferred Tobacco	All	18 - 85
	Standard Tobacco	All	18 - 85
	Express Standard Tobacco (Band 1 & 2 Only)	Total Face ≤ \$2M	18 - 85
<b>Substandard</b>	Table ratings and flat extras are available with the standard rate classifications. Temporary flat extras available with Standard and Express classes.		
<b>Loan Rate</b>	Variable Loan Rate		
<b>Death Benefit Protection Rider</b>	<b>Issue Age</b>	<b>Guaranteed Period</b>	
	0 - 54	20	
	55 - 64	15	
	65 - 75	10	
<b>Riders Available</b>	<ul style="list-style-type: none"> <li>• Accelerated Benefits Riders</li> <li>• Additional Protection Benefit Rider</li> <li>• Charitable Matching Gift Rider</li> <li>• Children's Term Rider</li> <li>• Death Benefit Protection Rider</li> <li>• Guaranteed Insurability Rider</li> <li>• Overloan Protection Rider</li> <li>• Premium Deposit Account</li> <li>• Waiver of Monthly Deduction</li> <li>• Qualified Plan Exchange Privilege</li> <li>• Waiver of Specified Premium</li> </ul>		

## Key Competitive Features

BasicSecure provides your clients with all these benefits, and more:

- Secure, flexible coverage with death benefit protection and cash accumulation value with a fixed rate.
- The option to increase death benefit protection without significantly increasing the cost through the **Additional Protection Benefit Rider**.
- Death benefit protection that guarantees that the policy will remain in force as long as the conditions of the rider are met. During the Death Benefit Protection period, the accumulation of premiums paid, net of the accumulation of withdrawals taken and net of any debt must, on each Monthly Policy Date, must equal at least the accumulated Monthly Guarantee Premiums in effect on each Monthly Policy Date since the date of issue.
- **Waiver of Specified 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 if they are using BasicSecure to protect their family and accumulate cash value, they can still accomplish both in the event they become disabled.
- A full range of valuable living benefits riders including our no-additional-cost **Accelerated Benefits Riders** for terminal illness, chronic illness, critical illness, or critical injury.
- **Children's Term Insurance Rider** allows term coverage for the insured's children, up to age 25.
- Your clients have the option to increase their life insurance at certain points in their life, regardless of insurability, with the **Guaranteed Insurability Rider**.
- If your client wishes to name an IRS-qualified charitable beneficiary, through the Charitable Matching Gift Death Benefit Rider, National Life will match the amount allocated to the charity up to 2% of your policy's base face amount at the time of death, up to a maximum of \$30,000 per policy.

## EZ Underwriting Program

Every applicant between ages 18-50 up to and including \$2,000,000, ages 51-60 up to and including \$1,000,000, and ages 61-65 up to and including \$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 approve the case immediately.

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 such as exams or drawing blood.

Underwriting reserves the right to request any underwriting requirements deemed necessary to assess the risk, this would include paramedical exams, blood and urine, ECG's, and Attending Physician Statements.

### Underwriting Parameters and Requirements

- Age 18-50: up to \$2,000,000
- Ages 51-60: up to \$1,000,000
- Age 61-65: up to \$250,000
- Application
- MIB
- Rx
- Risk Classifier
- Instant ID
- Full underwriting for higher face amounts and ages

## Premium Payments

Fixed Universal Life is a flexible premium product so premiums can be paid in various amounts and frequencies by the policy holder subject to the following limitations:

- Minimum premium: \$10
- Maximum premium: Limit imposed by the IRS for qualifying the policy as life insurance.

Although policy holders have premium flexibility with fixed universal life, it is important to educate them on how paying smaller or larger premiums can impact their policy's cash surrender value.

### Insurance Premium Test

Under Section 7702 of the Internal Revenue Code, a policy will generally be treated as life insurance for federal income tax purposes if, at all times, it meets either the:

- Guideline Premium Test (GPT) – otherwise referred to as the DEFRA Limit  
or
- Cash Value Accumulation Test (CVAT)

Both tests require a set of corridor factors which are used to define the minimum amount of death benefit above the contract's accumulated value which must be maintained.

