



**NL FlexLife**  
Indexed Universal Life  
Buyer's Guide



Product issued by  
**National Life Insurance Company®**  
64331 MK3524(1111) TC64031(1111)

Experience Life®



# Introduction

Whether you are growing your career, family or business, nearing retirement or already enjoying your retirement years, financial security is always a high priority. And while everyone's personal finances and goals differ, we all share the same concerns.

- What would happen to my children if I were to die prematurely?
- How can I maintain my lifestyle, meet obligations, set money aside for emergencies and still save for retirement?
- If anything happened to me, would my family be able to stay in our home?
- Would there be enough money for my family to maintain their lifestyle?
- Will I be able to afford to send my kids to college?
- How do I save enough towards retirement?
- Will I outlive our retirement savings?
- With changes to government programs like Social Security and Medicare, how much will my assets be eroded by the cost of health care expenses such as nursing home or home health care?
- How can I leave the greatest legacy and protect my estate from significant taxes and settlement costs at death?

There is a strategy that can help you address your present and future financial goals. Indexed Universal Life (IUL), the flexibility to meet multiple planning needs with a single contract, offering the potential for:

- Income tax-free<sup>1</sup> death benefit for your beneficiaries following your death.
- Tax-deferred accumulation of cash value.
- A guaranteed minimum interest rate should the S&P Index<sup>®</sup> decline or remain level.<sup>2</sup>
- Tax-free distribution of cash value through loans and withdrawals.<sup>3</sup>
- Potential to guarantee a stream of lifetime income at retirement through the Lifetime Income Benefit Rider (LIBR).<sup>4</sup>
- Take advantage of multiple Index Strategies with a lump sum amount as a way to capture gains during market fluctuations.

## Required for all Applicants in the state of Arkansas

This Buyer's Guide reviews important points to consider when purchasing FlexLife Indexed Universal Life (IUL). Please read this document carefully. There are many different types of life insurance to choose from and we want to make sure you understand how your IUL product will work along with what benefits you can expect. After you have read this Buyer's Guide and should you decide to buy, please initial each page then sign and date the last page to acknowledge that you understand this product. Your signature also confirms your agent has explained how FlexLife works and has answered any questions you may have.

<sup>1</sup> Internal Revenue Code § 101(a)(1). There are some exceptions to this rule. Please consult a qualified tax professional for advice concerning your individual situation.

<sup>2</sup> Guarantees are dependent upon the claims-paying ability of the insurer.

<sup>3</sup> Contract loans and withdrawals will reduce the contract's cash value and death benefit and may result in a taxable event. Withdrawals up to the basis paid into the contract and contract loans thereafter may not create an immediate taxable event, but substantial tax ramifications could result upon contract lapse or surrender. This would not be true if the contract were classified as a Modified Endowment Contract (MEC), as all withdrawals would be considered taxable income.

<sup>4</sup> Assuming necessary parameters are met. See page 9 for parameters. Receipt of rider benefits will reduce the policy's cash value and death benefit, may result in a taxable event and may reduce or eliminate other policy features and benefits.

I have read and the agent has explained the information presented on this page. \_\_\_\_\_ (initial)

# Flexibility Highlights

- Premium flexibility
- Death benefit flexibility
- Flexible interest crediting strategies
- Easy access to policy values
- Living benefits

Indexed Universal Life gives you the flexibility to adjust both premium payments and the amount of insurance coverage you need.

Life insurance is the only financial tool that creates an immediate reservoir of funds that, at the death of the Insured, can be used to pay off debt, replace lost income, and allow your loved ones to continue to maintain their lifestyles.

Indexed Universal Life Insurance is considered to be one of the most flexible types of life insurance available in the marketplace today. Indexed Universal Life allows you to adjust the amount of insurance coverage and the premiums paid to meet your changing insurance needs. You also have the potential to build cash value in your policy – income-tax deferred – that can be accessed during your lifetime to meet unexpected emergencies, take advantage of opportunities, or to supplement retirement income.

