

# TRENDSETTER® LB (LIVING BENEFITS)

## FREQUENTLY ASKED QUESTIONS



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Life insurance is an important way to protect your loved ones. But for many families the need for protection is increasingly due to costs associated with the rising incidence of illnesses like strokes, heart attacks, cancer and other chronic and critical illnesses. More families are dealing with the unexpected costs that illnesses such as these place on them and their families. People need access to funds while they are alive to cover costs that their health insurance may not otherwise be available for. Trendsetter® LB is a life insurance product that does just that—provides cash that you can use to deal with life's unexpected twists and turns.

### WHY DO I NEED LIVING BENEFITS?

**Q:** Why do I need life insurance with living benefits?

**A:** Statistics show that large numbers of Americans may become terminally, critically or chronically ill.

- Every 40 seconds someone has a stroke<sup>1</sup>
- Every 34 seconds someone has a heart attack<sup>2</sup>
- The average cost of a severe heart attack, including direct and indirect costs, is about \$1 million<sup>3</sup>
- 1 in 2 men and 1 in 3 women develop cancer in their lifetime<sup>4</sup>
- Chronic and critical illnesses may result in the inability to perform activities of daily living such as bathing or dressing yourself without help or assistance.

While many of us have health insurance, medical bills continue to be a leading cause of bankruptcy in the United States.<sup>5</sup> **Life insurance with living benefits provides the option to access the face amount and receive cash while the insured is alive. The Accelerated Death Benefits can provide funds at a time that the insured and his/her family need them most.**

**Q:** Why is life insurance with living benefits so popular?

**A:** Most life insurance policies only protect your family after you pass away. A life insurance policy with living benefits still does that but may also give you valuable access to cash while you are alive, and when the funds are most needed. People see this as a smart way to have funds they need without having to access a retirement fund, 401(k) or liquidate CDs.

**WHAT ARE LIVING BENEFITS ON A LIFE INSURANCE POLICY AND ACCELERATED DEATH BENEFITS?**

**Q: What are Living Benefits on a life insurance policy?**

**A:** Living Benefits provide access to cash from a life insurance policy that can be used while you are alive. Living Benefits are also known as Accelerated Death Benefits. Benefits are based on an insured incurring a chronic, critical, or terminal illness as defined in the policy. Refer to the policy contract for complete requirements.

**Q: What is the difference between Living Benefits on a life insurance policy and Accelerated Death Benefits?**

**A:** Living Benefits and Accelerated Death Benefits are terms used interchangeably on a life insurance policy. Both offer access to funds that can be used for chronic, critical and terminal illnesses. When you choose to use your living benefits, you are accelerating your life insurance policy’s face amount so that you can use the funds while you are alive.

**Q: When are the accelerated death benefits for Trendsetter LB available?**

**A:** The accelerated death benefits may be available when a person has a terminal, critical or chronic illness.<sup>6</sup>

**Q: What are examples of critical or chronic illnesses?**

Critical Illness	Chronic Illness
<p>You have a critical illness if you have (as defined in the policy):</p> <ul style="list-style-type: none"> <li>■ Heart Attack</li> <li>■ Stroke</li> <li>■ Cancer</li> <li>■ End Stage Renal Failure</li> <li>■ Major Organ Transplant</li> <li>■ ALS</li> <li>■ Blindness from diabetic retinopathy</li> <li>■ Paralysis of two or more limbs</li> </ul>	<p>You have a chronic illness if you are unable to perform two of the six activities of daily living (as defined in the policy):</p> <ul style="list-style-type: none"> <li>■ Bathing</li> <li>■ Continence</li> <li>■ Dressing</li> <li>■ Eating</li> <li>■ Toileting</li> <li>■ Transferring</li> </ul> <p>(Or) if you have a severe cognitive impairment that would require substantial supervision for care and safety</p>

**HOW DO LIVING BENEFITS WORK?**

**Q: How much money will I receive if I choose to accelerate my face amount?**

**A:** There are several factors that determine the amount of money you will receive. These factors include:

- The face amount you choose to accelerate from your policy.
- Your life expectancy as determined by the Company, which is based on age and overall medical condition (as impacted by the severity of your illness).
- Accelerated benefit interest rate in effect (used to determine the present value of future benefits and premiums).
- Any administrative fees assessed.

**Here’s an example of an estimated Critical Illness Accelerated Death Benefit:**

The benefit amounts shown below are estimates based on a Trendsetter LB 30 policy, with a face amount of \$200,000. 90% of the \$200,000, which is \$180,000, was accelerated for this example. Benefits are based on the severity of illness and the impact on remaining life expectancy.

