LIFE INSURANCE



ACCELERATED DEATH BENEFIT RIDER GUIDE

For Fully-Underwritten Life Insurance Products

Frequently Asked Questions

For producer use only.
Not for use with the general public.

388197_0126

Mutual of Omaha
Protect Your Kingdom

Underwritten by
United of Omaha Life Insurance Company
A Mutual of Omaha Company



Accelerated Death Benefit Riders

United of Omaha offers Accelerated Death Benefit Riders at no extra charge on all the following fully-underwritten life insurance policies.

These riders give clients an option to access a portion of their death benefit early. Benefits can be used however they wish, providing comfort at a difficult time.

Accelerated Death Benefit for Chronic Illness Rider:

- Income Advantage IUL
- Life Protection Advantage IUL
- AccumUL Answers

Accelerated Death Benefit for Terminal Illness Rider:

- Income Advantage IUL
- Life Protection Advantage IUL
- AccumUL Answers
- Term Life Answers

Here's an example of John's Story

Five years after purchasing a $100,000 policy, John Smith was diagnosed with lung cancer. He needs money to help pay his daily finances and medical expenses while he is seeking treatment.

John's policy has a $100,000 face amount, and we allow an acceleration of up to 80 percent of the face amount. John decides to use his accelerated death benefit rider on his policy and completes the claim for the acceleration and submits it to United of Omaha.

The medical directors on staff at United of Omaha will review the acceleration request and medical records of the insured to determine John's life expectancy. In the examples provided, John's requested accelerated benefit amount will be reduced based on his life expectancy (based on his illness). There is also an administration fee of $100 applied to all accelerations.

Should John decide to take the benefit offered, the face amount will be reduced by the amount requested.



Accelerated Death Benefit Riders Overview

Terminal Illness Rider:

This rider provides an accelerated death benefit if the insured provides evidence that their life expectancy is 12 months or less. The requested benefit amount may not exceed the lesser of $1,000,000 or 80% of the specified amount.

Chronic Illness Rider:

This rider provides an accelerated death benefit if the insured is unable to perform 2 of 6 Activities of Daily Living (ADLs) for 90 consecutive days or requires substantial supervision to protect himself or herself from threats to health and safety due to severe cognitive impairment. The requested benefit amount may not exceed the lesser of $1,000,000 or 80% of the specified amount at the time of the first accelerated death benefit payment request.

Does the insured need to be in a nursing home in order to qualify for a chronic illness acceleration?

No, there is no nursing home requirement for the Accelerated Death Benefit for Chronic Illness Rider that was introduced in March 2014. The prior version of the Chronic Illness Rider did require a 90-day stay in a nursing home and did not have severe cognitive impairment as a potential trigger.

Does the chronic illness need to be expected to be permanent?

No, the chronic illness does not need to be expected to be permanent. However, there may be very little benefit if the chronic illness is not expected to change the insured's life expectancy.

Please note: The definitions of chronic or terminal illness may vary by state. In California the requested benefit amount may not exceed the lesser of $500,000 or 80% of the specified amount at the time of the first accelerated death benefit payment request.

FAQs

1. **What is the maximum cumulative amount that can be accelerated due to chronic illness?**
   The maximum cumulative amount that can be accelerated is the lesser of $1,000,000 or 80% of the face amount as of the initial acceleration request.

2. **Is the maximum cumulative amount impacted by the policy's Death Benefit Option (1 or 2)?**
   No, the maximum cumulative amount is based on the specified amount of the policy, not the total death benefit.

3. **Is the maximum cumulative amount impacted by any riders?**
   No, the maximum cumulative amount is based on the specified amount of the base policy only. It is not impacted by Additional Insured Riders or Accidental Death Benefit Riders.

4. **What is the maximum amount that can be accelerated in a single year due to chronic illness?**
   The maximum amount that can be requested in a single year for chronic illness is capped by the IRS per diem limit at the time of the acceleration. Of course, the maximum amount in a single year is also capped by the maximum cumulative amount described above.

5. **Is the policyowner required to request the maximum acceleration?**
   No, the amount of the requested acceleration is at the discretion of the policyowner. If the maximum acceleration is $120,000, the policyowner might only request $50,000 if that is what they need at the time. It's important to remember that the more that is requested through accelerations, the less that will be available at the time of the insured's death.

6. **What is the IRS per diem?**
   The IRS per diem is defined by IRS Section 101(g)(3)(D) and IRS Section 7702B(d). It is an amount defined by the IRS as the maximum daily amount that can be received on a tax-free basis for long-term care or chronic illness accelerated benefits. The IRS updates the amount each year. The per diem for 2026 is $430, which translates to $156,950 (365 days x $430) annually.

