Columbus Life Insurance Company

A member of Western & Southern Financial Group

Competitive Spotlight

The Need for Predictable Living Benefits

None of us can see what's ahead in life — but when planning for their financial future, your clients want to know that some things are predictable.

Although more and more companies are offering living benefits, Columbus Life has remained competitive with our ability to offer a more predictable living benefit, which gives the policy owner the option to advance the Death Benefit on their Universal Life policy by way of our Life *Plus* Accelerated Death Benefit Rider.® The difference lies in the method we use to offer an advance on a policy holder's Death Benefit. While many of our competitors use what is known as the Discounted Death Benefit method, or a Dollar for Dollar method, Columbus Life uses the straight forward Lien method. Let's compare these three methods and how they could work for your clients.

	Discounted Death Benefit Method	Dollar for Dollar Method	Our Approach: The Lien Method
DESCRIPTION	Death Benefit is accelerated upon qualifying trigger. The death benefit is discounted based on the new life expectancy's interest, mortality and loss of future premiums.	Policy's Death Benefit is accelerated upon qualifying trigger with no discounting.	Policy's Death Benefit is accelerated upon qualifying trigger with no discounting, but advance will be considered a lien.
RIDER COST	Usually no additional premium required as the discounting is done to cover the additional cost of paying a benefit prior to death.	Additional premium is typically charged or built into the base pricing to cover the additional cost of paying an advance prior to death.	No additional premium is required, as the lien and lien interest with charges will cover the additional cost of paying a benefit prior to death.
PROS AND CONS	+ No additional premiums for the policy holder.	+ Very transparent design and can increase revenue for the insurance company due to higher premiums.	+ No additional premiums; this method is often looked at as being more straightforward to policy holders.
	– Not transparent, therefore policy holder could misunderstand the benefit they are to receive.	– The premiums for a policy with an accelerated death benefit rider that uses the Dollar for Dollar method for an advance may be more expensive for the policy holder.	– Lien will accrue interest and charges, which the policy holder has the option to repay.

Is the Lien method better for your client?

It's hard to tell in advance. With the lien method, the benefit is predictable, and the insurance company recoups the cost of accelerating the benefit gradually through the interest and monthly charges that accumulate on the lien. Because there is a lien, any unpaid premiums can also be added onto it if necessary to keep the policy in force. The interest rate charged is the same regardless of the age or health of the insured.

The Lien method is also able to tell a very straightforward and clear story. At any time a policy holder can see how much of an advance they would be eligible to receive, thanks to the calculation that Columbus Life has in place for their Life Plus Accelerated Death Benefit Rider.

When difficult times arise, predictability matters. The lien method not only helps to give your client assurance that they can know what they will receive, but adds flexibility by allowing unpaid premiums to be added to the lien — helping to prevent the policy from lapsing.

Living benefits are accessed through an advance of the policy's death benefit, provided the insured meets eligibility requirements under the applicable rider. An advance is treated as a lien secured by the Death Benefit of the policy and will reduce the Death Benefit payable if not repaid. The advance will accrue interest each year. The rate of interest will depend on the cash value of your policy and may vary. The lien may be increased in necessary to keep your policy in effect. This rider is added at no additional premium; however, we may charge a fee of up to [$250.00] for an advance payment.

Life insurance proceeds paid in the form of an accelerated death benefit when the insured has become chronically or terminally ill, and is otherwise eligible for benefits, are intended to receive favorable tax treatment under Section 101(g) of the Internal Revenue Code (26 U.S.C. Sec. 101(g)). There may be tax consequences in some situations in accepting an accelerated benefit payment amount, such as where total payments exceed the per diem limitation under the Internal Revenue Code. Consult your tax advisor before taking an advance. The taking of rider benefits may affect eligibility for certain public assistance programs and government benefits.

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 does not provide long-term care insurance subject to California long-term care insurance law. This policy is not a California Partnership for Long-Term Care program policy. This policy is not a Medicare Supplement policy.

An accelerated death benefit is not to be sold as or to replace long-term care insurance, nursing home insurance, or home care insurance. An accelerated death benefit (such as the Accelerated Death Benefit Plus Rider) and long-term care insurance provide very different kinds of benefits.

Product features differ between long-term care insurance and life insurance accelerated death benefit riders. Accelerated death benefit riders pay an unrestricted advance of a portion of the life insurance death benefit when the insured experiences terminal or chronic illness as defined in the rider. You do not have to show incurred care expenses associated with an accelerated death benefit. The maximum benefit payable is based on the policy's cash value and face amount. Any advance paid will reduce the death benefit of the policy. Long-term care policies or riders, on the other hand, pay benefits based on expenses incurred by the policyholder for long-term care. The total benefits available for long-term care insurance are selected by the policyholder at issue. Long-term care insurance is a stand-alone insurance policy or a rider designed to pay for the cost of long-term care services. Long-term care insurance may include coverage for such qualifying events as institutional care, care in a nursing home or skilled nursing facility, home care coverage, hospice care, respite care, or community care.

Life *Plus* Accelerated Death Benefit Rider series CLR-179 1208, CLR-201 1208, CLR-202 1409

Product and rider provisions, availability, definitions, and benefits may vary by state.

Life insurance products are not bank products, are not a deposit, are not insured by the FDIC, nor any other federal entity, have no bank guarantee, and may lose value.

Payment of benefits under the life insurance policy is the obligation of, and is guaranteed by Columbus Life. Guarantees are based on the claims-paying ability of Columbus Life. Products are backed by the full financial strength of Columbus Life.

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Columbus Life Insurance Company, Cincinnati, OH, is licensed in the District of Columbia and all states except New York.