**Estimated Maximum Cash Payout**

**Severity of Illness**

Age at Claim	Severity of Illness		
	Minor	Moderate	Severe
45	\$28,610	\$62,466	\$117,180
50	\$31,845	\$68,884	\$123,180
55	\$31,800	\$72,970	\$131,382

The longer you are expected to live, the lower the benefit you will receive. The shorter you are expected to live, the higher the benefit you will receive. The remaining amount of the face amount will be \$20,000, which is the remaining amount after the maximum of 90% was accelerated from the face amount.

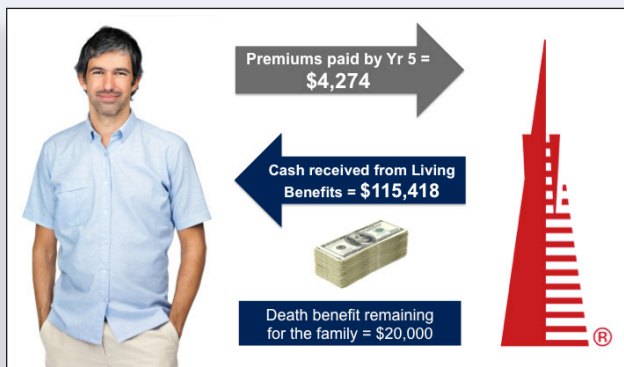
**Illness isn't something anyone wants to think about, but life happens. Are you prepared?  
Here's how Trendsetter LB could help prepare you for the unexpected:**

**MEET SHAWN**

Shawn is married with two children. At the age of 40, he purchased a Trendsetter LB 30 policy with a face amount of \$200,000. At the age of 45 he suffered a serious heart attack that would qualify him to use the Critical Illness Accelerated Death Benefit in his policy to access money to help pay for his medical expenses.

- He chose to accelerate 90% of his policy (\$180,000).
- After Shawn's estimated life expectancy was determined by the Company to be 10.5 years, it was determined that he could use \$115,000 of his death benefits to help with his medical expenses and replace some income from not working.
- At that point, Shawn had only paid \$4,274 in cumulative premiums toward his policy but he was still able to receive \$115,000 to use for his needs. And he still has \$20,000 death benefit remaining on his policy for his children.

**Summary of Shawn's Accelerated Death Benefit:**

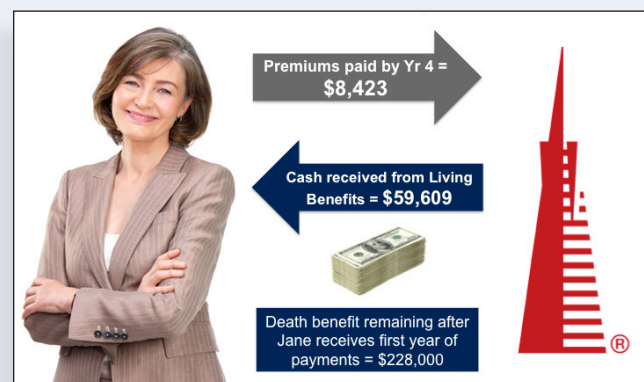


**MEET JANE**

Jane is 60 years old and has a Trendsetter LB 20 policy with a face amount of \$300,000. At the age of 64, she became ill and qualified for the Chronic Illness Accelerated Death Benefit because she was unable to bathe and dress herself, which are two of the six activities of daily living. She needed in-home care and wanted to hire a nurse to help her.

- Since her health insurance didn't cover all the expenses of the nurse, she chose to accelerate a portion of her death benefit.
- Because Jane's condition was severe and her life expectancy was estimated by the Company to be four years, she chose to accelerate the maximum benefit of 24% of the face amount.
- At that point, she had only paid \$8,423 in cumulative premiums for her Trendsetter LB policy but was able to receive \$59,609 to help with her expenses.
- Jane can choose to accelerate 24% of the face amount on an annual basis.

**Summary of Jane's Accelerated Death Benefit:**



**Q: What can I use the money for?**

**A:** You determine how the money is used. You can pay for care or treatment that may not be covered by your health insurance plan, replace income lost as a result of your illness, provide for in-home care or facility needs or bring the entire family together for a reunion.

**Q: Who are the living benefits paid to?**

**A:** The funds paid out under a living benefit (accelerated death benefit) claim are paid to you, the policy owner, not the named beneficiary.

**Q: Can I find out what the living benefit payout will be before filing for a claim?**

**A:** A quote in response to a claim is provided before making a final decision to exercise a claim. Upon the determination of the remaining life expectancy, a payout quote can be provided. Then you can decide on the best course of action. If you choose not to use your living benefits, your Trendsetter LB policy is still in place for your loved ones with the original face amount.

**Q: Can I use only a portion of my benefits (instead of the full amount available)?**

**A:** Yes. You do not have to use the full amount; however, chronic illness benefits may be claimed only once per year.

**Q: If I use part of the living benefits from my policy, do the rest of the benefits go away?**

**A:** No. Any benefit value not used as a living benefit will remain as the face amount for your beneficiaries to receive. For example, if you choose to accelerate 90% of your face amount of \$200,000, you will have 10% or \$20,000 of the face amount remaining.

