



Foresters training

Accelerated Death Benefit Rider
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Disclaimers – Accelerated Death Benefit Rider

- Receipt of an accelerated death benefit payment is intended to qualify for favorable tax treatment under the Internal Revenue Code (IRC). However, depending on individual circumstances or changes to the IRC, receipt of an accelerated death benefit may be a taxable event and may affect eligibility for public assistance or benefits.
- Your client should consult a qualified tax advisor and applicable government agency before receiving an accelerated death benefit payment.
- For all critical and chronic illness claims, the payment will be less than the acceleration amount – which is subject to an administrative fee, an actuarial discount amount, and other applicable deductions.
- For applications signed and dated November 17 or later and submitted with the ABR disclosure, the issued certificate will automatically include the appropriate version of ABR. Applications signed and dated prior to November 17 will not include ABR.

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Description

Accelerated Death Benefit Rider (ABR) Description

- Value-added Accelerated Death Benefit Rider, is included, for no additional premium.
- If the insured is diagnosed with an eligible illness, the rider provides the opportunity for the owner to accelerate a portion of the eligible death benefit (face amount plus paid-up additional insurance, if any) and receive an accelerated benefit payment.
- Depending on state variations, the rider can be issued with one of more of the following eligible illnesses:
 - Chronic Illness
 - Critical Illness
 - Terminal Illness
- Note: For all chronic and critical illness claims, the payment will be less than the acceleration amount – which is subject to an administrative fee, an actuarial discount amount and other applicable deductions

Availability

Accelerated Death Benefit Rider - Availability

New Business issues only (i.e. not available on conversions or existing in-force business)

Non-medical versions of:

Term

Advantage Plus

SMART UL

Availability based on state approvals. Not available in CA, CT and NY.

Not available for FEB/Listbill

Versions

Accelerated Death Benefit Rider - Versions

- Only one version of ABR is available per certificate
- Illnesses covered under each version of ABR may vary by state
- UL plans with the Increasing death benefit option will be required, prior to processing the ABR claim to be changed to the Level death benefit option

Accelerated Death Benefit Rider – Eligibility Criteria Term, Smart UL and Advantage Plus WL

- Subject to state availability and variations

Definition of Illness

Accelerated Death Benefit Rider – Summary Definition of Illness

Chronic illness means the insured

- Is unable to perform, without substantial assistance from another person, at least two of the six activities of daily living (bathing, continence, dressing, eating, toileting, transferring) for a period of at least 90 days, due to a loss of functional capacity; or
- Requires substantial supervision by another person to protect the insured from threats to health and safety due to the insured's severe cognitive impairment
- The chronic illness must be diagnosed by a physician as permanent

Subject to rider terms including definitions, and to state availability and variations

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Accelerated Death Benefit Rider - Summary Definition of Illness

Critical illness means the following illnesses, as further defined in the rider:

- Life Threatening (Invasive) Cancer
- Myocardial Infarction (heart attack)
- Stroke
- Advanced Alzheimer's Disease (before age 75)
- End Stage Renal Failure
- Major Organ Failure
- ALS

Note: Illnesses covered are the same as those covered under Foresters Critical Illness Rider, with the exception of: Coronary by-pass surgery and Angioplasty which are not covered under CI-ABR. End Stage Renal Failure, Major Organ Transplant and ALS, which are not covered under the current Critical Illness Rider

Subject to rider terms including definitions, and to state availability and variations

Accelerated Death Benefit Rider – Summary Definition of Illness

Terminal Illness

- Means the insured has a non-correctable illness or physical condition which is reasonably expected to result in death within 12 months of diagnosis

Acceleration Method

Accelerated Death Benefit Rider - Reduction of the base death benefit.

- This results in a pro-rata decrease of the following:
 - Base face amount
 - Cash value
 - Paid-up additions (Advantage Plus)
 - Loan balance
 - Premiums
 - Cost of insurance for Smart UL

Basic Features

Basic Features – Termination of Coverage

ABR will terminate at the earliest of:

The date the certificate is no longer in effect

The end of the initial term period

The date when a TI claim payment is made

The date when the 'Maximum Lifetime Acceleration Amount' is reached

The date when the certificate is converted to Reduced Paid-up (Advantage Plus)

Benefit

Accelerated Death Benefit Rider – Minimum Acceleration Amount

Minimum Acceleration Amount	\$4,500
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Accelerated Death Benefit Rider - Maximum Acceleration Amount