The GPT also places limits on the amount of premium that can be paid into a given contract. These limitations can have an effect on the ability to pay premiums and/or make changes to the policy such as taking a withdrawal or changing the death benefit option.

The CVAT places no limits on the amount of premium that can be into a given contract, but the CVAT corridor factors are generally higher than those required under GPT.

The policyholder may choose between using the GPT or the CVAT to demonstrate compliance with IRC Section 7702.

The choice is made at issue and is irrevocable.

# Loans, Withdrawals, and 1035 Exchanges

## How do loans work?

Policy loans are a contractual right. The policy owner has the right to borrow money from the insurance company by using policy cash surrender value as collateral for the loans. Other than having sufficient policy cash surrender value to use as collateral, there is no condition on being able to borrow money from the insurance company.

Since the insurance company is lending and needs to earn a return on its assets, loan interest is charged on the amount borrowed. This interest can be paid as it is due or it can be “capitalized” by adding it to the amount borrowed thus increasing the policy loan.

Our Standard Loans use variable loan interest rates. The interest credited to the loan will be 0.50% less than the variable loan rate for the first ten policy years. Thereafter the credited rate will be the same as the variable loan rate. Variable loan rates may not exceed an amount determined from the current Moody’s Composite Yield on seasoned corporate bonds. Current variable loan rates are determined monthly by the company. However, for a given policy, the loan rate is only reset annually on the policy anniversary.

An owner can switch the loan type once per policy year without paying off the existing loan. This can be a policy-saving difference if loans ever go upside down.

### There are a couple of things to remember about policy loans:

1. Insurance deductions continue even if there is a loan, so sufficient unloaned cash surrender account value must remain or extra premium payments may need to be made to continue coverage, otherwise a policy may lapse causing adverse tax consequences on loan amounts already received and loss of the policy and coverage.
2. Policy loan amounts reduce cash surrender values and policy death benefits.
3. Loans can be repaid; amounts meant for loan repayment should be clearly designated as such otherwise they will be considered premium payments.

## How do withdrawals work?

In contrast to a policy loan, withdrawals are an actual removal of cash surrender value from the policy. Withdrawals may be taken for a minimum withdrawal amount of \$500 and up to the cash surrender value of the policy less 3 monthly deductions. There is currently no withdrawal fee assessed on withdrawals. However, we may charge as much as \$25 per year. For level death benefit option policies, the face amount of the policy will be reduced by the amount of the withdrawal.

The portion of the cash surrender that consists of premiums paid into the policy is known as “basis” with any amounts above that considered gains. Cumulative withdrawals up to the basis amount are non-taxable provided premiums were paid with after-tax money. Withdrawal amounts above basis are taxable as income. Once the basis is withdrawn from a policy, it is usually advisable to switch to loans to access any additional cash surrender value. This avoids any immediate tax consequence, but it is important to keep the policy in force, otherwise the loans become taxable on policy lapse.

Often for Standard Loans, the most efficient way to draw on policy cash surrender value is to use withdrawals up to basis and then take policy loans for further cash flow. Keep in mind that loans and withdrawals reduce the cash surrender value and the death benefit of the policy.

## 1035 Exchanges

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



## Charges

### Policy Protection Period

The policy protection period helps protect the policy against lapse and corresponds to the first 10 policy years. For the 10 year policy protection period, cumulative premiums paid less withdrawals, less debt must be greater than or equal to cumulative Minimum Monthly Premiums. There is no interest adjustment in this calculation. If the premium test is met and the policy has positive Accumulated Value net of debt then the policy will not lapse even if the Cash Surrender Value is zero. An increase in coverage does not initiate a new policy protection period but it does increase the Minimum Monthly Premium. Premium payments just equal to the Minimum Monthly Premiums will ensure that a death benefit is payable under the policy, but this level of funding will not necessarily provide for the build-up of significant accumulated value in the policy.

### Surrender Charges

Surrender charges generally apply during the first 10 years of the policy. A dollar amount of surrender charge will be determined based on issue age, sex, policy face amount, and duration. Each increase in face amount, other than those resulting from changes in death benefit option, those resulting from the appropriate application of the death benefit factors, or those resulting from an Additional Protection Benefit Rider, will have its own 10-year surrender charge schedule. Face amount decreases do not reduce surrender charges.