7. **If I purchase my policy in 2026, does that mean that my maximum chronic acceleration in a year is always based on the $430 per diem limit?**
   No, the per diem limitation that will be applied to the acceleration request will be based on the year of the acceleration request. If the client requests an acceleration in 2034, and the per diem at that time is $530 (for example), then the maximum acceleration would be $193,450 (365 days x $530).

8. **Do we already know what the per diem amount will be in future years?**
   No, the per diem amount is indexed to inflation and is declared by the IRS annually in the 4th quarter for the next year.

9. **If the insured was only chronically ill for a portion of the year in 2026, can they receive the full annual amount of $156,950?**
   No, the limitation is based on the number of days the insured is expected to be chronically ill in the year. If the physician certifies the insured first became chronically ill on September 1, then their limitation will be based on 121 days x $430, which is $52,030.

10. **In determining the single year limitation for chronic illness, is it based on the date the acceleration request was made?**
    No, it is based on the date the insured became chronically ill. If the initial acceleration request was made on September 1, but the physician certifies the insured was already chronically ill on January 1, then the full 365 day per diem amount ($156,950) would be available in that year.

11. **If the insured first became chronically ill in September 2025, but the acceleration request was not made until January 2026, is the policy eligible for the full annual benefit amount?**
    Yes, the eligible benefit amount is based on the time the insured is expected to be chronically ill in the year of the request. In this case, the insured is expected to be chronically ill for all of 2026, so the full benefit amount is available. If the acceleration request had been made in December 2025, the benefit would have been limited, as the insured was only chronically ill for 4 months in 2025.

12. How do we determine the amount the policyowner will receive from a chronic illness acceleration?
We will deduct an actuarial discount from the requested acceleration amount, plus a $100 processing fee. The actuarial discount is based on the insured's life expectancy (in years) and an actuarial discount interest rate. For example, if the actuarial discount rate is 4.5% and the life expectancy of the insured is 4 years, the actuarial discount would be 18% (4 years x 4.5%). If the requested acceleration was $100,000, then the net amount received by the policyowner would be $81,900 ($100,000 – [18% x $100,000] – $100).

13. How do we determine the actuarial discount interest rate?
The actuarial discount interest rate will be the lesser of (a) the Moody's Corporate Bond Yield Average for the calendar month ending two months before the date the client exercises the rider (which was 2.89% in October 2020), and (b) some states use a prescribed 6.0%. The actuarial discount interest rate will be determined at the time of the acceleration request.

14. How do we determine the life expectancy of the insured at the time of the chronic illness acceleration?
The life expectancy will be determined by our Medical Directors, based on the information that is provided at the time of each requested acceleration. If there is not sufficient information to determine the life expectancy, we may request additional medical records, at their own expense.

15. Is the life expectancy redetermined for each requested acceleration?
Yes, the life expectancy is redetermined each time by our Medical Directors. If the life expectancy was 4 years at the initial acceleration request, then another acceleration request is made 12 months later, the life expectancy used for the 2nd acceleration will not necessarily be 3 years. It could be less or more based on the medical condition of the insured at that time.

16. After the initial chronic illness acceleration, how do you determine the amount available for future accelerations?
The total amount available for all accelerations (terminal and chronic) is set at the time of the first acceleration. The limit is the lower of $1,000,000 or 80% of the specified amount at the initial acceleration. After the initial acceleration, the amount remaining for future accelerations is that limit less the sum of all past requested acceleration amounts. For example, if the specified amount at the initial acceleration was $500,000, the maximum available is $400,000 (80% of $500,000). If the initial acceleration request was $110,000, then there is still $290,000 available for future accelerations. Note that the total death benefit after the first acceleration is $390,000, but the amount available for future accelerations is not 80% of $390,000.

17. For the single year limitation, is the maximum based on the acceleration amount requested or the amount received by the client?
For the single year limitation, the cap is based on the net amount after the actuarial discount. So, if the cap in 2026 is $156,950, and the insured has a 4-year life expectancy, the maximum requested acceleration would be approximately $180,100, as this would net to approximately $156,950, with an 18% actuarial discount. At the time of the acceleration request, we can calculate the maximum amount that would be allowed.

18. What is the maximum cumulative amount that can be accelerated due to terminal illness?
The maximum amount that can be accelerated is the lesser of $1,000,000 or 80% of the face amount.

19. How is the net payout determined for a terminal illness acceleration?
It is very similar to the chronic illness acceleration calculation, except the life expectancy is always one year. If the current actuarial discount interest rate is 4.5%, then the net payout on a $1,000,000 acceleration request would be $954,900 ($1,000,000 – [4.5% x $1,000,000] – $100).

