



National Life  
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# Understanding Life Insurance with Living Benefits

Products issued by

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# What is Life Insurance?

Life insurance helps your family maintain their standard of living if something should happen to you. Life insurance is a very important choice.

## A life insurance policy

- can potentially provide your family with enough money to fulfill their obligations and pursue their dreams
- protects against loss of income if you should die too soon
- helps secure your family's future even if you are no longer with them

## A permanent life insurance policy with cash value may be able to

- help meet accumulation goals, if properly funded, through cash value policy loans and withdrawals<sup>1</sup>, such as:
  - helping to fund your children's education

– supplementing your retirement income

- assist with expenses if you become disabled through the use of living benefit riders

Riders can be added to provide you with benefits you may use throughout your lifetime, called living benefit riders.<sup>2</sup> These riders can accelerate the death benefit should you become ill or injured or potentially provide a guaranteed<sup>3</sup> source of retirement income if you live too long. There is a choice of products and riders to help meet any lifestyle.

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## How Does Life Insurance Work?

You make payments called “premiums” to a life insurance company. The company agrees to pay a specified amount to whomever you designate to receive the money from your policy when you pass away.



# Who Needs Life Insurance?

## **Most people need life insurance**

- those with dependent children
- an older family member who depends on your wages
- people who need help meeting retirement goals
- newlyweds
- a young couple planning to start a family
- a current homeowner
- families with special needs children

Regardless of your life stage, life insurance could prove to be one of the most valuable financial decisions you ever make.

# What Type of Life Insurance Should You Have?

There are three basic types of life insurance you can choose from:

- Term
- Whole Life
- Universal Life



## Term Insurance

- guaranteed coverage for a set period of time or until a specified age, as long as premiums are paid
- usually renewable once the time period has expired, although it's likely premiums will increase
- provides a death benefit if you die within that defined period of time – it does not accumulate cash value
- generally allows you to purchase a higher death benefit for your premium dollars; frequently the most affordable coverage

## Whole Life

- called “permanent” insurance because it remains in force for your lifetime as long as you pay the scheduled premiums
- premiums are designed to remain level over the life of the policy
- you have the potential to build cash value that is tax-deferred and you may be able to access these funds on a tax-advantaged basis
- when you pass away, your beneficiaries will receive the amount of the death benefit, minus any outstanding loans and loan interest that may be due on the policy

# Universal Life

- another type of permanent life insurance that has flexibility built into it
- the flexibility allows you to adjust the face amount of your policy, and the premiums you pay<sup>4</sup>
- build cash value without paying current income taxes on the increases and you can potentially access the funds using tax-free loans and withdrawals<sup>5</sup>
- flexibility allows you to stop paying premiums if there is enough accumulated value in your policy to cover the cost of insurance each month. You can then pay additional premiums to build back up accumulated cash value
- you may be able to increase or decrease your death benefit depending on your life insurance needs. An increase may require additional underwriting

Two of the most popular types of Universal Life policies are Fixed Universal Life and Indexed Universal Life. One of the main differences between them is how the policy's interest is credited. Both offer you varying degrees of guarantees and returns, based on your appetite for risk.

- Fixed Universal Life – interest rate is declared by the company
- Indexed Universal Life – interest is based on the changes in value of a major market index





## Life Insurance Product Overview

	FEATURE		
	Death Benefit	Premium	Cash Value
<b>Term Life</b>	Fixed	Level or Increasing	None
<b>Whole Life</b>	Guaranteed	Fixed	Fixed rate Guaranteed Possible dividends set by the company
<b>Traditional Fixed Universal Life</b>	Very Flexible	Flexible	Current interest rate Guaranteed minimum interest rate set by the company
<b>Indexed Universal Life</b>	Very Flexible	Flexible	Interest credits based on the positive change in a major market index Guaranteed minimum interest rate set by the company

# There's More to Life

## What Are Living Benefits?

Life insurance can do more than pay a death benefit. With powerful riders you may be able to accelerate the death benefit due to a qualifying illness or injury and potentially provide a guaranteed source of retirement income if you live too long.

Accelerated Benefits Riders<sup>6</sup> are optional, no additional cost riders that can allow you to access all or part of the death benefit while you are living if you experience a qualifying terminal, chronic, or critical illness or critical injury.