### Percent of Premium Expense Charge

A 6% charge is applied to all premiums. Internal 1035 amounts are not subject to the percent of premium charge.

### Monthly Deduction

The Monthly Deduction due on a Monthly Policy Date is the Monthly Cost of Insurance, plus the Monthly Expense Charge, plus the Monthly Policy Fee, plus the Monthly Percent of Accumulated Value Charge, plus the monthly cost of any additional benefit riders in force on this policy.

**Monthly Expense Charge:** This is a charge on the face amount and additional protection benefit sum insured. The charge varies based on issue age, sex, rate class, and duration. On a current basis, the Monthly Expense charge period is 10 years for Non-Tobacco Classes and 15 years for Tobacco Classes. Each increase in face amount, other than those resulting from changes in death benefit option, or those resulting from the appropriate application of death benefit factors, will have a monthly expense charge associated with it. Face amount decreases do not reduce the Monthly Expense Charge.

**Monthly Policy fee:** \$10 per month

**Monthly Percent of Accumulated Value Charge:** 0.02% of accumulated value per month for the first 25 years on a current basis, all years on a guaranteed basis.

### Monthly Cost of Insurance

The Monthly Cost of Insurance for a given policy is equal to the applicable Monthly Cost of Insurance Rate multiplied by the Net Amount at Risk.

The current monthly cost of insurance rates vary based on the issue age, rate class, sex, and duration of the policy.

The net amount at risk is the death benefit plus any debt to the company minus the accumulated value. [Monthly deductions continue until attained age...]

## Accelerated Benefits Riders (ABRs)

Refer to the Accelerated Benefits Riders agent guide for more details.

### ABR for Terminal Illness

**Accelerates death benefit during lifetime for terminal illness.**

#### Overview

Riders 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 is a no-additional premium rider that allows for the death benefit, on a discounted basis, to be accelerated during lifetime, for terminal illness. A unique feature about ABR is that benefits do not have to be used to defray actual expenses associated with the terminal illness. They could be used for such things as making structural changes to a home to accommodate the illness, compensating a non-licensed care provider, etc.

#### Terminal Illness Definition:

Terminal Illness advances payment, under certain circumstances and on a discounted basis, payment 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 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 NLGroup Illustration system.

For Terminal Illness, National Life 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.

## Accelerated Benefits Riders (ABRs)

Refer to the Accelerated Benefits Riders agent guide for more details.

### ABR for Chronic Illness

**Accelerates death benefit during lifetime for chronic illness.**

#### Overview

Riders 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 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 about ABR is that benefits do not have to be used to defray actual expenses associated with the chronic illness. They could be used for such things as making structural changes to a home to accommodate the illness, compensating a non-licensed care provider, etc. ABR proceeds in the state of MA can only be used to pay for expenses incurred for Qualified Long-Term Care Services.<sup>4</sup>

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 and continence. Cognitive impairment may also qualify.

#### ABR Chronic 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 NLGroup 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 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 lifetime maximum of \$1,500,000 per insured.

<sup>4</sup> Qualified Long-Term Care services: 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.

# Accelerated Benefits Riders (ABRs)

Refer to the Accelerated Benefits Riders agent guide for more details.

## ABR for Critical Illness and Critical Injury

**Accelerates death benefit during lifetime for critical illness and critical injury.**

### Overview

Riders 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 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 about 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 such things as making structural changes to a home to accommodate the medical condition or illness, compensating a non-licensed care provider, etc.

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.

- 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

### 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 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 NLGroup 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 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.

**NL** - Policy must be in force for 90 days.

**LSW** - 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 is only available to clients ages 0 - 64.

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

## Accelerated Benefits Riders (ABRs)

Refer to the Accelerated Benefits Riders agent guide for more details.

