CHRONIC ILLNESS ACCELERATED DEATH BENEFIT RIDER

An option for the unexpected
PROTECTION FOR THE WHAT-IFS

When a serious health concern arises, like an unexpected chronic illness, the road to getting better may take a while, and expenses can begin to add up – to the point that it can affect how you plan for your financial future and your retirement years.

CONSIDER THE VARYING EXPENSES ASSOCIATED WITH TRADITIONAL CARE.

<table>
<thead>
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<th>Consider the varying expenses associated with traditional care.</th>
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<tbody>
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<td>Home health care (home health aide)</td>
<td>$50,336 per year¹</td>
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<td>Adult day health care</td>
<td>$18,720 per year¹</td>
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<td>Assisted living facilities (one bedroom, private room)</td>
<td>$48,000 per year¹</td>
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<td>Nursing home (private room)</td>
<td>$100,375 per year¹</td>
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With the Chronic Illness Accelerated Benefit Death Rider, you can accelerate the death benefit if the insured becomes chronically ill or cognitively impaired. If a condition is diagnosed and certified by a licensed health care practitioner that the insured is unable to perform without substantial assistance at least two activities of daily living (ADL) for at least 90 continuous days or requires substantial supervision due to severe cognitive impairment, the rider accelerates a portion of your death benefit. ADLs include bathing, eating, dressing, toileting, transferring, or continence. Subject to certain age and underwriting requirements, this rider may be included with your policy at the time it is issued.

The accelerated death benefit will be paid as an unrestricted cash benefit when the insured is eligible to trigger and elects the benefit. Payments are intended to provide favorable tax treatment as death benefits under section 101(g) of the Internal Revenue Code of 1986, and are not intended to provide long term care insurance coverage. Accelerated benefits may be taxable under some circumstances, and may affect your ability to receive certain government benefits such as Medicare, Medicaid, Social Security, and Supplemental Security Income (SSI). The accelerated benefit payments may be taxable if you accept an amount above the amount that would be tax qualified under the Internal Revenue Code. You should consult with and rely on a competent tax advisor before taking an accelerated benefit. Life insurance policies that provide the ability to accelerate some of the death benefit in the event of a chronic illness work differently than traditional long term care insurance policies. Below is a high-level overview of the benefits they provide. For detailed information, work with your financial professional.

¹ Genworth Cost of Care Survey 2018, conducted by CareScout, June 2018.

Must be accompanied by the appropriate Allianz Life Insurance Company of North America (Allianz) fixed index universal life insurance policy consumer brochure.

This content is general information for educational purposes, and is not intended to constitute fiduciary advice. Please consult your financial professional for a specific recommendation about purchasing this product.
**LIFE INSURANCE CHRONIC ILLNESS ACCELERATED DEATH BENEFIT RIDER**

- Benefit may be included with a life insurance policy.

- Benefit is triggered and may be elected when the insured is diagnosed and certified by a licensed health care practitioner that the insured is unable to perform without substantial assistance at least two ADLs for at least 90 continuous days or requires substantial supervision due to severe cognitive impairment.

- Unrestricted cash benefit that is an acceleration of the death benefit (up to a maximum amount of $1 million for all Allianz policies) meaning the cash benefit can be used for whatever you see fit. You can elect to accelerate a portion of your death benefit once every 12 months.

- The cash benefit is paid in a lump sum or 12 monthly payments.

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**LONG TERM CARE INSURANCE POLICY**

- A long term care insurance policy that provides coverage for nursing home care, home health care, assisted living, or personal or adult day care for individuals that need help with activities of daily living or have a cognitive impairment.

- There are two types of long term care insurance policies:
  - Reimbursement policy: Pays for services after you have incurred them. Some insurers pay directly to your care providers and some pay you back for the expenses after they have been incurred.

  - Indemnity policy: Gives you full control over how you will manage your benefits by paying the maximum benefit, regardless of how much was actually incurred. Example: Your monthly care expenses are $2,000, but the monthly maximum in your policy is $2,500. You can use the remaining $500 for other things.