**Q: What if I use all of my living benefits; will there be anything left for my loved ones upon my death?**

**A:** The maximum amount you can accelerate for critical or chronic illness is 90% of the face amount or \$500,000, whichever is less. Therefore, you will have a minimum of 10% of your face amount remaining for your loved ones upon death. If you accelerate the benefits for a terminal illness, you can take out 100% of the face amount or \$500,000, whichever is less. If you choose to accelerate 100%, there will be no benefits remaining at the time of death.<sup>6</sup>



**Q: What happens if I qualify for both the critical and chronic illness benefits?**

**A:** When you make a claim, you have the option to file the claim under the critical illness option OR the chronic illness option, but not both.

**Q: What is the minimum and maximum face amount available for a Trendsetter LB policy?**

**A:** The minimum face amount is \$25,000 and the maximum is \$999,999.

**Q: Will my premiums remain the same each year?**

**A:** Your premiums will remain the same for the initial guaranteed level period, or the term. Trendsetter LB offers several options for you to choose from: 10, 15, 20, 25 or 30 years. If you choose to keep the policy after your initial term period, premiums will increase annually after the term or number of years you requested is over. If the accelerated death benefit is used, the premiums will be adjusted based on the new face amount.

**Q: What is non-med underwriting?**

**A:** Non-med or non-medical underwriting means that you do not have to provide a blood or urine sample or have a paramedical exam. This option is available only for a Trendsetter LB policy with coverage between \$25,000 to \$249,999 and up to age 60.



## CAN I CONVERT MY POLICY TO A PERMANENT POLICY?

**Q:** Can I convert a Trendsetter LB term policy to other Transamerica Life Insurance permanent products?

**A:** Yes. You can change the LB policy to a permanent life insurance policy that is available from Transamerica Life Insurance Company at the time of conversion. This conversion option must be exercised before the earlier of the end of the level premium period or your 70th birthday (75th birthday for Preferred Plus class).

## THE TRANSAMERICA ADVANTAGE

Term life insurance is one of the most cost-effective choices you can make to provide a financial safety net for your family. And when it comes to choosing a life insurance company, you want one you can depend on. People have turned to Transamerica Life to ensure the future financial security of their families for over 100 years.<sup>7</sup> Let us help you protect your family's future.

Benefits provided through the Living Benefits, including the critical, chronic and terminal illness accelerated death benefits, are subject to certain limitations and exclusions. Amounts payable under the benefits vary based in part on the nature and severity of the Insured's health condition and the Insured's remaining life expectancy at the time of the acceleration as determined by the Company. Refer to the policy or riders for complete details.

Note: Information and examples provided above assume an individual who is both owner and insured under the Trendsetter LB policy.

<sup>1</sup>Impact of Stroke" American Stroke Association. 18 April 2012. [http://www.strokeassociation.org/STROKEORG/AboutStroke/Impact-of-Stroke\\_UCM\\_310728\\_Article.jsp](http://www.strokeassociation.org/STROKEORG/AboutStroke/Impact-of-Stroke_UCM_310728_Article.jsp) (24 April 2012).

<sup>2</sup>[http://www.cdc.gov/dhdsdp/data\\_statistics/fact\\_sheets/docs/fs\\_heart\\_disease.pdf](http://www.cdc.gov/dhdsdp/data_statistics/fact_sheets/docs/fs_heart_disease.pdf)

<sup>3</sup>[http://www.cbsnews.com/8301-505146\\_162-39940799/how-much-would-a-heart-attack-cost-you/](http://www.cbsnews.com/8301-505146_162-39940799/how-much-would-a-heart-attack-cost-you/)

<sup>4</sup><http://www.foxbusiness.com/personal-finance/2012/05/15/critical-illness-insurance-do-need-it/print>

<sup>5</sup>Medical Bills Are the Biggest Cause of US Bankruptcies: <http://www.cnn.com/id/100840148>

<sup>6</sup>Accelerated Death Benefits vary by state.

<sup>7</sup>Transamerica Life Insurance Company is descended from a company founded in 1906.

Trendsetter® LB is term life insurance issued by Transamerica Life Insurance Company, Cedar Rapids, IA 52499. Policy Form No. TL19. **Premiums increase annually beginning in year 11 for the 10-year policy, in year 16 for the 15-year policy, in year 21 for the 20-year policy, in year 26 for the 25-year policy, and in year 31 for the 30-year policy.** Policy form and number may vary, and this policy may not be available in all jurisdictions. Insurance eligibility and premiums are subject to underwriting. In most states, in the event of suicide during the first two policy years, death benefits are limited only to the return of premiums paid.