### NL ABR for Chronic Illness – NY State Special

**Accelerates death benefit during lifetime for chronic illness.**

#### Overview

Riders 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 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 about ABR is that benefits do not have to be used to defray actual expenses associated with the chronic illness. They could be used for such things as making structural changes to a home to accommodate the illness, compensating a non-licensed care provider, etc.

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

#### 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 and 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.

#### ABR Chronic 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 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 NLGroup illustration system.

There is no waiting period for the NL ABR Chronic in the state of New York. Once the chronic illness definition has been met, National Life will accelerate, up to the IRS per diem limit for chronic illness, not to exceed the total discounted death benefit or a lifetime maximum of \$2,000,000 per insured.

# Additional Protection Benefit Rider (APB)

Provides Extra Death Benefit Protection

## Overview

The Additional Protection Benefit Rider (APB) provides extra death benefit protection at a cost that is generally lower than the cost of the base coverage and thus, will reduce the overall premium per thousand. The cost per thousand of coverage under the APB Rider is essentially the pure cost of insurance. There is no target premium and no other costs or charges associated with the portion of coverage provided under the APB Rider. Adding the APB Rider can increase the total death benefit protection without significantly increasing the cost. With the BasicSecure product, coverage under the APB rider will be eligible for full acceleration under ABR. The death benefit provided by the rider follows the same rules regarding death benefit options, DEFRA, increases, decreases (& etc.).

## Availability

This rider will be available at issue and after issue on the same issue age and rate classes as the base product.

### Available issue ages:

NL: 0-85

LSW: 0-85

The maximum APB to base blend is 1 to 1. The minimum face amount insured is \$25,000.

## Charge

There will be no commissionable target premium.

This rider will have a charge per thousand of sum insured, cost of insurance, minimum monthly premiums, and minimum guaranteed premiums.

# Charitable Matching Gift Death Benefit Rider (CMGDB)

## Matching Death Benefit Paid to Charitable Organizations

### Overview

The Charitable Matching Gift Death Benefit Rider will pay an additional amount to charities listed as policy beneficiaries at the time of death of the insured. Amounts paid to the charities are in addition to the policy death benefit.

The matching amount is up to 2% of the base face amount and up to a maximum of \$30,000. This limit is per policy, not per beneficiary. If multiple charity beneficiaries are named, all will share proportionally in the distribution of benefits.

Additional Protection Benefit amounts are not eligible for match.

A matching gift will be made to any organization accredited as a charity that qualifies for a charitable deduction under IRS rules and regulations.

National Life Group is the payer of the matching gift.

Matching gifts will be paid in a lump sum even if death benefit is paid otherwise.

### Availability

All issue ages and rate classes as base coverage.

CMGDB may not be added after issue.

### Charges

There is no additional cost for this rider.

## Children's Term Rider

Provides Term Coverage on 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 step-children living in the insured's home will be 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, 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.



## Death Benefit Protection Rider

Protects the policy from lapsing during the Death Benefit Protection Period. Clients may find this rider most helpful during times of tight cash flow.

### Overview

This optional rider protects your clients policies from lapsing during the Death Benefit Protection (DBP) Period. The Death Benefit Protection Period will vary based on insured's issue age and product type.

Death Benefit Protection Period for BasicSecure:

Issue Age	Guaranteed Period
0 – 54	20
55 - 64	15
65 - 75	10

During the Death Benefit Protection Period, the policy will be protected from lapsing, even if the account value is less than or equal to zero, provided that the accumulation with interest of the premiums paid less withdrawals accumulated with interest and less policy debt equals or exceeds the accumulation with interest of Monthly Guarantee Premiums (MGP). However, this level of funding will not necessarily provide for the build-up of significant accumulated value in the policy. Compliance with the Death Benefit Protection Rider (DBPR) requirements is checked on each Monthly Policy Date during the Death Benefit Protection Period. If on any Monthly Policy Date the minimum premium requirement is not met, notification will be sent to the policy holder that the rider will be cancelled if a specified premium is not paid within 61 days from the date we mail the notice. Once the rider has lapsed, it cannot be reinstated.

