

OPTIONS TO LOVE

Transamerica Financial Foundation IUL® II:
Comparing Chronic Illness Rider
and Long Term Care Rider

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TRANSAMERICA®

TRANSAMERICA FINANCIAL FOUNDATION IUL® II (FFIUL II)

is permanent life insurance that can provide clients a federal income tax-free death benefit.

A truly flexible product, FFIUL II provides more than a simple death benefit. It can also offer clients three optional living benefit riders from which to choose. Transamerica's living benefit riders can provide early access to the policy's death benefit, should the insured experience a qualifying chronic, critical, or terminal illness such as a stroke, cancer, heart attack, or paralysis.

The Chronic Illness Rider and the Long Term Care Rider both provide the policy owner the option to accelerate a portion of the policy's death benefit if the insured is certified by a licensed healthcare practitioner as chronically ill. The Chronic Illness Rider and the Long Term Care Rider, however, are not both available on the same policy. The purpose of this guide is to compare the two riders and explain the differences. Knowing the differences can be key to helping clients choose the rider that is right for them.



TRANSAMERICA FFIUL II	CHRONIC ILLNESS RIDER	LONG TERM CARE RIDER
Requirements	Life license only	In some states, agents must have the required state line of authority, complete any state required training, and be health appointed to sell the LTC Rider. ¹
Definition of Chronically Ill	Unable to perform, without substantial assistance from another person, for a period of at least 90 days, at least two out of six activities of daily living (ADLs): bathing, continence, dressing, eating, toileting, and transferring Or Requires substantial supervision by another person, for a period of at least 90 consecutive days, to protect the insured from threats to health and safety due to severe cognitive impairment.	Unable to perform, without substantial assistance from another individual, at least two out of the six activities of daily living (ADLs): bathing, continence, dressing, eating, toileting, and transferring for an expected period of at least 90 days due to a loss of functional capacity Or Requires substantial supervision to protect the insured from threats to health and safety due to severe cognitive impairment.
Eligibility (Trigger)	Insured individual must be certified by a licensed healthcare practitioner as being chronically ill within the past 12 months. Neither licensed healthcare practitioner nor physician can be: <ul style="list-style-type: none"> • The insured or an immediate family member • A person who lives with the insured or an immediate family member; or • A person in the same medical practice as the insured or an immediate family member • A business partner of the insured or immediate family member 	Insured individual must: <ul style="list-style-type: none"> • Be certified by a licensed healthcare practitioner as chronically ill • Provide a Plan of Care to the insurance company • Provide proof of loss documentation of expenses for qualified long term care services as defined in the rider
Elimination Period	While there is no elimination period for this rider, the insured must be determined to be chronically ill for a period of at least 90 days before any benefit is paid.	90 days of expenses for qualified long term care services (only required to be satisfied once). These days of care or services need not be continuous.
Frequency of Claims	Claims can be applied for once per year up to the maximum benefit amount.	Claims can be made as many times as needed, up to the maximum benefit amount.
Maximum Acceleration Amount	Up to 24% of the available death benefit annually	Lesser of 2% of the LTC Rider specified amount per month or the — per diem — daily amount allowed under HIPAA, multiplied by the number of days in the month
Minimum Requested Acceleration Amount	\$1,000 ²	\$500 (monthly)
Maximum Lifetime Benefit Amount	Maximum total acceleration amount is up to the lesser of: 90% of the policy's available death benefit or currently \$1,500,000. ³	Death benefit at time of claim
Proof of Loss	Proof of loss documentation includes a properly completed claim form and a licensed healthcare practitioner's certification acceptable to us. We may request additional medical information from the licensed healthcare practitioner submitting the certification or from any licensed healthcare practitioner we consider qualified.	Proof of loss documentation must be provided to Transamerica each month showing expenses incurred for qualified long term care services, in accordance with the Plan of Care. The documentation must be provided within 90 days after the end of the elimination period, and within 90 days after the end of each month and for each month for which benefits may be paid. The policy owner must either provide us with this information or authorize its release to us. ⁴ To continue payments, we may require a licensed healthcare practitioner we select to reassess the insured's condition.

¹ Many states also have continuing education requirements to obtain authority to sell the LTC Rider. Some states require that agents be certified to sell both Partnership and Non-Partnership LTC policies. The LTC Rider does not qualify under the Partnership program.

² The face amount of the policy at the time the accelerated death benefit request is received must be at least \$25,000.

³ The accelerated payment amount is reduced by a discount factor which reflects the early payment of the death benefit.

⁴ Proof of loss documentation reflects the expenses incurred for qualified long term care service pursuant to an approved Plan of Care. Proof of loss must be submitted for each month for which benefits may be paid and within 90 days of the end of that month.

