

Sales strategies for LIFE

Variable Life with Accelerated Death Benefit for Chronic Illness Agreement

Ideal client

- Age 40–65
- Has idle assets
- Recognizes the potential need for future care

Sales opportunity

With VUL Defender® and our Accelerated Death Benefit for Chronic Illness Agreement (ADB-CIA), you can provide clients coverage for future care and a life insurance death benefit.

How the strategy works

Hypothetical client:

- Male, age 45
- Preferred Non-Tobacco underwriting rating
- VUL Defender policy with the Accelerated Death Benefit for Terminal Illness Agreement, No Lapse Guarantee Agreement and Accelerated Death Benefit for Chronic Illness Agreement (4%)

Three potential premium options:

Option 1: Client pays a level planned premium for all years.

Option 2: Client pays a level planned premium to age 65.

Option 3: Client pays a single premium in the first year of the policy with no additional premiums thereafter.

Age 45	Option 1	Option 2	Option 3
Face amount	\$300,000	\$300,000	\$300,000
Premium	\$2,789	\$3,915	\$56,768
Mode	All years	Pay to 65	Single premium
Age 65 (21-year summary)	Option 1	Option 2	Option 3
Surrender value	\$51,570	\$112,151	\$183,453
Total payments less loans and partial surrender	\$58,565	\$82,214	\$ 56,768
Net gain (cost)	\$(6,995)	\$29,937	\$126,685
Age 85 (41-year summary)	Option 1	Option 2	Option 3
Surrender value	\$177,392	\$422,958	\$801,152
Total payments less loans and partial surrender	\$114,342	\$ 82,214	\$56,768
Net gain (cost)	\$63,050	\$ 340,744	\$744,385
Death benefit	\$300,000	\$444,106	\$841,210
Modified endowment contract?	No	No	Yes

Numbers are rounded to the nearest dollar.

This is a hypothetical example for illustrative purposes only.

The ideal option:

- **Over the life of the policy, the single premium in option 3 has a substantially higher net gain and lower premiums paid.** Death and chronic illness benefit payouts are tax advantaged regardless of modified endowment contract (MEC) status. However, your clients should understand that accessing the policy's cash surrender value (including loans) for other reasons could cause taxation, because this policy is a MEC.
- The death benefit has the potential to increase significantly above the original \$300,000 face amount and can also be accessed for future care needs.

For clients with idle assets who desire a death benefit and chronic illness benefit, a single-pay policy could be their ideal solution.

Please keep in mind that the primary reason to purchase a life insurance product is the death benefit.

Variable life insurance products contain fees, such as mortality and expense charges, and may contain restrictions, such as surrender periods. There may also be underlying fund charges and expenses, and additional charges for riders that customize a policy to fit individual needs. Charges and expenses may increase over time. The variable investment options are subject to market risk, including loss of principal.

Additional agreements may be available. Agreements may not be available in all states, may exist under different names in various states and may not be available in combination with other agreements.

The Policy Design chosen may impact the tax status of the policy. If too much premium is paid, the policy could become a modified endowment contract (MEC). Distributions from a MEC may be taxable and if the taxpayer is under the age of 59½ may also be subject to an additional 10% penalty tax. Clients should consult a tax advisor regarding their tax situation.

The Accelerated Death Benefit for Chronic Illness Agreement is a life insurance policy agreement that provides an option to accelerate the death benefit in the event that the insured becomes chronically ill.

The Accelerated Death Benefit for Chronic Illness Agreement may not cover all of the costs associated with chronic illness. The Agreement is generally not subject to health insurance requirements and does not provide long-term care insurance subject to state long-term care insurance law. This Agreement is not a state-approved Partnership for Long Term Care Program Agreement, and is not a Medicare supplement policy. Receipt of Chronic Illness Benefit payments under this agreement may adversely affect eligibility for Medicaid or other government benefits or entitlements.

Due to uncertainty in the tax law, chronic illness benefits paid from a life insurance contract may be taxable. Please ensure that your clients consult a tax advisor regarding chronic illness care benefit payments from a life insurance contract.

The accumulation value, surrender value, loan value, and death benefit will be reduced by a chronic illness benefit payment under this agreement.



Do you have clients who fit this profile?

Contact Securian Financial's Life Sales Support Team to learn how VUL Defender and our Accelerated Death Benefit for Chronic Illness Agreement can help increase your sales and meet your clients' needs:

1-888-413-7860, option 1
(Independent Brokerage)

1-877-696-6654
(Broker-Dealer)

The no lapse guarantee is subject to the terms and conditions contained in the policy and may not be in effect even if premium payments are made. Please review the policy carefully.

Guarantees are based on the claims-paying ability of the issuing life insurance company.

This information should not be considered as tax or legal advice. Clients should consult their tax or legal advisor regarding their own tax or legal situation.

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