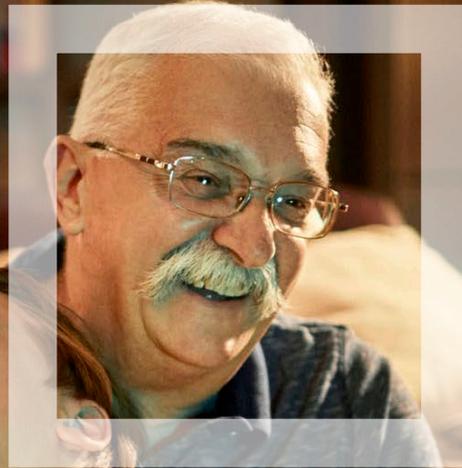


Accelerated Death Benefit Rider (ADBRR)



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Accelerated Death Benefit Rider

- Included on the following Foresters Financial™ products automatically for no additional premium:
 - Your Term
 - SMART UL
 - Advantage Plus II

- Underwritten by The Independent Order of Foresters
- ADBR is not approved in CA. The payment, due to diagnosis of an eligible illness, may be less than the acceleration amount which may be subject to a fee, an actuarial discount amount and other applicable deductions. Payment will decrease certificate values and benefits.
(If applicable) **This product is a life insurance policy that accelerates the death benefit on account of chronic illness and is not a health insurance certificate providing long term care insurance subject to the minimum requirements of New York Law, does not qualify for the New York State Long Term Care Partnership Program and is not a Medicare supplement certificate.**
Receipt of the accelerated death benefits may affect eligibility for public assistance programs. Receipt of the accelerated death benefits may be taxable.
- Foresters products and riders may not be available or approved in all states and are subject to eligibility requirements, underwriting approval, limitations, contract terms and conditions and state variations.

Accelerated Death Benefit Rider Description



- Provides the certificate owner the option to accelerate a portion of the death benefit and possibly receive a payment due to diagnosis of:
 - Chronic Illness
 - Critical Illness
 - Terminal Illness
 - Note: Depending on the rider version issued, one or more of the above illnesses may be included
- The certificate owner can use the payment for any purpose such as to partially cover costs associated with the treatment of their chronic, critical, or terminal illness. The rider is not long-term care insurance and is not intended to be long-term care insurance
- This presentation provides an overview of some of the eligibility requirements, limitations and the impact a payment under this option may have on the certificate. Refer to the specific Rider for the applicable state for details

Exploring ADBR versus Long-term Care (LTC) Coverage

- What are the differences between ADBR & LTC?
 - ADBR: Known as “Living Benefits”, it falls under IRS section 101(g) and may not be marketed in any manner as long-term care coverage. This feature allows a policy owner access to a portion of the policy death benefit during the insureds lifetime under a qualifying claim. If a claim is filled and approved, the death benefit amount and cash value are reduced in accordance with the ADBR payment. Currently, producers do not need long-term care CE as these features are not considered long-term care products, however some states may require a health license
 - LTC: It falls under IRS section 7702B (or LTC model regulations) and may be marketed as long-term care coverage. This feature allows a policy owner access to funds to help cover qualifying medical expenses that may be either temporary and permanent. With a traditional long-term care insurance policy, under Federal HIPAA guidelines, the insured’s condition needs only to last at least 90 days to be defined as long-term care and eligible for benefits to be paid. State specific long-term care CE as well as a health license may be required, varies by state, to sell these products

Accelerated Death Benefit Rider Qualifying Event For Chronic Illness

- Chronic Illness: A physician must diagnose the chronic illness as being permanent

- Either situation below may be eligible under Chronic:
 - Unable to perform at least 2 of the 6 activities of daily living for at least 90 days due to a loss of functional capacity:
 - Bathing
 - Dressing
 - Contenance
 - Eating/feeding one's self
 - Toileting
 - Transferring; 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

Accelerated Death Benefit Rider Qualifying Event For Critical Illness

- The following illnesses and conditions may be eligible under Critical (refer to the rider for definitions):
 - Life threatening (evasive) cancer
 - Myocardial Infarction (heart attack)
 - Stroke
 - Advanced Alzheimer Disease (before age 75)
 - End stage renal failure (kidney failure)
 - Major organ failure
 - ALS

