



Term conversion with the Accelerated Access Solution (AAS)

The primary reason to buy life insurance is to provide a tax-free* death benefit to the ones you love – the people who depend on you. Your term life insurance policy from American General Life Insurance Company provides that coverage.

However, your policy protects you for a fixed number of years.

What happens if you need protection for a longer period?

What if you want more from your policy?

With the powerful new life insurance options that are available today, you can do much more than provide a death benefit to your loved ones. Consider converting your current policy to a permanent life insurance product.

And now you have the option of electing to add on chronic illness protection with the Accelerated Access Solution Chronic Illness rider if you meet the eligibility requirements below!

Think life insurance only pays out to your loved ones when you die? Not anymore.

ACCESS YOUR OWN LIFE INSURANCE BENEFITS WHILE LIVING

By adding the Accelerated Access Solution (AAS) chronic illness rider to a select life insurance policy when you do a term conversion, you can access your income tax-free life insurance benefits, if diagnosed with a chronic illness.

Should an eligible chronic illness occur, you can be paid monthly benefits until that illness improves or your AAS benefit is exhausted – whichever happens first. See full rider for details.¹ It's a good option for consumers who understand the value and security of combining death benefit and chronic illness protection into one.

*Term Life Death Benefits are excludable from your beneficiary's federal taxable income under most circumstances. You should consult your tax advisors for your specific factual situation.

¹ If the annual amount received by the policy owner for chronic illness benefits from all applicable sources exceeds the actual cost of care in a year or exceeds the IRS per diem exclusion limit aggregated for the portion of the year during which the Insured Person was certified as being chronically ill, some of the benefits may be taxable. Policy owners should consult their own tax advisors regarding how receipt of the benefit will apply to their own tax situation.



AAS PROVIDES FREEDOM OF CHOICE

Unlike many long-term care reimbursement policies, AAS can be used to pay for any expense – even those unrelated to the illness. The use of accelerated death benefits is unrestricted:

- Adult daycare
- Assisted living or nursing home
- Massage therapy
- Prescription drugs
- Home maintenance (lawn, handyman, etc.)
- Home improvements (new furniture, upgraded shower, ramp installation, etc.)
- Gas for transportation to and from treatments
- Cash in the pocket of a friend or loved one taking time off work to assist in your care

HOW IT WORKS

Using your benefit

- Multiple benefit payment options – three options available for monthly disbursement:²
 - 2% of the AAS benefit per month
 - 4% of the AAS benefit per month
 - IRS maximum per diem amount at time claim begins
- Waiver of monthly deduction – if you file an approved chronic illness claim to access your money via your AAS rider, then you will not be responsible for paying policy deductions while you continue to access those benefits
- Flexible options with total benefit amount – select any amount between 50%-100% of the base policy life insurance benefit amount³
- Care coordination services available – variety of optional and free support services available to you at time of claim
- Control how your own claim money is spent – money goes directly into your pocket, not the health provider or care facility
- You get what you pay for – your potential total AAS benefit matches the amount you select at time of purchase exactly, no need to guess what your total payout might be after fees and deductions.
- More flexibility than a “use it or lose it” long-term care policy – benefits are paid no matter what...either to the insured if they become chronically ill, or to your beneficiaries at the time of your death.⁴
- No receipts required – you don’t need to show or tell us how you spend your money
- No waiting period – chronic illness benefits are available for activation as soon as the policy is issued, subject to eligibility

² The 2021 rate is \$400/day which equates to \$12,167 for a thirty day month.

³ Insured must be certified as chronically ill by a licensed health care practitioner and meet all eligibility requirements.

⁴ Assumes all remaining premiums are paid on time and in full.