## Premium Payments

Indexed Universal Life offers a flexible premium payment structure. You can make regular, level payments; change payment amounts; or you can skip payments altogether (subject to the contract's minimums and maximums). It is important to remember, however, that you need to make premium payments sufficient to keep the contract in force. **Paying higher premiums than are necessary (or required) can result in significant tax-deferred cash value growth and ultimately, greater premium payment flexibility down the road.**

## Death Benefit Options

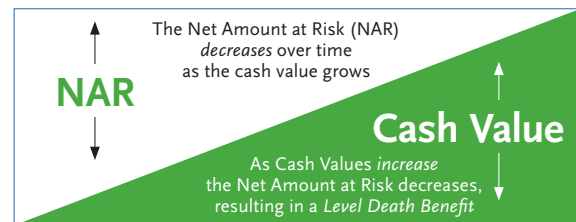
As your death benefit needs change over time, your policy's death benefit can be adjusted to meet those needs. As your survivor protection needs grow, Indexed Universal Life provides the ability to increase your death benefit within your policy, thereby eliminating the need for multiple policies. Additionally, as your needs shift towards accumulating assets for retirement, you may decrease your death benefit protection and direct your premiums more toward cash value build-up.

Indexed Universal Life offers two death benefit options, Level Death Benefit, where the death benefit remains level throughout the contract, and Increasing Death Benefit, an option that allows the death benefit to increase as the accumulated cash value increases.

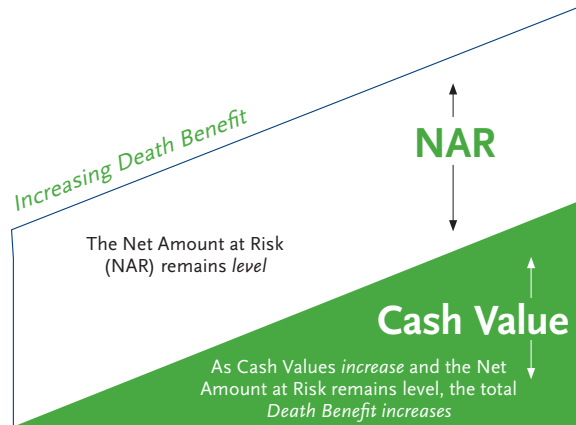
Should your needs change after you've selected a death benefit option, you may switch options.

### IUL offers two death benefit options:

#### Level Death Benefit



**Option A:** Level Death Benefit - Under Option A, your death benefit remains level for the life of the contract.



**Option B:** Increasing Death Benefit - Under Option B, your death benefit increases as your accumulated cash value increases.

# Upside Potential with Downside Protection

Indexed Universal Life is a form of permanent life insurance which combines pure insurance protection with cash value accumulation. Premiums paid in excess of the pure insurance cost accumulate at interest, tax deferred. These values can be accessed during your lifetime through withdrawals or loans.

With Indexed Universal Life you have options regarding how interest is credited to your cash value. You can choose to have a fixed interest rate applied or have interest credited based on changes in the S&P 500® Index. This kind of interest crediting strategy allows you to take advantage of changes in the market index without the risk of stock market losses. Minimum interest guarantees built into your contract ensure that your cash value will not decline due to decreases in the index. It's a concept we call "upside potential with downside protection."

## S&P 500® Index

The S&P 500® Index is a broad-based measurement of changes in stock market conditions based on the average performance of 500 widely held common stocks. As a large-cap index, it tracks industrial, transportation, financial and utility stocks.

### **The total return on stocks comprising the S&P 500® has two components:**

- Price changes on the underlying stocks, and
- Dividends paid on the underlying stocks.

**Changes in the S&P 500® Index reflect only the price changes on the underlying stocks and do not reflect dividends paid on those underlying stocks. Interest credit that your policy receives is based on changes in the S&P 500® Index, and does not reflect any dividends paid.**

Purchasing an Indexed Universal Life contract is not equivalent to investing directly in the stock market. The insuring company invests the premiums received in the following manner:

- A large portion is directed to a portfolio of government bonds, corporate bonds and

mortgages. This portion of the investment of premium dollars is used to provide policy guarantees.

- A smaller portion purchases stock options. It is this portion of the investment of premium dollars that provides crediting potential.

Based on the options purchased, the company establishes the Participation Rate and Cap that will be applied to the changes of the S&P 500® Index. For information about Participation Rates and Caps, see 'Calculating Earnings' on page 4.

