



Fidelity &  
Guaranty Life®

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# Planning for Life's Unexpected Events

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Enhancing your life insurance policy with Accelerated Death Benefit riders through Terminal Illness and Critical Illness riders.

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**Life insurance continues to provide numerous solutions for your clients and can be a powerful option to consider during the financial planning process. Most importantly, it provides a death benefit for your clients when their families may need it the most. In addition to the death benefit, life insurance can provide benefits for your clients while they are still living.**

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**Accelerated Death Benefit** riders are examples of important additional benefits offered within a life insurance policy. You may see or hear them referred to as living benefit riders because they provide protection for your clients while they are still living, at a time when they may need them the most. Living Benefits are becoming increasingly more important when considering what solutions your clients may need.

**Living Benefits** can look very different. Fidelity & Guaranty Life® offers two options with our Critical Illness and Terminal Illness Accelerated Death Benefit riders. Let's take a look at how these riders can provide protection and value for your clients.



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# What are the Accelerated Benefit Riders?

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## Critical Illness Rider<sup>1</sup>

This benefit will allow the acceleration of up to 100% of the policy's death benefit, not to exceed \$1,000,000 in the event the insured suffers a Heart Attack, Stroke, Major Organ Transplant, Paralysis, Diagnosis of ALS (Amyotrophic Lateral Sclerosis), Arteria Aneurysms, Central Nervous System Tumors, Major Burns, diagnosed with Cancer or End-Stage Renal Failure.

## Terminal Illness Rider<sup>1</sup>

If a physician diagnoses the insured with a terminal illness that results in a life expectancy of less than 24 months<sup>2</sup>, this rider can now allow the acceleration of up to 100% of the policy's death benefit, not to exceed \$1,000,000.

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<sup>1</sup> The accelerated benefit paid will be based on the age and severity of illness and will be less than the accelerated amount due to receiving the death benefit prior to the death of the insured. The death benefit will be reduced by the full, accelerated amount. Benefits under these riders are intended to qualify for favorable tax treatment, ultimately these benefits may or may not be taxable. You should seek assistance from your personal tax advisor before exercising this benefit.

<sup>2</sup> Less than 12 months in the state of Florida

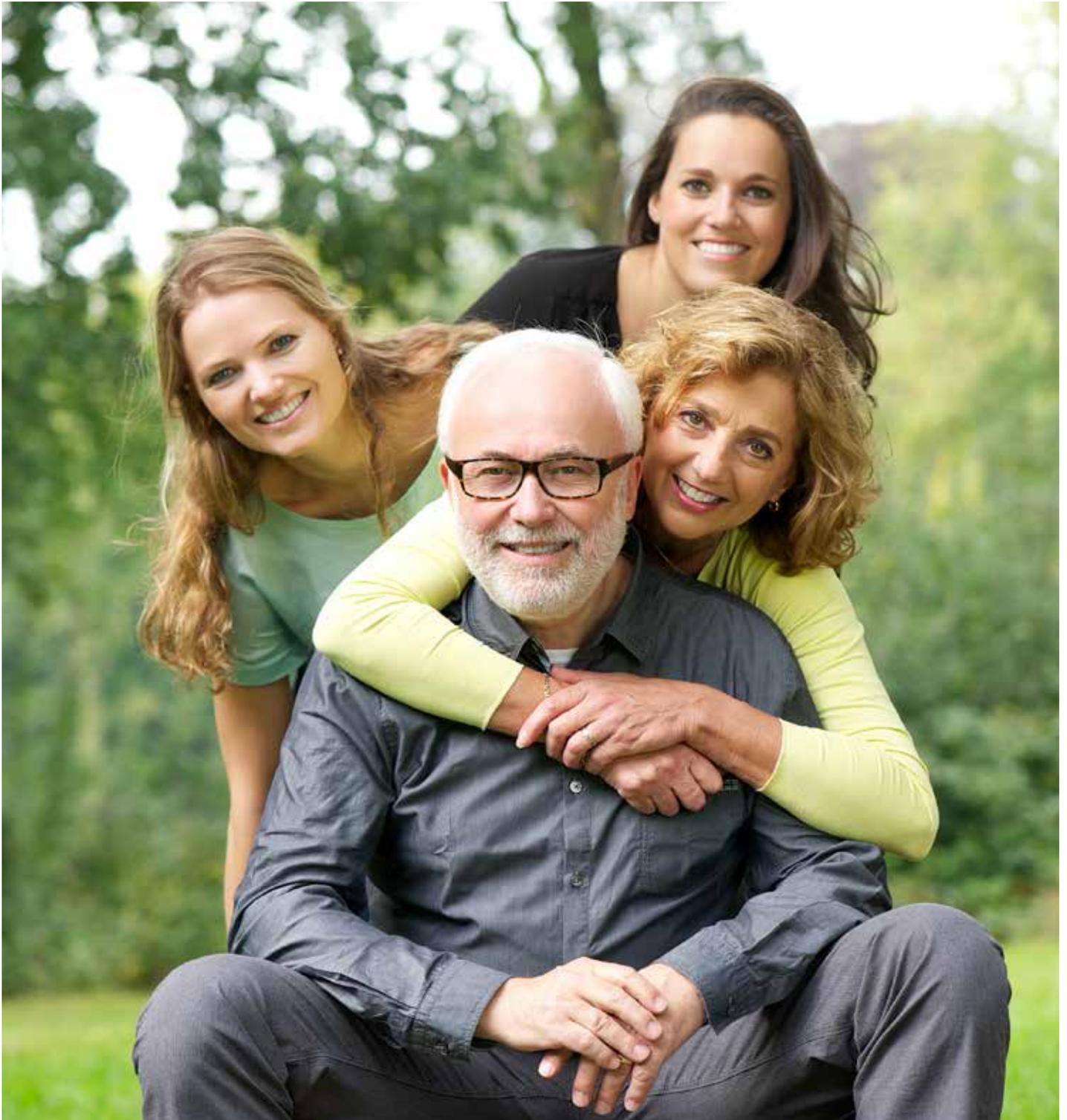
For the Critical Illness Rider a covered illness must first occur on or after the effective date of the rider. The following covered critical illnesses are available in California: Cancer, Heart attack, Stroke, End-stage renal disease.