Accelerated Death Benefit Rider Qualifying Event For Terminal Illness

- Diagnosed with a non-correctable illness or physical condition which is reasonably expected to result in death within 12 months of diagnosis

Accelerated Death Benefit Rider Eligibility

▪ Critical Illness and Chronic Illness

- Minimum face amount required, which varies by product:
 - Your Term \$ 50,000
 - SMART UL \$ 25,000
 - Advantage Plus II \$ 25,000
- Available for insured with issue age of age 75 or younger
- Minimum risk class must be standard or better (no substandard ratings are available)

▪ Terminal Illness

- Minimum face amount required, which varies by product:
 - Your Term \$ 50,000
 - SMART UL \$ 25,000
 - Advantage Plus II \$ 25,000
- Available for all ages and for standard and substandard risk classes

Accelerated Death Benefit Rider

Acceleration of Benefit



- Minimum face amount that can be requested for acceleration is \$4,500
- Maximum accelerated amount requested can be:
 - Chronic Illness:
 - In any 12 month period you can request acceleration up to 24% of the death benefit
 - Maximum amount over their illness is the lesser of: 95% of eligible death benefit or \$500,000
 - Critical Illness:
 - Insured can request acceleration up to the lesser of: 95% of the eligible death benefit or \$500,000
 - Terminal Illness:
 - Insured can request acceleration up to the lesser of: 95% of eligible death benefit or \$500,000
 - Only one payment allowed and the rider will terminate after payment
- The benefit amount is subject to maintaining a residual face amount of \$10,000

Accelerated Death Benefit Rider Payment

- For Critical and Chronic Illness the payment will be reduced by an actuarial discount (based on a series of factors including age, gender, rating class, interest rates, mortality tables, present value tables, etc.), any outstanding loans on the certificate and an administration fee (currently \$300). This means the payment will be less than the acceleration amount and, depending on the circumstances of the claim, could be substantially less than the acceleration amount
- For Terminal Illness, the actuarial discount and administration fee is waived

Accelerated Death Benefit Rider Payment

- Payment made under the rider will reduce the face amount and other values within the certificate. It's important to note that the amount of the reduction within the certificate will likely be greater than the actual payment amount received
- In some cases, the accelerated death benefit payment can affect eligibility for public assistance programs and trigger unfavorable tax consequences; owner should check with a tax advisor before making a claim

An ADBR Example:

- The following examples are hypothetical and are intended only to demonstrate an accelerated death benefit payment on a certificate issued on a 45-year old for \$200,000, with the maximum acceleration amount being accelerated
 - Actual amounts will vary and may be higher or lower depending on a number of factors, including but not limited to, the type of certificate, the actual certificate values at the time the claim is approved, the age of the insured and the length of time that the certificate has been in effect
 - For chronic and critical illness the actuarial discount will generally be higher for claims approved in the early years of the certificate and lower in the later years. This could result in significantly lower accelerated death benefit payments in earlier years than in later years of the certificate

Amount Accelerated Under SMART UL (with a level death benefit)

Effect on Certificate Values

	Before Acceleration	After Acceleration		
		Chronic Illness	Critical Illness	Terminal Illness
Face Amount:	\$ 200,000.00	\$ 152,000.00	\$ 10,000.00	\$ 10,000.00
Account Value:	\$ 20,000.00	\$ 15,200.00	\$ 1,000.00	\$ 1,000.00
Surrender Charge:	\$ 2,200.00	\$ 1,672.00	\$ 110.00	\$ 110.00
Loan Amount:	2,200.00	1,520.00	100.00	100.00
Cash Surrender Value:	\$ 15,800.00	\$ 12,088.00	\$ 790.00	\$ 790.00
Monthly Deduction	\$ 86.00	\$ 66.70	\$ 15.60	\$ 15.60
Annual Minimum Premium	\$ 1,500.00	\$ 1,180.00	\$ 221.00	\$ 221.00

Accelerated Death Benefit Payment Calculation (Claim approved when certificate has been in effect for 10 years.)