## Interest Crediting (Upside Potential)

### **Basic Strategy**

All premiums are first paid into the Basic Strategy account. Once enough premium has been paid to cover the monthly insurance deductions for the coming year, all additional premium dollars will be allocated to the interest crediting strategy allocation of your choice. Premiums are allocated to the interest crediting strategies on the 21st of each month. The interest crediting rate for the Basic Strategy is guaranteed to be not less than 2.5% per annum.

Your Indexed Universal Life policy offers five choices of interest crediting options. They include a Fixed-Interest crediting strategy and four indexed crediting strategies.

### **Interest Crediting Strategies**

1. Fixed-Interest Strategy
2. Point-to-Point, Cap Focus Index Strategy
3. Point-to-Point, Participation Rate Focus Index Strategy
4. Point-to-Point, No Cap Index Strategy
5. Point-to-Average Index Strategy

### **Fixed-Interest Strategy**

Premiums allocated to this strategy earn a rate of interest declared by the company, credited on a daily basis, and guaranteed for one year. The minimum annual rate of interest credited to funds in the Fixed-Interest Strategy is 2.5%.

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# Upside Potential with Downside Protection continued

## Index Interest Strategies

Premiums allocated to the Index Interest Strategies have interest credited based on changes in the S&P 500® Index. Interest Credits will be based on the Index Growth, Participation Rate, and Cap, for your chosen strategy. Your Indexed Universal Life policy offers three Point-to-Point Strategies and one Point-to-Average Strategy.

## Calculating Index Growth

**Point-to-Point Strategy** – Index Growth equals the difference between the Index beginning value and Index ending value, such difference divided by the Index beginning value.

**For example:** Index beginning value = 1000, Index ending value (on the same date one year later) = 1150, Index Growth = 15%  $[(1150 - 1000 = 150) / 1000 = 15\%]$ .

**Point-to-Average Strategy** – Index Growth equals the difference between the Index beginning value and daily average, such difference divided by the Index beginning value. (To find daily average, calculate daily average over the 12-month period.)

**For example:** Index beginning value = 1000, daily average = 1100, Index Growth = 10%  $[(1100 - 1000 = 100) / 1000 = 10\%]$ .

Above examples are hypothetical only and do not represent actual index changes, Participation Rates, or Caps.

## Calculating Earnings

Once the Index Growth Percentage has been calculated, a Participation Rate and Cap may be applied to determine how much will actually be credited to account values. The Participation Rate is the maximum percentage of the Index Growth that may be credited. For example if the Index Growth is 10% and the Participation Rate is 100%, the full 10% may be used to determine interest earned.

If the Participation Rate is 80%, 8% is used in the calculation of interest earned  $[10\% \times 80\% = 8\%]$ .

The Cap is the maximum earnings percent that will be credited. For example, if the Index Growth is 10% and the Participation Rate is 100%, but the Cap is set at 6%, 6% is credited.

The Indexed Strategy earnings are credited and locked in annually. Once interest is credited it can never be lost due to a decline in the Index. **No Indexed Strategy earnings are credited for funds allocated to the Index Strategies for periods shorter than a full year.**

## Accumulated Value Enhancement

Starting in year 11, a 0.35% account value enhancement will be credited to the policy's accumulated value each year. An average of the monthly accumulated values will be multiplied by the account value enhancement percentage (0.35%) and credited to the Basic Strategy at the end of the policy year.

## Interest Guarantee (Downside Protection)

In the event the S&P 500® value declines, each index strategy provides a 0% Floor. This means that you have downside protection because the interest crediting rate will never be negative. However, cash values can still be reduced or exhausted by monthly policy charges.

At death or full surrender of your policy, the accumulated value will be equal to the greater of the current accumulated value or the guaranteed accumulated value. The guaranteed accumulated value is calculated based on a minimum guaranteed annual interest rate of 2.5%.

Projected values given in the illustrations for this product are not guaranteed. This contract complies with the minimum non-forfeiture requirements of your state.