# How do these benefits work?

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Let's take a look at how the benefit of the Critical Illness Accelerated Death Benefit rider may work.

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# Hypothetical Example:

Jeffrey decided to purchase an FGL life insurance policy to help protect his wife Susan and their two daughters Avery and Grace in the event something should happen to him. Jeffrey worked for 30 years as a construction foreman and worked hard to provide for his family. Once Jeffrey turned 65, he decided to retire. His daughters are grown with families themselves and Jeffrey enjoys spending time with them as much as he can. Jeffrey began to have difficulty breathing at the age of 68 and went to his physician to see what was causing his breathing issues. After several tests Jeffrey's physician diagnosed him with lung cancer. This was an extremely tough discovery for Jeffrey and his family. Jeffrey began treatment for his lung cancer. As the treatments continued, Jeffrey became weaker and was not able to spend as much time with his family as he once did. He was spending a large portion of their savings to cover medical bills. Jeffrey was not sure what he was going to do. Jeffrey's agent was a close personal friend and reminded Jeffrey that his FGL life insurance policy included a benefit for critical illness. The critical illness rider allows him to accelerate a portion of his death benefit to help provide some

## Critical Illness Benefit

Client: Jeffrey

Issue Age: 40

financial relief for himself and his family. Jeffrey chose to exercise a portion of his death benefit through the critical illness rider. He plans to use this money to help cover his expenses while he continues with treatment.