### Availability

The Death Benefit Protection Rider is available on eligible New Issue policies only. Eligible policies include:

- Option A and B Death Benefit policies
- Issue Ages: 0-75
- There is no minimum issue age.
- Cannot be added after issue.
- Rider is available for all rate classes
- The Death Benefit Protection Rider is not available under the Guideline Premium Test definition of life insurance if the annualized Monthly Guarantee Premium is greater than the annual Guideline Level Premium.

# Guaranteed Insurability Option Rider

Increase Coverage Without Evidence of Insurability

## Overview

The Guaranteed Insurability Rider allows the insured to increase coverage without evidence of insurability during specified option periods.

## Availability

	Life Insurance Company of the Southwest	National Life Insurance Company
<b>Issue Ages</b>	0 – 37	0 – 39
<b>Minimum Option Amount</b>	\$5,000	\$25,000
<b>Maximum Option Amount</b>	Lesser of policy's total face amount and \$50,000	2 times the base face amount but not to exceed the following: Age 0-24: \$50,000 Age 25-27: \$60,000 Age 28-30: \$75,000 Age 31-39: \$100,000
<b>Substandard</b>	This rider is not available on substandard policies and will not be issued with ratings. Therefore, this rider will not be available on policies with any of the three Express Standard rate classes.	This rider is not available on substandard policies and will not be issued with ratings.
<b>Available After Issue</b>	Yes	Yes
<b>Termination</b>	Coverage under this rider will terminate on: The policy anniversary following the insured's 40th birthday.	Coverage under this rider will terminate on: The date the insured reaches attained age 40.

## Charges

There is a charge for this rider.

## Overloan Protection Rider (OPR)

Protects the Policy from Lapsing When Loan Values Threaten Policy

### Overview

The Overloan Protection Rider (OPR) protects a policy from lapsing as a result of the loaned amount exceeding the accumulated cash surrender value. This feature can prevent a tax liability as a result of a policy lapse due to being over-loaned.

The policy holder will be notified of this rider option when all conditions have been met. When the rider is put into effect, the policy becomes “paid-up”. At this time, there are no future premiums or charges due. Loans and withdrawals are no longer available.

### Availability:

- **Issue Ages:** 0 – 85
- The Overloan Protection Rider is not available in pension sales. This rider will automatically be added to all eligible policies at new issue. This rider is not available with CVAT
- This rider will not be issued with substandard ratings, but it may be added to a rated policy.

### Conditions for exercising the rider:

- Policy is in corridor
- Loans at least equal to 95% of policy's accumulated cash surrender value
- Policy is in force for at least 15 years
- Insured has attained the age of 75

### Charges:

- There is a charge when the rider is exercised.

# Qualified Plan Exchange Privilege Rider (QPEP)

For Qualified Pension and Profit Sharing Plan Trust Owned Life Insurance

## Overview

The Qualified Plan Exchange Privilege Rider will permit the exchange of the policy to which it is attached for a new policy without evidence of insurability.

## Availability

This rider is automatically added to all pension cases at issue.

No evidence of insurability will be required.

## Rider Conditions

This rider may be exercised when one of the following events occurs:

- The participant retires or terminates employment with the employer.
- The entire plan is being terminated.
- The plan is discontinuing the life insurance provision.
- Incidental limits have been violated.

The rider is only available with policies that are issued as part of a qualified pension plan.

The original policy will be surrendered while still owned by the pension trust.

Consult your policy form for conditions necessary to exercise this rider for the specific product.

## Conditions of New Policy:

- New policy will be issued based on the age the insured has attained on the date of the exchange.
- The face amount of the new policy cannot exceed the lesser of \$2 million or the face amount of the original policy, less the cash surrender value on the date of the exchange. The flex-term dividend options may not be used.
- The minimum face amount under the new policy must be at least \$25,000.
- 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 may be any traditional whole life policy or flexible premium adjustable benefit life policy offered by the company, and will be issued as an individually owned policy outside of the pension plan.

## Charges

There is no additional charge for this rider.

# Waiver of Monthly Deductions Rider

Waives Policy Expenses and Mortality Charges at Total Disability

## Overview

Waiver of Monthly Deductions Rider provides that a policy's expense and mortality charges will be waived should the insured be totally disabled. Waiver begins after the elimination period, the 121st consecutive day of total disability, and continues as long as premiums are due if the disability begins before age 60. If the disability begins after age 60, premiums will be waived to age 65 or two years, if longer.