## Comparison of Point-To-Point Crediting Strategies

Assumptions:			Participation Rate	Cap	Assumptions:			Participation Rate	Cap
Cap Focus			100%	14%	Cap Focus			100%	11%
Participation Rate Focus			140%	12%	Participation Rate Focus			140%	9%
No Cap			80%	None	No Cap			70%	None

S&P 500® Return	Point-to-Point Cap Focus	Point-to-Point Participation Rate Focus	Point-to-Point No Cap	S&P 500 Return	Point-to-Point Cap Focus	Point-to-Point Participation Rate Focus	Point-to-Point No Cap
0%	0.00%	0.00%	0.00%	0%	0.00%	0.00%	0.00%
1%	1.00%	1.40%	0.80%	1%	1.00%	1.40%	0.70%
2%	2.00%	2.80%	1.60%	2%	2.00%	2.80%	1.40%
3%	3.00%	4.20%	2.40%	3%	3.00%	4.20%	2.10%
4%	4.00%	5.60%	3.20%	4%	4.00%	5.60%	2.80%
5%	5.00%	7.00%	4.00%	5%	5.00%	7.00%	3.50%
6%	6.00%	8.40%	4.80%	6%	6.00%	8.40%	4.20%
7%	7.00%	9.80%	5.60%	7%	7.00%	9.00%	4.90%
8%	8.00%	11.20%	6.40%	8%	8.00%	9.00%	5.60%
9%	9.00%	12.00%	7.20%	9%	9.00%	9.00%	6.30%
10%	10.00%	12.00%	8.00%	10%	10.00%	9.00%	7.00%
11%	11.00%	12.00%	8.80%	11%	11.00%	9.00%	7.70%
12%	12.00%	12.00%	9.60%	12%	11.00%	9.00%	8.40%
13%	13.00%	12.00%	10.40%	13%	11.00%	9.00%	9.10%
14%	14.00%	12.00%	11.20%	14%	11.00%	9.00%	9.80%
15%	14.00%	12.00%	12.00%	15%	11.00%	9.00%	10.50%
16%	14.00%	12.00%	12.80%	16%	11.00%	9.00%	11.20%
17%	14.00%	12.00%	13.60%	17%	11.00%	9.00%	11.90%
18%	14.00%	12.00%	14.40%	18%	11.00%	9.00%	12.60%
19%	14.00%	12.00%	15.20%	19%	11.00%	9.00%	13.30%
20%	14.00%	12.00%	16.00%	20%	11.00%	9.00%	14.00%
21%	14.00%	12.00%	16.80%	21%	11.00%	9.00%	14.70%
22%	14.00%	12.00%	17.60%	22%	11.00%	9.00%	15.40%
23%	14.00%	12.00%	18.40%	23%	11.00%	9.00%	16.10%
24%	14.00%	12.00%	19.20%	24%	11.00%	9.00%	16.80%
25%	14.00%	12.00%	20.00%	25%	11.00%	9.00%	17.50%

### Differentiating Point-to-Point Index Strategies

- The Cap Focus Index Strategy guarantees that the Participation Rate will always be equal to or greater than 100%. This strategy will always provide a higher Cap than the Participation Rate Focused Indexed Strategy.
- The Participation Rate Focus Index Strategy guarantees that the Participation Rate will be at least 110% or greater. Since this strategy is designed to provide a higher Participation Rate, it will have a lower Cap.
- The No Cap Index Strategy applies no Cap and is, therefore, balanced by a lower Participation Rate.

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# Upside Potential with Downside Protection continued

## Which Strategy Should You Choose?

The earnings of the indexed strategies will vary based on changes in the S&P 500<sup>®</sup>. Indexed earnings will vary over time, and for a particular time period, it cannot be determined in advance which strategy will perform best.

The Point-to-Point method is more sensitive to short-term index movements near the end of the segment. The Point-to-Average method is more sensitive to the overall index trend over the year.

Indexed Universal Life is designed to be held for a long period of time.<sup>1</sup> Surrendering your policy during the first 10 years will result in surrender charges and the surrender value may be less than your original premium.<sup>2</sup>

## Policy Cash Values and Death Benefit

Another feature that permanent life insurance offers is the tax-deferred build-up of policy cash value and the ability to access that value during lifetime, income-tax free, through policy loans and withdrawals.

You can borrow or withdraw from the policy values to achieve your unique and personal objectives, including:

- Helping your children pay for college,
- Supplementing your retirement income,
- Taking advantage of opportunities,
- Meeting unexpected emergencies, or
- Reducing or eliminating out-of-pocket premium payments.