You can use the benefit for any purpose, with the exception that ABR proceeds for chronic illness in the state of Massachusetts can only be used to pay for expenses incurred for Qualified Long-Term Care services.\*

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\*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.



Living  
Benefits are  
Benefits for  
Living

## LIVING BENEFITS

# Qualifying Events



### Terminal Illness

Generally, if you have been diagnosed with a terminal illness that will result in death within 24 months (12 months in some states) of certification of the illness by a physician.



### Chronic Illness

A doctor has certified, within the past 12 months, that you are unable to perform two out of six “activities of daily living” for a period of at least 90 consecutive days without assistance, or that you are generally cognitively impaired.

#### Activities of Daily Living:

- Bathing
- Continenence
- Dressing
- Eating
- Toileting
- Transferring



### Critical Illness

#### Critical Illness includes:

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



## Critical Injury

### Critical Injury includes:

- Coma
- Paralysis
- Severe Burns
- Traumatic Brain Injury



## Living Benefits could be used for, but not limited to:

- Household expenses
- Home modifications
- Nursing home care
- Adult day care
- Regular bills
- Quality of life expenses
- Lifelong dream vacation

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Please refer to your policy, or talk to your agent, for conditions covered under your policy.





## What If You Should Die Too Soon?

Your family may be forced into making uncomfortable sacrifices that would change their standard of living. Life insurance provides financial security to help your family avoid devastating life changes at your death.



## What If You Become Ill or Injured?

If you have no additional cost Accelerated Benefit Riders on your policy, you and your family would have financial protection during your lifetime in the event you experience a qualifying illness or injury. Life insurance can do more than pay a death benefit; it provides benefits for living.



## What happens if you live too long?

We are living longer. A higher standard of living and medical advances have had a positive impact on mortality. But illnesses that are terminal, chronic or critical, or a critical injury, result in more people living longer with chronic or critical illnesses.

Life insurance provides much needed protection for your family and heirs. It can also be a valuable resource if you live too long.

An income rider is an optional rider that can be added to some life insurance policies. Life insurance can also help you meet your retirement goals and dreams by providing an income option on your policy with an insurance income rider.

# Want to Make Today's Dreams Come True?

Life insurance is a unique financial tool that can be structured to accomplish many objectives, and it can be customized to fit very specific needs.

You're working hard to build your life.

Find out how life insurance can provide you with security, protection and opportunities that can help you make what may be today's dreams, tomorrow's reality.



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1 The ability of a life insurance contract to accumulate sufficient cash value to help pay expenses or meet accumulation goals will be dependent upon the amount of extra premium paid into the policy, and the performance of the policy, and is not guaranteed. Policy loans and withdrawals reduce the policy's cash value and death benefit and may result in a taxable event. If remaining policy values and scheduled premiums are insufficient, additional out-of-pocket payments may be needed to keep the policy in force. Surrender charges may reduce the policy's cash value in early years.

2 Riders are optional, may require additional premium and may not be available in all states or on all products.

3 Guarantees are dependent upon the claims-paying ability of the issuing company. Life insurance income riders typically have limitations and restrictions to exercising them, including but not limited to, minimum and maximum age requirements, years policy has been in force and minimum policy values. Receipt of other policy benefits that reduce policy values may also reduce the ability to exercise the income rider. Receipt of income benefits will reduce the policy's cash value and death benefit, may reduce or eliminate the availability of other policy and rider benefits, and may be taxable.

4 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.

5 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.

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6 Receipt of accelerated benefits will reduce the cash value and death benefit, may be a taxable event and may affect a family's eligibility for public assistance programs. Please consult your 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 will affect you.

Riders are supplemental benefits that can be added to a life insurance policy and are not suitable unless you also have a need for life insurance. Riders are optional, may require additional premium and may not be available in all states or on all products. This is not a solicitation of any specific insurance policy.

If you are considering a life insurance policy with an accelerated benefit rider or an income rider, please refer questions about the rider to your agent.

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No bank or credit union guarantee | Not a deposit | Not FDIC/NCUA insured | May lose value  
Not insured by any federal or state government agency

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