Becoming eligible

To activate the rider, an insured person must be certified by a licensed health care practitioner to be considered a “chronically ill person.” One of the following health impairment criteria must be met for a period of at least 90 consecutive days:

1. The insured is unable to perform, without substantial assistance from another person, at least two of the Activities of Daily Living (ADLs):
 - Eating
 - Toileting
 - Transferring
 - Bathing
 - Continence
 - Dressing
2. The insured requires substantial supervision from threats to health and safety due to a severe cognitive impairment (similar to Alzheimer’s and other forms of irreversible dementia) that is measured by clinical evidence and standardized tests measuring:
 - Short-term or long-term memory
 - Orientation as to people, places or time, and
 - Deductive or abstract reasoning

Once all criteria are met, monthly benefits may begin.⁵

Getting paid

Once the insured meets the health impairment criteria and benefits have been approved for payment, the following will occur in order:

1. Payment of Accelerated Access Solution benefits, which are designed to be received income-tax-free⁴ will begin.
2. Monthly deductions will be waived for as long as the policy owner meets the chronic illness requirements.
3. The life insurance benefit will be reduced by each Accelerated Access Solution benefit amount paid to the policy owner.
4. At death, any remaining life insurance benefit will be paid to your policy beneficiary income-tax-free.⁶

Remember: AAS must be added to the life insurance policy at the time of the term conversion in order to be valid.⁷ The monthly cost of the rider will vary based on the AAS benefit amount selected, issue age, gender and underwriting class.

Chronic conditions do not need to be considered “life-long” or permanent in order to be eligible.

Eligibility

Available on Select-a-Term policies issued within the previous 5 years and still within its convertible period

Insured age 60 or younger

Original policy issued at a standard or better underwriting classification (i.e. no substandard classes and no flat extras allowed)

Cannot be the conversion of a child rider

Permanent Policies available for conversion

- Secure Lifetime GUL 3
- Max Accumulator+ II
- Value+ Protector II
- Platinum Choice VUL 2

Underwriting

Non Invasive Underwriting will be conducted to determine qualification for the AAS Rider at the time of the term conversion application. The applicant can be declined for the AAS Rider. If this were to happen the insured may still proceed with the term conversion but without the AAS Rider.

⁵ Insured must be certified as chronically ill by a licensed health care practitioner and meet all eligibility requirements.

⁶ Based on current federal income tax laws, policy owners should consult a qualified tax advisor.

⁷ The free Terminal Illness Rider must be added to the policy in addition to the Accelerated Access Solution rider.

(1) When filing a claim for Qualifying Critical Illness under a Critical Illness Accelerated Death Benefit Rider, for Qualifying Chronic Illness under a Chronic Illness Accelerated Death Benefit Rider or for Qualifying Terminal Illness under a Terminal Illness Accelerated Death Benefit Rider, the claimant must provide to the Company a completed claim form and then-current Certification which must be received at its Administrative Center.

(2) If a benefit under the Critical Illness Accelerated Death Benefit Rider is payable, the Company will provide the Owner with one (1) opportunity to elect a Critical Illness Accelerated Benefit Amount as to the occurrence of the Qualifying Critical Illness in question. To make such an election, the Owner must complete an election form and return it to AGL within the Election Period set forth in the rider (i.e., within 60 days of the owner's receipt of the election form).

The Company will not provide a later opportunity to elect a Critical Illness Accelerated Benefit Amount under a Policy as to the same occurrence of a Qualifying Critical Illness.

(3) If a benefit under the Chronic Illness Accelerated Death Benefit Rider or under the Terminal Illness Accelerated Death Benefit Rider is payable, the Company will provide the Owner with an opportunity to elect a Chronic Illness Accelerated Benefit Amount as to the Qualifying Chronic Illness in question or to elect a Terminal Illness Accelerated Death Benefit Amount as to the Qualifying Terminal Illness in question, as applicable. To make an election, the Owner must complete an election form and return it to AGL within 60 days of the Owner's receipt of the election form.

(4) Under certain circumstances where an insured's mortality (i.e., our expectation of the insured's life expectancy) is not significantly changed by a Qualifying Critical Illness or a Qualifying Chronic Illness and, notwithstanding the Minimum Accelerated Benefit Amount provision, the accelerated benefit may be zero.