Withdrawals of policy values up to your basis in the policy (sum of your premiums) are received income-tax free.

Loans against your cash value are also received income-tax free. Additionally, policy loans do not have to be paid back within any specific time frame. Loan interest is charged on all outstanding loans and may be paid back or accrue into the loaned amount.

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<sup>1</sup> Surrender charges may reduce the policy's cash value in early years.

<sup>2</sup> Policy loans and withdrawals reduce the policy's cash value and death benefit and may result in a taxable event.

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**Your Indexed Life Policy features two loan options:**

**1. Variable Net Cost Loan**

With a Variable Net Cost Loan, loaned Accumulated Value remains in the Interest Crediting Strategies and earns the same interest it would have earned in the absence of any loan. The “net cost” of the loan will depend on the interest credited in the Interest Crediting Strategies.

**For Example:**

Interest credited on the index account = 8.7%  
Variable loan rate charged on loan = 5.7%  
Net = +3%

**Or**

Interest credited on the index account = 4%  
Loan rate charged on loan = 5.7%  
Net = -1.7%

While the Variable Net Cost Loan method allows for potentially higher earnings, the net cost is not known in advance. To provide more predictable results, you may decide to use the Fixed Net Cost Loan Method.

**2. Fixed Net Cost Loan Method**

With a Fixed Net Cost Loan, loaned Accumulated Value is segregated from the interest crediting strategies and credited an interest rate. The interest rate credited to the segregated account will never be less than 2.5%.

Indexed Universal Life allows you to diversify among the strategies and to adjust your allocation over time.

**For Example:**

Interest credited on the segregated account = 5.20% years 1-10; 5.70% year 11+  
Loan rate charge on loan = 5.70%  
Net = 0.50% years 1-10; 0% years 11+

As long as the policy stays in-force until the death of the insured, policy loans remain tax-free income. If the policy were to lapse prior to death, a portion of the loaned amount may be taxed as income to the policy holder.

*Note: Loans and withdrawals will reduce the policy’s death benefit and cash value. It may also become necessary for you to resume premium payments if the policy’s cash value is not sufficient to cover the monthly fees and cost of insurance charges.*

**Overloan Protection**

A powerful feature of your Indexed Universal Life policy is the Overloan Protection Rider. This rider prevents the policy from lapsing when the loan amount exceeds the accumulated value and other requirements of the rider are met therefore preventing any reportable taxable gain to you. Exercising the rider results in a paid-up policy.

The Overloan Protection Rider, form series, 8309(0206), is an optional benefit. There is no cost for the rider, however, there is a fee when the rider is exercised. Substantial limitations apply to exercising the Overloan Protection Rider, including that the policy be in force at least 15 years and the insured having attained the age of 75. This rider is not available in all states.

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# Meeting Lifetime Needs

## Our Accelerated Benefit Rider (ABR)

By adding an Accelerated Benefit Rider<sup>1</sup> to your contract, you can access your death benefit, to help cover costs that may be incurred due to a chronic, terminal or critical illness. These expenses might include:

- Nursing home care
- Home health care
- Adult day care
- Medical procedures
- Drug therapies
- Household expense
- Quality of life expenditures

The Accelerated Benefit Riders are available at no-additional cost and allow you to access all or part of your death benefit to help pay for the costs associated with chronic, terminal or critical illness. The terminal illness benefit is paid as a lump sum distribution; for chronic and critical illness you may receive an annual payment of an amount up to \$109,500 (2011 limit, subject to indexing) not to exceed the total sum of the ABR death benefit amount. Actual payments under the ABR are calculated based on a discounted death benefit amount. The use of ABR benefits is not limited except that ABR proceeds for chronic illness in the state of MA can only be used to pay for expenses incurred for qualified long-term care services.<sup>2</sup>

## Lifetime Income Benefit Rider (LIBR)<sup>3</sup>

The Lifetime Income Benefit Rider is automatically added to the policy at issue if approved in your state. Once certain conditions<sup>1</sup> are met and the rider is exercised, the Lifetime Income Benefit Rider provides a benefit in exchange for a monthly charge from the accumulated value. The benefit payments are first deducted from the accumulated value through policy loans. Once the minimum threshold is met, the following events occur: the benefit payments will continue to be paid for the life of the insured; a one time charge will be deducted from the cash surrender value; all other monthly deductions will be terminated; and the death benefit and cash surrender value will continue to be reduced by the benefit payments until they reach respective minimum floors. Please consult the rider form for more details.



