



Lifetime Income Benefit Rider™ (LIBR)

Quick Reference Guide

Growing old in America isn't what it used to be, and in many ways, that's a good thing. People are not only living longer, they have better educations – resulting in better health, higher income and a higher standard of living in retirement.

But there is a flip side to the coin. As Americans continue to live longer a new challenge presents itself: **“How do I make sure my retirement income lasts?”**

The life insurance companies of National Life Group provide life insurance products that help provide your clients and their families security if they Die Too Soon. But what if they Live Too Long?

The Lifetime Income Benefit Rider, once exercised, guarantees¹ your clients income for life – that's money they cannot outlive.²

Consumer Profile

- LIBR may be ideal for your clients who want death benefit protection in case they die prematurely, but also want the option to use their policy to supplement their retirement income when survivor protection is no longer a concern.
- Plus, your clients still retain a portion of the death benefit protection with LIBR – even if they exercise their lifetime income benefit, they will always maintain at least a \$15,000 death benefit.
- By adding the Accelerated Benefit Riders to their life policy, they can also have the option to use funds from their policy to meet expenses associated with a qualifying terminal, chronic or critical illness.³

Specifications

Product Availability

Available on NL & LSW FlexLife, LSW SecurePlus Provider, LSW SecurePlus Advantage 79, NL & LSW LifeCycle Solution and NL Ultra Select. LIBR is automatically added to all new eligible policies and is available for eligible inforce policies upon policy holder's request.

Issue Ages

Issue ages 0-75; 0-70 for SecurePlus Provider. For LifeCycle Solution, issue age is based on the younger insured.

Exercise Age Limits

Cannot be exercised before age 60 or after age 85; for LifeCycle Solution, exercise age limits are based on the younger insured.

Benefit Amount

A defined income base is used in determining the benefit payments available. Benefit payments may be monthly, quarterly, semi-annually or annually.

Waiting Period

10 years; 15 years for SecurePlus Provider. Any face amount increases during this period – also known as the accumulation period – will trigger the start of a new waiting period.

Death Benefit Option

Available for both Death Benefit Option A and B. If Option B is elected, it will automatically be switched to Option A at the end of the accumulation period.

Definition of Life Insurance

Only available with GPT, not available for CVAT policies

LIBR is available for both MEC and Non-MEC policies.

Products issued by

National Life Insurance Company® | Life Insurance Company of the Southwest™

Experience Life®

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¹ Guarantees are dependent upon the claims-paying ability of the issuing company.

² Riders are supplemental benefits that can be added to a life insurance policy and are not suitable unless the client has a need for life insurance.

³ Receipt of accelerated benefits will reduce the policy's cash value and death benefit and may result in a taxable event. Electing to receive accelerated benefits after you have started to receive income from the Lifetime Income Benefit Rider will terminate the LIBR income benefits.



How does LIBR work?

LIBR is automatically added to eligible policies at issue. LIBR gives the insured an option to exercise the rider once certain conditions have been met, and receive a lifetime stream of income – guaranteed. There is no additional charge to add the rider to the policy, but there is a monthly charge from the accumulated value during the income payment period. The guaranteed lifetime income is deducted from the policy's account value through policy loans, consequently reducing the policy's cash value and death benefit. The policy owner retains full rights, and control over, the accumulated value until a minimum threshold criterion is obtained. Upon reaching this threshold, a minimum \$15,000 death benefit will be maintained and the insurer begins paying benefit payments directly to the policy owner.

Are Benefit Amounts Guaranteed?

The benefit is not guaranteed until LIBR is exercised. Once exercised, the income base is set equal to the accumulated value and is used to calculate benefit payments.

Are Benefits Taxable?

For Non-MEC policies, benefit payments are not taxable during the years the policy has cash value. Once the minimum threshold criterion is met, and policy cash surrender value has been exhausted, benefits will be subject to ordinary income taxes. For MEC policies, benefit payments are subject to income tax. Policy owners may want to consult with their tax advisors.

What are the eligibility requirements to exercise LIBR?

In addition to meeting issue ages, exercise age limits and the waiting period, conditions include, but are not limited to, the following:

- Any outstanding policy loans must be repaid in full;
- The policy's death benefit ratio is less than or equal to the maximum death benefit ratio, where the death benefit ratio is equal to the death benefit divided by the cash surrender value at the time of exercise;
- Benefit payments are greater than or equal to \$100.

Are premium payments still required once LIBR is activated?

No, once the rider is exercised additional premiums cannot be paid, unless the policy holder has decided to temporarily suspend income payments.

Can Income Payments be Stopped and Restarted?

Yes, income payments can be suspended temporarily and can be resumed at any time up to and including the insured's attained age 85, except for LifeCycle Solution policies. However, income payments may only be suspended or resumed once per policy year.

While income payments are suspended, no LIBR rider charge will be deducted from the policy. Policy holders can make premium payments, loan repayments, request face amount increases or decreases or take partial withdrawals and policy loans - but only while income payments are suspended. Death benefit option changes cannot be requested.

Once income payments are restarted, the new benefit payments will be guaranteed to be at least as much as the prior benefit payments, as long as the policy holder has not requested face amount increases, partial withdrawals or policy loans. If income payments are not restarted before the insured reaches age 85, the rider will terminate.

How are benefits paid and can they change?

This rider includes a ratchet feature which resets the income base at the end of every fifth LIBR anniversary during the income period. At that time if the cash surrender value is higher than it was on the previous recalculation date, the income base will be increased to equal the higher cash surrender value. The benefit payments will then be recalculated using the adjusted income base. If the cash surrender value is lower than it was on the previous recalculation date, the income base will not be reduced.

Policyholders may choose, at the end of the accumulation period, between a Level Payout Option or an Increasing Payout Option. The Payout Option selected may not be changed after the rider has been exercised.

Level Payout Option: provides benefit payments that remain level, subject to the ratchet feature increases. Payments start at a higher amount than the Increasing Payout Option but are not subject to an annual increase.

Increasing Payout Option: benefit payments increase on every rider anniversary, by an adjustment amount equal to the benefit payment for the prior year multiplied by the Annual Increase Percentage currently at 3.0%. This increase will continue until the minimum threshold value is reached and the cash surrender value is exhausted, after which the annual Guaranteed Income Payment will remain level at the value of the payment at the last anniversary. The Increasing Payout Option is also subject to the ratchet feature increases.

For more information on the Lifetime Income Benefit Rider, call the National Life Group Sales Desk at 1.800.906.3310 or visit NationalLifeGroup.com

NL FlexLife Indexed Universal Life insurance, NL LifeCycle Solution Survivorship Indexed Universal Life insurance and Ultra Select Indexed Universal Life, and associated riders are underwritten by National Life Insurance Company, Montpelier, VT, 800-906-3310, www.NationalLifeGroup.com. LSW FlexLife Indexed Universal Life Insurance, LSW LifeCycle Solution Survivorship Indexed Universal Life insurance, SecurePlus Advantage 79 Indexed Universal Life and SecurePlus Provider Indexed Universal Life, and associated riders, are underwritten by Life Insurance Company of the Southwest, Addison TX.

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