



# LIFE INSURANCE

## ACCELERATED DEATH BENEFIT



### *The Living Benefit*

People purchase life insurance with the intention to protect and secure their families financially in the event of death. But what happens if you become unexpectedly ill, requiring high cost medical care.

Can your life insurance policy still help safeguard your family financially?

The answer is YES. In addition to the lump sum benefit paid to your beneficiaries, the majority of life insurance policies today, have what is called an accelerated death benefit provision. This provision pays a percentage of the policy's death benefit in the event the insured is diagnosed with a terminal illness.

### **How Does the Accelerated Death Benefit Work**

In the event the insured is diagnosed with a terminal illness and has a life expectancy of 12 months or less, the accelerated death benefit provision will be triggered. The insurance company must receive written evidence of the terminal condition from a licensed physician before any accelerated benefits are paid.

The exact amount paid from the accelerated death benefit provision vary among the different insurance companies. Generally between 50-75% of the policy death benefit may be paid up to a maximum cap limit. Some insurers allow up to \$1 Million in accelerated benefits.

Provides the financial resources needed to keep your family's assets intact.

### **How Does it Affect Your Policy Values**

Your life insurance policy does not lapse or cancel if an accelerated death benefit is paid. The total death benefit payable to the designated beneficiaries is however reduced by the amount of the accelerated benefit along with any administrative costs charged by the insurance company. In addition any existing cash values and policy loans will also be reduced as a result of the accelerated benefits paid out.

### **How Are Life Insurance Accelerated Benefits Taxed**

The death benefit of a life insurance is generally received tax free by the policy beneficiaries. The same tax treatment applies to accelerated death benefits received due to a terminal illness. As a general rule the IRS treats accelerated benefits as an amount paid by reason of the insured's death<sup>1</sup>. However there are certain exceptions where accelerated death benefits may be taxable.

The Accelerated Death Benefit provision is not meant to be used as or replace any existing health insurance plan.

The Protection  
you need when  
Life throws you  
a Curve Ball



Accelerated Death  
Benefit provides  
financial relief  
when life is  
unexpectedly  
accelerated due to  
a terminal illness.

Please contact us for information regarding life insurance and accelerated benefit options.

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