<sup>1</sup> Accelerated Benefit Rider, form series 7490(0200)/7493(0200)/9744(0204)/ICC10-8843(0310) – Death benefits, cash values and loan values (for contracts with such values) will be reduced if an accelerated benefit is paid. The accelerated benefits offered under this rider are intended to qualify for favorable tax treatment under the Internal Revenue Code of 1986. Whether such benefits qualify depends on factors such as your life expectancy at the time benefits are accelerated or whether you use the benefits to pay for necessary long-term care expenses, such as nursing home care. If the acceleration-of-life-insurance benefits qualify for favorable tax treatment, the benefits will be excludable from your income and not subject to federal taxation. Tax laws relating to acceleration-of-life-insurance benefits are complex. You are advised to consult with a qualified tax advisor about circumstances under which you could receive acceleration-of-life-insurance benefits excludable from income under federal law. Receipt of acceleration-of-life-insurance benefits may affect your, your spouse or your family's eligibility for public assistance programs such as medical supplementary social security income (SSI), and drug assistance programs. You are advised to consult with a qualified tax advisor and with social service agencies concerning how receipt of such a payment will affect your, your spouse's and your family's eligibility for public assistance. Riders are optional and may not be available in all states. We currently limit the amount of death benefit that may be accelerated under all accelerated benefit riders applying to the same insured to \$1,000,000. We reserve the right to change this limit in the future, however the limit will never be less than \$500,000.

<sup>2</sup> Qualified Long-Term Care Services: The necessary diagnostic, preventive, therapeutic, curing, treating, mitigating and rehabilitative services, and maintenance or personal care services that are required by a chronically ill individual and are provided pursuant to a plan of care prescribed by a licensed health care practitioner.

## Systematic Allocation Rider

The Systematic Allocation Rider, form series 8985/ ICC11-8985(0911), available at no additional charge, allows you to use a lump sum or a 1035 exchange and spread the money out over a 12 month period. Once elected, your lump sum premium is placed into the Basic Account where policy costs will be deducted. From there, funds are swept from the Basic Account to the SA Account where each month, 1/12 is allocated to the chosen strategies. The remaining premium stays in the SA Account where it earns a fixed interest rate. Systematic Allocation allows you to spread out your lump sum over the 12 month period to capitalize on potential interest rate crediting dates and reduce interest rate risk associated with one annual crediting anniversary.

Although the Systematic Allocation Rider may mitigate some risk, it does not guarantee higher returns than if the client were to pay a single sum premium without the rider. Simply put, it gives you a way to balance index fluctuations. It also gives you an efficient way to allocate a lump sum by allowing you to create one allocation schedule for the year without monthly maintenance. The systematic Allocation Rider is available at or after issue.

## Required for all Applicants in the state of Arkansas

### Understanding

My signature as Applicant acknowledges that I have read and the agent has explained the contents of this Buyers Guide. I understand that I am applying for an indexed universal life insurance policy that credits interest based on a formula that considers the change in the value of an external equity index but does not participate directly in the equity market. I understand that this original Buyers Guide will be enclosed with my application and a copy of it will be sent with my Policy.

Print Applicant Name

\_\_\_\_\_

Applicant Signature

\_\_\_\_\_ Date \_\_\_\_\_

Print Agent Name

\_\_\_\_\_ Agent No. \_\_\_\_\_

Agent Signature

\_\_\_\_\_ Date \_\_\_\_\_

Note: A terminal illness is defined as one that is expected to result in death within two years (one year in CT, PA and VT). A chronic illness is defined as one that leaves you unable to perform two of the six normal activities of daily living without assistance or that leaves you with deterioration or loss in intellectual capacity. The six activities of daily living include bathing, continence, dressing, eating, toileting and transferring.

