

SIUL



# LifeCycle Solution

Survivorship Indexed Universal Life

Life Changes. Protect It.



Products issued by  
**National Life Insurance Company®**  
**Life Insurance Company of the Southwest™**

64324 MK3517(0511) TC61314(0511)

Experience Life®





**LifeCycle Solution is an innovative Survivorship Indexed Universal Life (SIUL) product designed to adapt with your changing needs.**

As your life changes and your goals adjust, this flexible policy has the potential to adapt with them. Each life stage you pass through presents new needs, challenges and opportunities. LifeCycle Solution helps you towards accomplishing objectives and conquering goals, all while protecting you, your loved ones and your assets along the way.



**Life Changes. Protect It.**

# What is Survivorship Indexed Universal Life?

Survivorship policies offer protection for two lives, as opposed to traditional single life insurance products which only insure the life of one individual. These types of policies are also known as “second-to-die” policies because they pay a death benefit following the second death of the two individuals insured under this policy. This type of protection is best for those who only need a death benefit following the second death.

Although Survivorship policies are generally marketed and sold to spouses, these types of policies also work great for any two individuals with financial dependencies on one another, such as business partners.



# What makes LifeCycle Solution SIUL different?

LifeCycle Solution SIUL is unique because it also offers optional death benefit protection at the first death through the Survivor Protection Rider in addition to the death benefit at the second death that the base policy provides. This allows both spouses to have death benefit coverage with just one policy.

Another unique feature of LifeCycle Solution is that it is an Indexed Universal Life policy. This means that in addition to flexible death benefit coverage, this policy also offers the potential to accumulate cash value. Just as importantly, it offers lifetime access to these policy values through loans and withdrawals<sup>1</sup> – and even the potential to guarantee a stream of income for life by exercising the Lifetime Income Benefit Rider<sup>2</sup>.

Just like the name implies, LifeCycle Solution SIUL is more than a survivorship product, it offers the flexibility to change to help you meet your lifetime needs.

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1 Policy loans and withdrawals reduce the policy's cash value and death benefit and may result in a taxable event. Surrender charges may reduce the policy's cash value in early years.

2 The Lifetime Income Benefit Rider provides a benefit for the life of the insured if certain conditions are met, including but not limited to the younger insured's attained age being between age 60 and 85, and that the policy has been in-force at least 10 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. Guarantees are dependent upon the claims-paying ability of the issuing company.

# LifeCycle Solution Highlights

- Cash value accumulation is based on the S&P 500<sup>®</sup> Index with five interest crediting strategies to choose from.
- Option to elect the Survivor Protection Rider and receive a death benefit at first death for an additional premium in addition to the death benefit at the second death.
- Improved access to policy cash value through loans and withdrawals<sup>1</sup>. Potential to guarantee<sup>4</sup> yourself a stream of income for life<sup>2</sup> – money you can't outlive through the Lifetime Income Benefit Rider if certain criteria is met.
- Accelerated Benefit Riders at no additional cost, available after the first death.<sup>3</sup>
- Option to earn a guaranteed<sup>4</sup> fixed interest rate.
- By purchasing the Death Benefit Protection Rider<sup>5</sup>, as long as a certain level of premium is maintained, your death benefit will not lapse, even in times of tight cash flow.

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4 Guarantees are dependent on the claims-paying ability of the issuing company.

5 Monthly premium test must be met. Premium payments just equal to the Monthly Guarantee Premiums will not necessarily provide for the build-up of significant accumulated policy value.



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3 Accelerated Benefit Rider, form series 7490/7490(0200)/7493/7493(0200)/ICC10-8843(0310) and 8052(0798)/8095(0399)/8165(0703)/ICC10-8844(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. Chronic Illness ABR is not available in NY.

# Meeting Life Cycle Needs

Let's take a closer look at the life cycle, some of the risks you may be exposed to and how LifeCycle Solution can adapt with you, helping to protect you through these "seasons" of your life.

## "Spring" of your life

You and your spouse are establishing your careers, growing your income and building your family. During this stage, you are concerned with survivor protection, mortgage protection and starting to save for retirement.

**Your Risk: Dying Too Soon.** As established successful individuals, you and your spouse need death benefit protection in the event you were to die prematurely.

**LifeCycle Solution:** LifeCycle Solution provides a death benefit at the second death and the option to purchase the Survivor Protection Rider a rider to provide a death benefit at the first death.

## "Summer" of your life

At this point in your life, you are still growing your careers and your family. You are focused on accumulating assets, saving for retirement, maxing out contributions towards tax-deferred savings plans and keeping your family protected.

**Your Risk: Dying Too Soon.** Survivor protection is still a main concern for you. A premature death could have a devastating impact on your family and your spouse's retirement.

**LifeCycle Solution:** Again, flexible death benefit protection can help you protect your family, assets and retirement. As an Indexed Universal Life product, you can take advantage of upside potential and downside protection, which means your policy is guaranteed<sup>1</sup> never to lose value. Best of all, policy values can be used later down the road to supplement retirement income through loans and withdrawals or through exercising the Lifetime Income Benefit Rider.

## “Autumn” of your life

Retirement should be a pleasurable period of your life and a point in time where you can achieve goals, accomplish dreams and explore interests. You are focused on making sure you have saved enough, eliminating debt and planning on how to most efficiently use your income.

**Your Risk: Becoming Ill.** Survivor protection is no longer a concern now that you are an empty-nester. However, a long-term illness could have a devastating impact on your assets, depleting retirement savings in fairly short order.

**LifeCycle Solution:** Optional Accelerated Benefit Riders<sup>2</sup> allow you to accelerate death benefit funds after the first death, in the event of a terminal, chronic or critical illness, helping you protect your retirement savings and assets.