(5) See your policy for applicable requirements concerning claim and election forms for accelerated death benefits.

(6) Benefits payable under an accelerated death benefit rider may be taxable. Neither American General Life Insurance Company nor any agent representing it is authorized to give legal or tax advice. Please consult a qualified legal or tax advisor regarding questions concerning the information and concepts contained in this material.

(7) Generally, we will send you an IRS Form 1099-LTC if you receive an accelerated death benefit on account of a Chronic Illness or a Terminal Illness. We will send you an IRS Form 1099-R if you receive an accelerated death benefit on account of a Critical Illness. The sum that will be included in Box 2 (Accelerated death benefits paid) of IRS Form 1099-LTC or in Box 1 (Gross distribution) of IRS Form 1099-R will be the actual sum you received by check or otherwise minus any refund of premium and/or loan interest included with our benefit payment plus any unpaid but due policy premium, if applicable, and/or pro rata amount of any loan balance.

(8) The maximum amount of life insurance death benefits that may be accelerated as to an Insured Person under all accelerated benefit riders is the lesser of the existing amount of such death benefits or a lifetime maximum of \$2,000,000.

(9) See your policy for details.

NOT Long-Term Care Insurance

This is a life insurance benefit that also gives you the option to accelerate some or all of the death benefit in the event that you meet the criteria for a qualifying event described in the policy. This policy or certificate does not provide long-term care insurance subject to California long-term care insurance law. This policy or certificate is not a California Partnership for Long-Term Care program policy. This policy or certificate is not a Medicare supplement policy.

An accelerated death benefit such as the Chronic Illness Accelerated Benefit Rider and long-term care insurance provide very different kinds of benefits:

Generally, an accelerated death benefit is a rider to or other provision in a life insurance policy that permits the policy owner to accelerate some or potentially all of the death benefit of a life insurance policy if the insured meets the definition of having a chronic illness as defined in the rider or policy provision. Acceleration of death benefits and payments under such an accelerated death benefit will reduce the death benefit of the policy and reduce other policy values as well, potentially to zero. If the entirety of the insurance amount is accelerated, the policy terminates.

A Long Term Care insurance policy is any insurance policy, certificate, or rider providing coverage for diagnostic, preventive, therapeutic, rehabilitative, maintenance, or personal care services that are provided in a setting other than an acute care unit of a hospital. Long-term care insurance includes all products containing any of the following benefit types: coverage for institutional care including care in a nursing home, convalescent facility, extended care facility, custodial care facility, skilled nursing facility, or personal care home; home care coverage including home health care, personal care, homemaker services, hospice, or respite care; or community-based coverage including adult day care, hospice, or respite care. Long-term care insurance includes disability based long-term care policies but does not include insurance designed primarily to provide Medicare supplement or major medical expense coverage.

If you are interested in long-term care, nursing home or home care insurance, you should consult with an insurance agent licensed to sell that insurance, inquire with the insurance company offering the accelerated death benefits, or visit the California Department of Insurance Internet Web site (www.insurance.ca.gov) section regarding long-term care insurance.

If you choose to accelerate a portion of your death benefit, doing so will reduce the amount that your beneficiary will receive upon your death.

Receipt of accelerated death benefits may affect eligibility for public assistance programs, such as Medi-Cal or Medicaid. Prior to electing to receive the accelerated death benefit, you should consult with the appropriate social services agency concerning how receipt of accelerated death benefits may affect that eligibility.

If the policy terminates, the Chronic Illness Accelerated Death Benefit Rider will also terminate.

LTC expense reimbursement vs. ADB benefits are paid without receipts. LTC benefits are based on benefit levels and a pool of money selected at the time of purchase, and ADB benefits depend on the life policy value. ADB benefits will reduce the death benefit that the policyholder's heirs will receive, and the use of the ADB proceeds is unrestricted, whereas LTC benefits will not reduce the death benefit that the policyholder's heirs will receive and the policyholder must use LTC benefits for LTC services.

We see the future in you.SM



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