3 The Lifetime Income Benefit Rider - form series 8865(0910) provides a benefit for the life of the insured if certain conditions are met, including but not limited to the insured's attained age being between age 60 and 85, and that the policy has been in-force at least 15 years. Insufficient policy values, outstanding policy loans and other considerations may also restrict exercising the rider. Receipt of income benefits will reduce the policy's cash value and death benefit and may terminate other riders or reduce their benefits. There is an annual charge from the accumulated value during the income payment period. Guarantees are dependent upon the claims-paying ability of the issuing company.

The Lifetime Income Benefit Rider is optional and only available at policy issue. Benefit payments are funded via policy loans, which will reduce the policy's cash value and death benefit and may be a taxable event. The policy holder cannot make additional premium payments or request additional withdrawals or policy loans during the benefit payment period or the rider will terminate. Terminating the rider may result in a lapsed policy and substantial tax consequences.

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NL FlexLife Indexed Universal Life (IUL), form series 8971/8972/ICC11-8971(0911)/ICC11-8972(0911) is underwritten by National Life Insurance Company, Montpelier, Vermont. Riders are optional, may require additional premium and may not be available in all states.

The ABR Chronic II Accelerated Benefit Rider for Covered Chronic Illness (form 8591NY(0108) is optional and only available in New York. Death Benefits and cash values will be reduced if an Accelerated Benefit is paid. There is no restriction placed on the use of the benefit received. The maximum amount, over the entire lifetime of the Insured, that will be accelerated or converted to reduced paid-up insurance under all contracts made on the life of the Insured is \$2,000,000 when benefits paid are due to a chronic illness in NY. For terminal and critical accelerated benefit riders, the maximum \$1,000,000 lifetime benefit applies. Receipt of Accelerated Benefits may be taxable and may affect eligibility for public assistance programs such as medical assistance (Medicaid), Aid to Families with Dependent Children, and Supplemental Security Income. Prior to applying for Accelerated Benefits, policy owners should seek assistance from a qualified tax advisor and consult with the appropriate social services agency concerning how receipt will affect the eligibility of the recipient and/or the recipient's spouse or dependents.

**This product is a life insurance policy with a rider that accelerates the death benefit on account of chronic illness and is not a health insurance policy providing long-term care insurance subject to the minimum requirements of New York Law, does not qualify for the New York State Long-Term Care Partnership program and is not a Medicare supplement policy.**

The Participation Rate is the maximum percentage of the annual increase in the index that will be credited. For example: The one year increase in the index is 10%. If the Participation Rate is 90%, then 9% would be used to calculate the interest credit [10% x 90%=9%]. The Cap is the maximum earnings percent that will be credited. For example: The Participation Rate is 100% and there is a Cap of 12%. If the one year increase in the Index is 14%, the earnings will be capped at 12%. Participation Rates and Caps are subject to change annually for a given indexed segment.

In the event the market declines, FlexLife has a built-in 0% interest crediting floor. The Floor is the minimum earnings percent that will be credited. For FlexLife the minimum annual rate of interest credited to funds in the Fixed-Interest Strategy is 2.5% and the minimum interest credited in the indexed strategies is 2.5%, which will be applied in case of death or full surrender of policy only if the policy return is less than 2.5% over the life of the policy. FlexLife Indexed Universal Life insurance has a 10 year declining surrender charge. Surrender charges may reduce the policy's cash value in early years. The policy's cash surrender value is the accumulated value less the surrender charges.

Failure to maintain the policy to maturity will result in no participation in the equity index. Each crediting period is 1 year in length. Index earnings are credited to each indexed segment at the end of the crediting period. Each indexed segment will have a participation rate and an index earnings cap, which are determined in advance for each crediting period. On each segment anniversary of an indexed segment, the index growth for that segment will be calculated as a function of the index performance over the previous crediting period. Excess Interest Formula - Index earnings for each indexed segment are calculated at the end of the crediting period as follows: index growth is multiplied by the segment's participation rate, adjusted so that this rate is no greater than the segment's index earnings cap, and no less than 0%; multiplied by the value in the indexed segment value. Index earnings are not direct participation in any stock or equity investment. Upon death of the insured, a death benefit equivalent to the death benefit at the time of the insured's death less any policy debt and less other amounts owed to the insurance company will be paid to the beneficiary.

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