

# **SUMMARY AND DISCLOSURE NOTICE FOR TERMINAL ILLNESS AND CHRONIC ILLNESS ACCELERATED DEATH BENEFIT RIDERS**

**American General Life Insurance Company**

## **SUMMARY AND DISCLOSURE NOTICE FOR ACCELERATED DEATH BENEFITS**

### **Required at Time of Application**

**Receipt of a benefit under an accelerated death benefit rider will reduce any death benefit that may become payable under the policy to which the rider is attached.**

### **PURPOSE OF THIS SUMMARY AND DISCLOSURE**

This Summary provides a brief description of the basic features of the accelerated death benefit riders listed below. This is not an insurance contract, but only a summary of the coverage provided by each rider.

If a policy is issued, it is important to check the policy for details on any accelerated death benefit rider that is included in the policy. It is also important to carefully read any accelerated death benefit rider included in the policy.

### **TAX CONSEQUENCES**

The accelerated death benefit riders are intended to qualify for favorable tax treatment. However, accelerated death benefits payable under an accelerated death benefit rider **MAY BE TAXABLE IN SOME CIRCUMSTANCES**. We recommend that you contact a tax advisor when making tax-related decisions about electing to receive and use benefits from an accelerated death benefit rider.

### **BENEFIT DESCRIPTIONS**

Accelerated benefit means the payment, during the Insured's lifetime, of a portion of the Insured's death benefit under the policy as described in an accelerated death benefit rider. Each accelerated death benefit rider described in this summary provides that the Owner may elect an accelerated benefit in an amount determined by the Company if the Insured experiences a covered qualifying event, subject to the provisions of the rider. The covered qualifying event varies by rider, as described below.

### **TERMINAL ILLNESS ACCELERATED DEATH BENEFIT**

The Rider provides that the Owner may elect an accelerated death benefit if the Insured is diagnosed as having a Terminal Illness, subject to the provisions of the rider. Terminal Illness means an illness that is expected to result in the death of the Insured in 24 months or less (12 months or less in Florida) from the date of the request for the accelerated death benefit.

### **BENEFIT AMOUNT FOR TERMINAL ILLNESS ACCELERATED DEATH BENEFIT RIDER**

The accelerated death benefit that is eligible to be paid under the Terminal Illness Accelerated Death Benefit Rider is equal to:

1. The Terminal Illness Accelerated Death Benefit Amount shown in the rider; less
2. The sum of any outstanding loans and accrued loan interest; less
3. An administrative fee, not to exceed the Maximum Administrative Fee shown in the rider.

You may elect to receive the entire terminal illness accelerated death benefit or any portion of this benefit amount. This amount is paid to You in a lump sum.

### **EFFECT OF BENEFIT PAYMENT ON POLICY – TERMINAL ILLNESS ACCELERATED DEATH BENEFIT RIDER**

The accelerated death benefit plus accrued interest on the accelerated death benefit will be treated as a lien against the policy's death benefit proceeds. There will be no reduction or lien against any term or accidental death benefit riders attached to the policy. Once a lien has been established it cannot be repaid. The death benefit proceeds will be reduced by the amount of the accelerated death benefit plus accrued interest on the accelerated death benefit and the sum of any other outstanding loans plus accrued loan interest made after the accelerated death benefit is paid.

## **CHRONIC ILLNESS ACCELERATED DEATH BENEFIT RIDER**

The Chronic Illness Accelerated Death Benefit Rider provides that Owner may elect an accelerated benefit if the Insured is certified as being Chronically Ill, subject to the provisions of the rider. Chronically Ill means that the Insured has been certified by a licensed health care practitioner within the preceding 12-month period as:

1. Being unable to perform, without Substantial Assistance from another person, at least two Activities of Daily Living for a period of at least 90 days due to a loss of functional capacity; or
2. Requiring Substantial Supervision to protect the Insured from threats to health and safety due to Severe Cognitive Impairment.

The Activities of Daily Living are Bathing, Continence, Dressing, Eating, Toileting and Transferring.

Severe Cognitive Impairment means a loss or deterioration in intellectual capacity that is comparable to (and includes) Alzheimer's disease and similar forms of irreversible dementia and is measured by clinical evidence and standardized tests that reliably measure impairment in the person's:

1. Short-term or long-term memory; and
2. Orientation as to people, places or time; and
3. Deductive or abstract reasoning.

## **BENEFIT AMOUNT FOR CHRONIC ILLNESS ACCELERATED DEATH BENEFIT RIDER**

The accelerated death benefit that is eligible to be paid under the Chronic Illness Accelerated Death Benefit Rider is equal to:

1. The Chronic Illness Accelerated Death Benefit Amount shown in the rider; less
2. A pro-rata amount of any policy loans.

You may elect to receive the entire chronic illness accelerated death benefit or any portion of this benefit amount. This amount will be paid to You in a lump sum.

## **EFFECT OF BENEFIT PAYMENT ON POLICY – CHRONIC ILLNESS ACCELERATED DEATH BENEFIT RIDER**

The accelerated death benefit payment will reduce certain policy components by a proportional amount. This proportion will equal the Chronic Illness Accelerated Death Benefit Amount, before reduction for repayment of policy loans, divided by the death benefit amount immediately before the payment. The components that will be reduced are:

1. Death benefit proceeds; and
2. Face amount; and
3. Cash value; and
4. Premiums; and
5. Policy loan amount, if any.

## **LIMITATIONS**

Any accelerated death benefit will be subject to the following limitations:

1. The benefit is not intended to allow third parties to cause You to involuntarily access the policy proceeds payable to the named beneficiary. Therefore, the accelerated death benefit will not be available if You are required to request it for any third party, including any creditor, governmental agency, trustee in bankruptcy or any other person or as the result of a court order.
2. If the Insured dies after a request for an accelerated death benefit has been submitted and before You receive the accelerated death benefit payment, such request will be voided and the policy's death benefit proceeds will be payable, subject to all other policy provisions.

## **MEDICAID/GOVERNMENT BENEFITS**

Receipt of accelerated death benefits from a life insurance policy MAY AFFECT YOUR ELIGIBILITY FOR MEDICAID AND SUPPLEMENTAL SECURITY INCOME ("SSI"), OR OTHER GOVERNMENT PROGRAMS. In addition, exercising the option to accelerate the death benefit and receiving that benefit before you apply for these programs, or while you are receiving government benefits, may affect your initial or continued eligibility. Contact the Medicaid Unit of your local Division of Medical Assistance and the Social Security Administration for more information.

## **IMPORTANT NOTICES**

**There is no premium or charge to include a Terminal Illness Accelerated Death Benefit Rider or a Chronic Illness Accelerated Death Benefit Rider on a policy.**

**Accelerated benefits do not and are not intended to qualify as long-term care insurance.**