### Let's take a look at the potential benefit Jeffrey would receive:

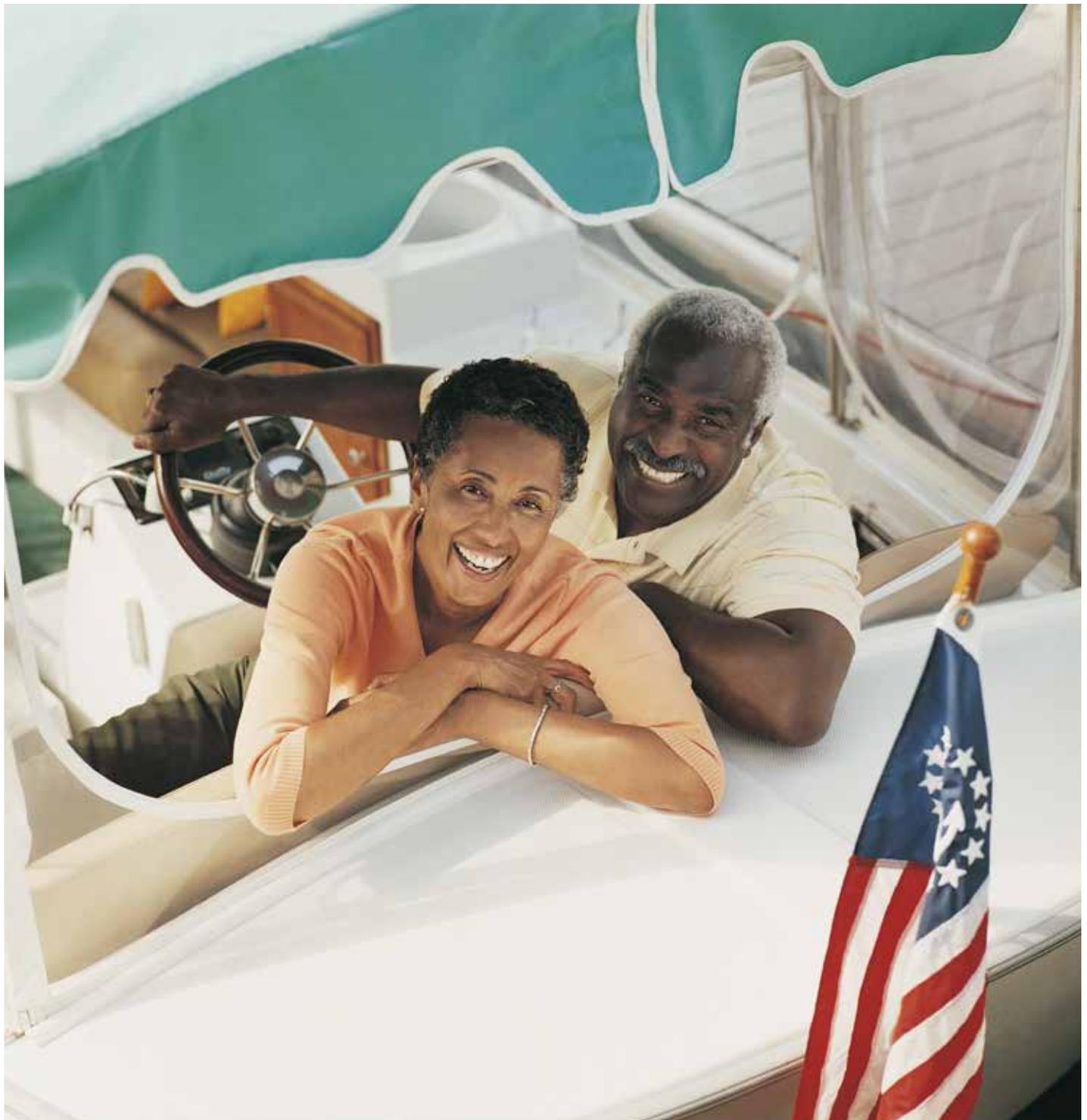
- Base Policy Death Benefit = \$400,000 and cash surrender value = \$48,849
- Jeffrey accelerates 90% of his death benefit or \$360,000
- The severity of his illness and the impact on future life expectancy dictates his actual benefit amount
- Jeffrey receives a benefit of \$228,622.25<sup>3</sup>
- Jeffrey plans to use this to help cover his expenses, but he can choose to use it for any need that may arise
- The remaining death benefit amount after he accelerated 90% is \$40,000 and the remaining cash surrender value is \$4,884.90

Jeffrey's life insurance contract was able to provide a benefit for him when his family needed it the most through the Critical Illness rider.

<sup>3</sup> Assumptions based on issue age 40, initial face amount \$400,000 at issue level death benefit, critical illness of lung cancer severity level three. Jeffrey exercised 90% of benefit at age 68.

# How do these benefits work?

Now let's take a look at how the Terminal Illness Accelerated Death Benefit rider may work.



# Hypothetical Example:

**Terminal Illness Benefit**  
**Client: Mary**  
**Issue Age: 50**

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Mary purchased an FGL life insurance policy to help provide additional protection for her husband Paul, in the event of her death. Mary was a schoolteacher for 40 years and retired at the age of 67. Mary and Paul were enjoying their retirement years and traveling across the country. Mary became very ill at the age of 70 and they had to put their future traveling plans on hold. Mary went to her physician and found out the heart breaking news that she had between nine and 18 months to live. Mary and her family decided that she was going to focus on the time she had left to enjoy her family. Mary remembered that she had the Terminal Illness Accelerated Death Benefit as a supplement to her FGL life insurance policy. She decided she would use a portion of that death benefit to celebrate her life with her husband, children and grandchildren.

## Let's take a look at the benefit of this rider:

- Base Policy Death Benefit = \$300,000  
Cash Surrender Value = \$50,042
- Mary accelerates 90% of her death benefit or \$270,000
- Mary receives a benefit amount of \$221,129.36<sup>4</sup>
- Mary's remaining death benefit amount is \$30,000 and cash surrender value is \$5,004

As you can see Accelerated Death Benefit riders<sup>5</sup> can provide additional benefits for your client's as part of their life insurance contract during different times in their lives. For your clients, understanding these benefits is important and the value they can provide for life's what ifs.

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<sup>4</sup> Assumptions based on issue age 50, initial face amount \$300,000 at issue level death benefit. Terminal illness occurred at age 71 and Mary exercised 90% of benefit.

<sup>5</sup> No additional premium is required for these riders. Riders are subject to state availability. Riders may have limitations and restrictions. Terminal Illness and Critical Illness riders are available on cases approved at standard or better rates. Policies issued with flat extra will not include these riders.



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