20. Are terminal illness accelerations subject to the same per diem cap as chronic illness?
No, there are no similar restrictions on terminal illness accelerations, as those are covered by a different section of the tax law. The maximum terminal illness acceleration is the lesser of $1,000,000 or 80% of the specified amount.

21. What happens if we require additional proof of terminal or chronic illness?
We reserve the right to review the medical records and seek a second opinion. Any such actions will be at our expense.

22. How often can a chronic illness acceleration be requested?
There is no limit to the number of chronic illness acceleration requests that may be made, but there must be at least 12 months between acceleration requests. Also, once there is a request for a terminal illness acceleration, there can be no more chronic illness acceleration requests.

23. What payment options are available for the chronic illness acceleration?
The chronic illness acceleration is only available as a lump sum. There is no option for payments on a monthly or other modal basis.

24. Can the insured set it up so that a chronic illness acceleration is automatically requested every 12 months?
No, we must receive a new chronic illness acceleration request each time, and this must be initiated by the policyowner.

25. Does the insured need to be recertified as chronically ill every year?
The insured needs to be recertified as chronically ill every time an acceleration is requested. Although this may occur annually, it is possible that acceleration requests may occur years apart. In that case, the insured would only need to be recertified at the next acceleration request.

26. Will the chronic acceleration payout always be tax-free?
Although the Chronic Illness Rider has been designed to provide tax-advantaged payouts, there are other factors that may come into play. For example, if the insured is receiving benefit payments from a long-term care insurance policy, then those benefits would apply against the per diem cap.

For example, if the insured is already receiving $48,000 of benefits from a long-term care policy, then the insured could only receive $108,950 in acceleration benefits in 2026 without being taxed. Our acceleration claim form will request this information, but the insured is encouraged to contact their tax advisor in these situations.

27. Are chronic illness benefits still tax-favored if the policy is owned by the insured's employer (e.g., key man insurance)?
No, chronic illness benefits are not excluded from income if the policy is owned by the insured's employer.

28. What will the policyowner receive from us for tax reporting?
The policyowner will receive a 1099-LTC form, which will indicate the benefits received and whether they were for terminal or chronic illness. The form also has separate entries for accelerated benefits and long-term care benefits. The policyowner would then be expected to complete IRS Form 8853 to determine which benefits could be excluded from income.

29. How is the remaining policy impacted by the acceleration?
First, the specified amount of the policy will be reduced by the requested amount (not by the net amount the client receives after the actuarial discount and processing fee). The accumulation value and any outstanding policy loan would be reduced by the same proportion as the specified amount. Any cost of insurance (COI) charges and no-lapse premiums would be impacted the same way as with any other face amount decrease, reflecting the lower specified amount. The billed/planned premium for UL policies will not change automatically, as that is the client's choice. The client is encouraged to request an inforce reproposal to determine what they want their new billed premium to be. A terminal illness acceleration on a Term Life Answers policy will automatically adjust the premium.

30. Are the terminal illness and chronic illness benefits considered loans on the policy?
No, the terminal and chronic illness benefits are direct accelerations of the death benefit and are not loans. There are many other companies that provide accelerated benefits through a loan.

Helping Clients File a Claim

If you have a client who may qualify for one of the Accelerated Death Benefit Riders and would like to file a claim for an accelerated benefit, here's how the process works.

1. **Complete the claim form.**
   Help your client complete the Application for Accelerated Benefits which can be found on Sales Professional Access or you can call our Claims department at 800-775-1000 to obtain the claim form. Be sure to ask your client to gather any necessary documentation ahead of time to help speed up the process.

2. **Submit the claim form with any supporting documentation.**
   The completed claim form should be submitted to United of Omaha for review along with any necessary documentation, such as verification from his or her physician.

3. **Receive and review the claim calculation.**
   United of Omaha will calculate the accelerated benefit that the client is eligible to receive and will send documentation of this amount to the client for review.

4. **Decide whether or not to accept and finalize the claim.**
   Once the client receives the benefit offer, he or she must decide whether to move forward with the claim or decline the offer.



Why Mutual of Omaha

Over 50 years of Mutual of Omaha's Wild Kingdom taught us that the animal kingdom and the human kingdom have something in common ... an instinct to protect what matters most. Through insurance and financial products, we help people protect their lives, protect their families, protect their kingdoms.

MutualofOmaha.com

Life insurance is underwritten by United of Omaha Life Insurance Company, 3300 Mutual of Omaha Plaza, Omaha, NE 68175. United of Omaha Life Insurance Company is licensed nationwide, except New York. Each underwriting company is solely responsible for its own contractual and financial obligations.

Mutual of Omaha