## “Winter” of Your Life

At this point in life, you are focused on managing your retirement income and making sure it will last a lifetime. You are also interested in protecting the assets you have worked your life to build. You want to leave a lasting legacy to your loved ones.

**Your Risk: Living Too Long.** Americans are living longer lives, meaning your retirement dollars have to stretch even further. How do you make sure your income lasts? How do you pass on remaining assets tax efficiently?

**LifeCycle Solution:** LifeCycle Solution offers the unique Lifetime Income Benefit Rider,<sup>2</sup> which can guarantee you a stream of income you won't outlive if qualifications are met. Plus, cash value can help to provide liquidity to help cover these costs and protect assets that may otherwise be sold in less-than-ideal conditions.

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<sup>1</sup> Guarantees are dependent upon the claims-paying ability of the issuing co.

<sup>2</sup> Receipt of rider benefits will reduce or eliminate other policy values or benefits, and may result in a taxable event.

# Comprehensive Death Benefit Protection

with the Survivor Protection Rider

With traditional Survivorship policies, the death benefit is only paid out following the second death, but how can you be sure you won't need death benefit funds after the first death to help cover funeral expenses and ensure your family will maintain their standard of living?

LifeCycle Solution offers you a unique option, the ability to also receive a death benefit at the first death. Following the first death, the beneficiary can either receive the death benefit as a single lump sum, as annuitized payments, or as premiums which are paid back into the policy.



# Guaranteed Income for Life

with the Lifetime Income Benefit Rider

The fear of outliving retirement income has become a very realistic concern to many who are facing retirement, and for good reason.

Growing old isn't what it used to be, and in many ways, that's a good thing. People are not only living longer, they have better educations – resulting in better health, higher income, and a higher standard of living in retirement.

But, as Americans continue to live longer, a new challenge presents itself: “How do I make sure my retirement income lasts?” Fortunately, there may be a simple solution. The Lifetime Income Benefit Rider (LIBR) is an optional living benefit feature that can be added to your policy. Once exercised, LIBR guarantees you a steady stream of income for the rest of your lives – if you qualify, it really is an income stream you can't outlive.

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The Lifetime Income Benefit Rider provides a benefit for the life of both insureds if certain conditions are met, including but not limited to the youngest insured's attained age being between age 60 and 85, and that the policy has been in-force at least 10 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. Guarantees are dependent upon the claims-paying ability of the issuing company. Exercising the rider and receiving an income benefit will reduce the policy's cash value and death benefit and may terminate other riders or reduce their benefits.

# Options, Flexibility, Value and Guarantees

## Access to policy cash values

One of the greatest features of LifeCycle Solution is the potential tax-deferred build-up of policy cash values and the number of ways to access your policy values through withdrawals and policy loans or through the Lifetime Income Benefit Rider.

## Premium flexibility

With LifeCycle Solution, you can make level, increasing or decreasing payments, or you can even skip payments altogether if you have sufficient policy cash value. Paying higher than required premiums has the potential to result in enhanced tax-deferred cash value accumulation.

## No additional cost Accelerated Benefit Riders

Following the first death, you can access your policy's death benefit if you are diagnosed with a terminal, chronic or critical illness, to help cover expenses associated with the illness.



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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 [ $10\% \times 90\% = 9\%$ ]. 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 index segment.

In the event the market declines, LifeCycle Solution policies have a built-in 0% interest crediting floor. The floor is the minimum earnings percent that will be credited.

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 only if the policy return is less than the 2.5% guarantee.

LifeCycle Solution 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 one 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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Lifecycle Solution Survivor Indexed Universal Life (SIUL) form series 8918/8919(0511), ICC11-8918/ICC11-8919(0511) is underwritten by National Life Insurance Company, Montpelier, Vermont and Life Insurance Company of the Southwest, Addison, TX, form series 8935/8936(0511), ICC11-8935/ICC11-8936(0511). Riders are optional, require an additional premium unless otherwise noted, and may not be available in all states.

The Lifetime Income Benefit Rider - form series 8932(0511)/ICC11-8932(0511) and form series 8949(0511), ICC11-8949(0511) is available at policy issue. Benefit payments are funded via withdrawals and policy loans, which will reduce the policy's cash value and death benefit. 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.

Survivor Protection Rider - form series 8930/8931(0511)/ICC11-8930/8931(0511) and 8947/8948(0511) and ICC11-8947/8948(0511). When the death benefit is paid as a lump sum, the benefit is received income-tax free. When paid out as income stream, a portion of the benefit will be taxable. The lump sum equivalent is considered basis in the exclusion ratio calculation.

The Death Benefit Protection (DBP) Rider - form series 8928(0511), ICC11-8928(0511), 8945 (0511) and ICC11-8945(0511) ensures that during the DBP Period, the policy will not lapse even if the cash surrender value is less than or equal to zero as long as the monthly premium test is met. Withdrawals and policy loans taken against the policy will impact the monthly premium test. If a withdrawal or transfer made or a policy loan taken against this policy results in the net accumulated premiums falling below the accumulated monthly guarantee premiums on any monthly policy date, a notice of pending termination of the rider will be sent. An additional premium would then be required to keep the rider in-force.

If the DBP Rider lapses while the cash surrender value of the policy is zero, the policy may enter a grace period and an additional premium may be required to keep the policy in-force. Premium payments just equal to the monthly guarantee premiums will ensure that a death benefit is payable under the policy, according to the guarantees provided by the DBP Rider, but this level of funding will not necessarily provide for the build-up of significant accumulated value in the policy.



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