

Equitable Reserve Association

A Not-For-Profit Fraternal Life Insurance Association, est. 1897

Instructions for Living Need Accelerated Death Benefit Rider Summary and Acknowledgement

Living Need Accelerated Benefit Rider enables the Owner to claim a portion of the policy's death benefit prior to the actual death of the Primary Insured, when the Primary Insured is diagnosed as having a "Terminal Illness". This is treated as an advance against the death benefit, reducing the policy's death benefit accordingly. Descriptions of major provisions and an illustration of the effect on policy values follow.

Mail completed form to:
Equitable Reserve Association
Attn: Member Services
P.O. Box 448
Neenah, WI 54957-0448

Keep a copy of the completed form for your records.

Call the Member Services Department at 1-800-722-1574 if you have any questions or concerns.

Equitable Reserve Association

LIVING NEED ACCELERATED BENEFIT RIDER Summary and Acknowledgement

The Living Need Accelerated Benefit Rider may be added to a policy at the request of the applicant. There is no additional premium charge for the Rider. We are giving you this summary of the Rider and are obtaining your signature to verify your receipt and review of the Summary.

RIDER TITLE: Living Need Accelerated Benefit Rider (Form ERAABR)

BRIEF DESCRIPTION: This Rider enables the Owner to claim a portion of the policy's death benefit prior to the actual death of the Primary Insured, when the Primary Insured is diagnosed as having a "Terminal Illness". This is treated as an advance against the death benefit, reducing the policy's death benefit accordingly. Descriptions of major provisions and an illustration of the effect on policy values follow.

AVAILABILITY: This Rider may be added to Equitable Reserve Association policies (unless in force as Extended Term Insurance or Reduced Paid-Up Insurance) at the written request of the Insured or Applicant in a form that is acceptable to us.

PREMIUM: None. However, when the benefit is claimed, we will deduct interest at an annual rate not to exceed the greater of the federal income tax reserve rate at the time of initial claim or the policy's policy loan interest rate. In addition, we will charge a one-time administration fee not to exceed \$250.

MINIMUM POLICY SIZE: \$10,000

MAXIMUM BENEFIT The Maximum Accelerated Benefit will be:

- \$100,000 of 65% of the Available Amount, whichever is less, minus
- The current cash surrender value of this policy and the current cash surrender value of any paid-up additions; minus
- The amount of any existing Benefit Payment Lien.

The Available Amount includes the current face amount of the policy plus any paid-up additions plus any term insurance riders (excluding Accidental Death). The owners access to the cash value through policy loans will be unaffected by the provision of this rider.

BENEFIT QUALIFICATION: To make a claim for the Accelerated Benefit, the Insured must be diagnosed as having a "Terminal Illness", that is, a noncorrectable illness or physical condition that, with reasonable medical certainty, results in a life expectancy of 12 months or less from the date of each claim application for benefit. The Terminal Illness cannot be the result of a willfully self-inflicted injury. We may request, at our expense, an examination by a physician of our choice and rely on that examination for claim payment.

EFFECT ON POLICY VALUES: What follows is an example intended to show what might happen to a life insurance policy's values when the Living Needs Benefit is paid.

Base Policy:	\$150,000	Total Cash Value:	\$15,000
		(Including Additions)	
Paid-Up Additions:	\$2,000	Outstanding Policy Loan:	\$5,000
		Loan Interest Rate:	7%
Term Rider:	<u>\$40,000</u>	Accelerated Benefit Interest Rate:	5%
Total Life Insurance:	\$192,000	Administration Fee:	\$250

Maximum Living Need Accelerated Benefit

Base Policy	\$150,000
Plus Paid-Up Additions	2,000
Plus Term Rider	<u>40,000</u>
Total Available Amount	\$192,000
Times Maximum Benefit Factor	<u>x .65</u>
	\$124,800
Maximum Benefit Limit	\$100,000
Less Cash Value	<u>- 15,000</u>
	\$85,000
Less Administrative Charge	<u>- 250</u>
Total Living Need Benefit Payable	\$84,750

Benefit payable at death (assuming death occurs exactly one year after payment of the \$84,750 Living Need Benefit)

Total Initial Death Benefit	\$192,000
Less Living Need Benefit	- 85,000
* Less Interest on Benefit	- 4,250
Less Policy Loan	- 5,000
Less Policy Loan Interest	<u>- 350</u>
Net Benefit Paid at Death	\$97,400

* NOTE: lien interest is paid on Administrative charge also.

ACCELERATED BENEFITS AND TAXATION:

The benefit paid under this rider may or may not be taxable. Tax liability created by the payment of this benefit depends on how the Internal Revenue Service interprets applicable portions of the Internal Revenue Code. As in all tax questions, the owner is advised to consult a personal tax advisor to assess the impact of this benefit.

ACCELERATED BENEFITS AND MEDICAID:

Payment of this benefit may have an effect on your eligibility for Medicaid and other government benefits or entitlements. If you have questions concerning Medicaid benefits, you should contact your local office of state government administering Medicaid or other government benefits.

I hereby acknowledge receipt of the Summary and Acknowledgement form and understand this Rider pertains only to the Primary Insured. It does not extend Rider coverage to other insureds in the same contract.

Signature of Representative

Date

Signature of Owner/Applicant

Date

If this rider is to be added to an in force policy,
please supply insured's name and policy number

Policy Number