Total disability is defined as:

- Due to injury or disease, the insured is unable to perform the duties of his or her occupation for a period of 24 months
- The insured has the sole occupation of a student and is unable to work as a student,  
or
- The insured has sustained a complete and permanent loss of one of the following:
  - Sight
  - Hearing
  - Use of both hands
  - Use of both feet
  - Use of one hand and one foot

For the first two years of disability, occupation means the occupation of the insured at the time disability begins. After two years it means any occupation for which the insured is reasonably fitted.

## Availability

- Issue Ages: 0-55
- Available only at issue
- This rider is not available in conjunction with Waiver of Specified Premium
- Elimination Period:
  - NL BasicSecure: 3 months
  - LSW BasicSecure: 6 months
- Not available for face amounts above \$3,000,000

## Charges

There is a charge for this rider.

# Waiver of Specified Premium Rider

Waives Pre-determined Amount of Premium at Disability

## Overview

The Waiver of Specified Premium Rider allows your clients to determine how much of their premium will be waived in the event they become totally disabled. If the disability occurs prior to attained age 60, benefits will be paid during the continuance of the disability. If the disability occurs on or after attained age 60 but before attained age 63, benefits will be paid during the continuance of the disability but not beyond attained age 65. If the disability occurs on or after age 63, benefits will be paid during the continuance of the disability for a maximum of two years. The rider terminates at attained age 65 (unless disability occurs prior to attained age 60, in which case the rider terminates at the end of the disability).

## Availability

- **Issue Ages:**  
NL: 0-55  
LSW: 15-55
- Available only at issue.
- This rider is not available in conjunction with Waiver of Monthly Deductions Rider.
- This rider has an elimination period of 6 months. Benefits are not retroactive to the start of the 6 month elimination period.
- This rider is not available with single premium policies or for face amounts above \$3,000,000.

**Minimum Annual Benefit:** Annualized minimum premium less the annualized minimum premium for the Waiver of Specified Premium Rider.

**Maximum Annual Benefit:** Lesser of the annualized planned periodic premium and the guideline level premium for the policy excluding the guideline level premium for the Waiver of Specified Premium Rider.

## Charges

The charge for this rider will be the specified rate multiplied by the waiver of premium benefit amount, and deducted on a monthly basis.

## Total Disability

The insured will be deemed to be totally disabled only if due to injury or disease the insured:

- Is unable to work at an occupation for economic gain;  
or
- Has the sole occupation of a student and is unable to work as a student;  
or
- Has sustained 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.

## Limitations

No premium will be waived if:

1. Total disability results from purposely self-inflicted injury;  
or
2. Total disability results from war, declared or undeclared, or any act of war;  
or
3. The premium becomes due more than one year before we receive proof of disability.

This rider will have a two year contestability period.

## Termination

This rider will terminate:

- On the date that the insured reaches attained age 65, unless:
  - The disability began before the insured reached attained age 60 and the notice of claim terms are met, in which case this rider will terminate on the later of the date that the insured reaches attained age 65 and the end of the disability;
    - or
  - The disability began on or after the insured reached attained age 60 and before the insured reached attained age 65 and the notice of claims terms are met, in which case this rider will terminate on the later of the date the insured reaches attained age 65 and two years following the date of disability.
- On the date that the policy terminates or is converted;
  - or
- At the end of the last year for which premiums are payable;
  - or
- On any premium due date requested by the policyholder;
  - or
- At the end of the grace period for any unpaid premium on the policy.

## After Issue Changes

The waiver benefit amount will be increased after issue if additional optional benefits results in a minimum benefit amount that exceeds the current benefit amount. Whenever this happens, the waiver benefit amount will be increased to the new minimum benefit amount. The original premium rate will continue to apply to the increased benefit amount.

We will permit a reduction in the waiver benefit to any amount that is at least as great as the current minimum benefit amount. The original premium rate will continue to apply to the decreased benefit amount.