	Chronic Illness (CH)	Critical Illness (CI)	Terminal Illness (TI)
Maximum Acceleration amount	In any 12 month period as a result of the insured being diagnosed with a chronic illness, can accelerate up to 24% of the eligible death benefit at the effective date of the first payment due to a chronic illness.	Lesser of 95% of the eligible death benefit at time of each CI claim and \$500,000.	Lesser of 95% of the eligible death benefit at time of TI claim and \$500,000.
Claims	No restrictions if the insured continues to be chronically ill and the insured may re-apply for a new claim	No restrictions	Only one Terminal Illness claim allowed, at which point, the ABR rider terminates
Waiting Period	No waiting period applies	No waiting period applies	No waiting period applies
Elimination Period	90 days (activities of daily living)	None	None

Accelerated Death Benefit Rider – Lifetime Maximum Acceleration Amount

Maximum Lifetime ABR Acceleration Amount (Per Certificate)	Lesser of 95% of the eligible death benefit on effective date of first ABR payment and the maximum, which is currently \$500,000
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Accelerated Death Benefit Rider – Disclosure

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Accelerated Death Benefit Rider Disclosure

The insurance contract you are applying for may include one of the following accelerated death benefit riders: Accelerated Death Benefit Rider (for Chronic, Critical and Terminal Illness); Accelerated Death Benefit Rider (for Critical and Terminal Illness); or Accelerated Death Benefit Rider (for Terminal Illness). You should review the insurance contract issued, if any, to determine which one of these riders, if any, it includes. This disclosure provides only a brief description of the accelerated death benefit rider ("rider") that may be included in the insurance contract; it is not the rider and only the provisions of the rider, and the certificate that the rider is attached to, will control. A full description can be found within the certificate and rider issued, if any, therefore it is important that you read the certificate and rider carefully.

Benefit Description

The rider provides the opportunity for the owner to accelerate a portion of the certificate's eligible death benefit ("acceleration amount"), during the lifetime of the insured, and receive an accelerated death benefit payment ("payment"). Under the conditions described in the rider the owner may elect to receive a payment if the insured is diagnosed, by a physician, with a chronic, critical or terminal illness, as applicable under that rider. The payment is paid to the owner and not to the beneficiary(ies). The rider is not, and is not intended to be, long-term care insurance.

There is no required premium or monthly rider deduction, as applicable, for the rider. However, a payment may have deductions and other effects, as referred to in this disclosure.

Chronic illness means the insured:

- a) is unable to perform, without substantial assistance from another person, at least two of the activities of daily living (bathing, continence, dressing, eating, toileting or transferring) for a period of at least 90 days, due to a loss of functional capacity; or
- b) Requires substantial supervision by another person to protect the insured from threats to health and safety due to the insured's severe cognitive impairment.

The chronic illness must be diagnosed by a physician as permanent.

Critical illness means the insured has one or more of the following, as defined in the rider: Advanced Alzheimer's Disease (before the insured's 75th birthday), Amyotrophic Lateral Sclerosis (ALS), End Stage Renal Failure (Kidney Failure), Life Threatening (Invasive) Cancer, Major Organ Failure, Myocardial Infarction (Heart Attack) or Stroke.

Terminal illness means the insured has a non-correctable illness or physical condition which is reasonably expected to result in death within 12 months of diagnosis.

Amount of the Accelerated Death Benefit Payment

The accelerated death benefit payment may be less than the acceleration amount as we may deduct from the acceleration amount: an actuarial discount amount, determined by us; an administrative fee; the sum of the unpaid total premium or overdue monthly deductions, as applicable; and a loan repayment amount, if there is an outstanding loan.

For terminal illness: The actuarial discount amount and administrative fee will both be \$0.00. This means that the payment will only be less than the acceleration amount if, on the effective date of the payment, there are unpaid total premiums, overdue monthly deductions or an outstanding loan amount.

For chronic and critical illness: The administrative fee will be no more than \$500.00. The actuarial discount amount will be determined by us based upon a number of factors, such as the insured's age and life expectancy on the effective date of the payment, and will take into account the present value of future anticipated premiums or monthly deductions, as applicable. This means that the payment will be less, and depending on the individual circumstances of the claim could be substantially less, than the acceleration amount.

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Thank you

ABR Webinar

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