	Chronic Illness	Critical Illness	Terminal Illness
Acceleration Amount:	\$ 48,000.00	\$ 190,000.00	\$ 190,000.00
Payment Percentage:	31.698	31.698 %	100 %
Gross Payment Amount	\$ 15,215.04	\$ 60,226.20	\$ 190,000.00
minus Administrative Fee:	\$ 300.00	\$ 300.00	\$ 0.00
minus Loan Repayment:	\$ 480.00	\$ 1,900.00	\$ 1,900.00
minus Overdue Premium:	\$ 0.00	\$ 0.00	\$ 0.00
Accelerated Death Benefit Payment:	\$ 14,435.04	\$ 58,026.20	\$ 188,100.00

Amount Accelerated Under Term

Effect on Certificate Values

	Before Acceleration	After Acceleration		
		Chronic Illness	Critical Illness	Terminal Illness
Face Amount:	\$ 200,000.00	\$ 152,000.00	\$ 10,000.00	\$ 10,000.00
Annual Premium	\$ 984.00	\$ 764.64	\$ 115.70	\$ 115.70

Accelerated Death Benefit Payment Calculation (Claim approved when certificate has been in effect for 10 years.)

	Chronic Illness	Critical Illness	Terminal Illness
Acceleration Amount:	\$ 48,000.00	\$ 190,000.00	\$ 190,000.00
Payment Percentage:	15.022	15.022 %	100 %
Gross Payment Amount	\$ 7,210.56	\$ 28,541.80	\$ 190,000.00
minus Administrative Fee:	\$ 300.00	\$ 300.00	\$ 0.00
minus Overdue Premium:	\$ 0.00	\$ 0.00	\$ 0.00
Accelerated Death Benefit Payment:	\$ 6,910.56	\$ 28,241.80	\$ 190,000.00

Amount Accelerated Under Advantage Plus II

Effect on Certificate Values

	Before Acceleration	After Acceleration		
		Chronic Illness	Critical Illness	Terminal Illness
Face Amount:	\$ 200,000.00	\$ 152,000.00	\$ 10,000.00	\$ 10,000.00
Amount of Paid-up Additional Insurance:	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Eligible Death Benefit:	\$ 200,000.00	\$ 152,000.00	\$ 10,000.00	\$ 10,000.00
Cash Value:	\$ 23,200.00	\$ 17,632.00	\$ 1,160.00	\$ 1,160.00
Cash Value of Paid-up Additional Insurance:	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Loan Amount:	\$ 2,000.00	\$ 1,520.00	\$ 100.00	\$ 100.00
Cash Surrender Value:	\$ 21,200.00	\$ 16,112.00	\$ 1,060.00	\$ 1,060.00
Annual Premium:	\$ 3,574.00	\$ 2,733.52	\$ 247.10	\$ 247.10

Accelerated Death Benefit Payment Calculation (Claim approved when certificate has been in effect for 10 years.)

	Chronic Illness	Critical Illness	Terminal Illness
Acceleration Amount:	\$ 48,000.00	\$ 190,000.00	\$ 190,000.00
Payment Percentage:	17.083 %	17.083 %	100 %
Gross Payment Amount	\$ 8,199.84	\$ 32,457.70	\$ 190,000.00
minus Administrative Fee:	\$ 300.00	\$ 300.00	\$ 0.00
minus Loan Repayment:	\$ 480.00	\$ 1,900.00	\$ 1,900.00
minus Overdue Premium:	\$ 0.00	\$ 0.00	\$ 0.00
Accelerated Death Benefit Payment:	\$ 7,419.84	\$ 30,257.70	\$ 188,100.00

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The information contained in this presentation is for informational purposes only. There are other tools available to support your learning needs. You must ensure that you correctly represent, to a customer or prospect, the product features based on the actual wording of the applicable certificate and riders for your state.

Thank you

Any questions?

- Our Foresters Financial Sales Support team is only a call away, 866-466-7166, option 1 Monday-Friday 8:30-7p.m. ET.
- If you're looking for a deeper dive on a particular module please let us know at USLearning@foresters.com

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