- Policies may have a daily or monthly maximum benefit amount.
You purchase an Allianz FIUL insurance policy, and the Chronic Illness Accelerated Death Benefit Rider may be included at no initial cost. A cost is incurred only if the rider is exercised.¹

If you are the insured on a policy and you become chronically ill – i.e., you are unable to perform two out of six activities of daily living (bathing, eating, dressing, toileting, transferring, or continence) for at least 90 continuous days – or need substantial supervision due to cognitive impairment, the rider accelerates a portion of your death benefit to you.

Before the request for an accelerated benefit, a certification of chronic illness must be written by a licensed healthcare practitioner within 12 calendar months of the diagnosis.

Your death benefit will be decreased by the requested accelerated benefit amount. The accumulation value and cash value will be proportionally reduced by the amount of the accelerated benefit.

During the death benefit acceleration, a discount factor² will be applied, so the actual amount you receive will be less than the requested accelerated benefit.

Accelerated benefits may be taxable. You should consult with your tax advisor to discuss your specific situation.

¹ The Chronic Illness Accelerated Death Benefit Rider may be included with the policy, subject to age and underwriting requirements. There is a fee charged as a discount factor against every accelerated payment if the rider is exercised. The rider is not available if the insured is under the age of 18.

² The discount factor is based on age, premium class, current cash value of the policy, and current discount factor interest rate at that time. The maximum discount factor is determined by the life expectancy of the insured and the discount factor at the time of acceleration.
OTHER IMPORTANT POINTS TO CONSIDER:

• Chronic illness must manifest on or after the issue date of the policy, and/or the insured’s 18th birthday, whichever is later.

• You can elect to accelerate a portion of your death benefit once every 12 calendar months, if necessary. A request form must be submitted each year you want to receive the benefit.

• To ensure there is still a death benefit for your beneficiaries, a residual death benefit (the greater of 5% of the basis\(^1\) or $10,000 of the available death benefit amount) is reserved when the initial acceleration election request is made.

• The minimum chronic illness accelerated benefit amount at each acceleration election is the lesser of 5% of the basis\(^1\) or $75,000; the maximum is the lesser of 25% of the basis\(^1\) or $250,000.

• The maximum amount we will accelerate is $1 million per policy with a cumulative maximum of $1 million for all policies issued by Allianz.

• Accelerated benefits may be taxable. You should consult with your tax advisor to discuss your specific situation.

• Policy loans can still be taken while receiving accelerated benefits. A portion of each accelerated payment will be used to repay any outstanding policy loans.\(^2\)

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\(^1\) Basis is equal to the current death benefit at the time of the first acceleration.

\(^2\) Policy loans and withdrawals will reduce the available cash value and death benefit and may cause the policy to lapse, or affect guarantees against lapse. Withdrawals in excess of premiums paid will be subject to ordinary income tax. Additional premium payments may be required to keep the policy in force. In the event of a lapse, outstanding policy loans in excess of unrecovered cost basis will be subject to ordinary income tax. If a policy is a modified endowment contract (MEC), policy loans and withdrawals will be taxable as ordinary income to the extent there are earnings in the policy. If any of these features are exercised prior to age 59½ on a MEC, a 10% federal additional tax may be imposed. Tax laws are subject to change and you should consult a tax professional.
A leading provider of annuities and life insurance, Allianz Life Insurance Company of North America (Allianz) bases each decision on a philosophy of being true: True to our strength as an important part of a leading global financial organization. True to our passion for making wise investment decisions. And true to the people we serve, each and every day.

Through a line of innovative products and a network of trusted financial professionals, and with 3.7 million contracts issued, Allianz helps people as they seek to achieve their financial and retirement goals. Founded in 1896, Allianz is proud to play a vital role in the success of our global parent, Allianz SE, one of the world’s largest financial services companies.

While we are proud of our financial strength, we are made of much more than our balance sheet. By being true to our commitments and keeping our promises, we believe we make a real difference for our clients. It’s why so many people rely on Allianz today and count on us for tomorrow – when they need us most.