TRANSAMERICA FFIUL II	CHRONIC ILLNESS RIDER	LONG TERM CARE RIDER
Plan of Care	N/A	We must receive a written assessment of the insured's physical and cognitive abilities by a licensed healthcare practitioner based on a face-to-face evaluation of the insured. All care and services must be consistent with the assessment done to develop the Plan of Care and be in accordance with generally accepted standards of care for a chronically ill individual.
Accelerated Payout Based on Reduction of Life Expectancy	Yes, the accelerated payout is based on the insured's life expectancy as determined by the company physician's assessment at time of claim.	No
Frequency of Benefit Payouts	Approved claims will be paid out in a single lumpsum payment.	Approved LTC Rider claims for qualified LTC services are paid out monthly.
Maximum Acceleration Amount	Up to 24% of the available death benefit annually	Lesser of 2% of the LTC Rider specified amount per month or the — per diem — daily amount allowed under HIPAA, multiplied by the number of days in the month
Indemnity Plan	N/A	Yes
Cost of Rider	A \$350 administrative charge is assessed at the time of the initial request and any subsequent claims will be charged \$100 per request.	Monthly rider charge based on the net amount at risk.
Services Not Covered	We will not pay any accelerated death benefit under this policy for a chronic illness that is caused or substantially contributed to by any attempt at suicide or intentionally self-inflicted injury while sane or insane.	<p>Qualified long term care services do not include care, confinement, or services:</p> <ul style="list-style-type: none"> ▪ Resulting from alcoholism or drug addiction unless as a result of a drug prescribed by a physician ▪ Resulting from attempted suicide or intentionally self-inflicted injury ▪ Resulting from participation in a felony, riot, or insurrection ▪ For which no charge is normally made in the absence of insurance ▪ Not included in the insured's Plan of Care <p>In addition, qualified long term care services do not include care, confinement, or services:</p> <ol style="list-style-type: none"> 1. Provided in a government facility (unless otherwise required by law) 2. Paid or payable under Medicare. This includes any amounts that would be covered under Medicare, except that they are subject to a Medicare deductible or co-insurance of some kind. This does not apply when expenses are reimbursable under Medicare solely as a secondary payer 3. Provided under any governmental programs 4. Paid or payable under any state or federal worker's compensation, employer's liability or occupational disease law, or any motor vehicle no-fault law, unless the costs incurred and paid exceed the amount covered by one of these entities, policies, or programs
Informal & International Care Benefits Available	N/A	Yes
Benefits While on Claim	N/A	As long as the insured continues to qualify to receive LTC Rider benefits, the LTC Rider charges are waived (other policy charges will continue to be assessed), the policy is guaranteed not to lapse and the policy owner is not required to pay the minimum no lapse premium. LTC Rider claim benefits do not cover informal care received outside the 50 U.S. states and the District of Columbia.

RIDER SCENARIO

PLEASE NOTE:

Since policy owners cannot elect both riders on one policy, the following example illustrates two separate policies, one with the **Chronic Illness Rider** and the other with the **Long Term Care Rider**. In both cases, the accelerated death benefit payment amount could be spent to help offset the financial burdens of a chronic illness.

In these hypothetical examples, at age 38, Michael purchased the *Transamerica Financial Foundation IUL® II* policy with a \$300,000 initial face amount and the level death benefit.

He is both the owner and insured and was rated as the Preferred Elite Risk Class.⁵ Later in life, Michael has a stroke, which leaves him unable to perform at least two of the six activities of daily living (ADLs) for 90 consecutive days.



CHRONIC ILLNESS RIDER

At age 65, Michael's licensed healthcare practitioner certifies he is unable to perform two out of six ADLs for at least a 90-day period. The effects of the stroke fall into the severe category, meaning his life expectancy is now three years. Michael files a claim for the maximum annual acceleration benefit of 24% of the available death benefit.

If Michael's claim is approved and he accepts the terms, the policy's face amount is reduced by the full \$72,000 (24% of the death benefit). Transamerica calculates Michael's first-year chronic illness benefit payout based on present value actuarial calculations, and he is sent an accelerated death benefit payment of \$59,444.

Death benefit at time of claim:	\$300,000
First-year chronic illness benefit:	\$59,444
Face amount reduced by:	\$72,000
Remaining face amount:	\$228,000

\$291.50
Monthly Premium

LONG TERM CARE RIDER

At age 65, a licensed healthcare practitioner determines Michael is unable to perform at least two out of six ADLs and a Plan of Care is put in place. Michael files a Long Term Care Rider claim for the maximum monthly benefit amount of 2% of the Long Term Care Rider specified amount after he incurs 90 days of expenses for qualified long term care services. The maximum LTC benefit monthly check of \$6,000 (\$72,000 annually) will be paid to the policy owner.

Death benefit at time of claim:	\$300,000
First-year long term care benefit:	\$72,000
Face amount reduced by:	\$72,000
Remaining face amount:	\$228,000

\$299
Monthly Premium

⁵The hypothetical results shown are based on the best risk class for this product and non-guaranteed illustrated rate of 7.25%. Actual results are based on a number of variable factors and could be lower. Age, gender, and risk class can dramatically impact the cost of insurance rates and premium.

RIDER SCENARIO

PLEASE NOTE:

Since policy owners cannot elect both riders on one policy, the following example illustrates two separate policies, one with the **Chronic Illness Rider** and the other with the **Long Term Care Rider**. In both cases, the accelerated death benefit payment amount could be spent to help offset the financial burdens of a chronic illness.



In these hypothetical examples, at age 32, Cindy purchased the *Transamerica Financial Foundation IUL® II* policy with a \$250,000 initial face amount and the increasing death benefit.⁶

She is both the owner and insured and was rated as the Preferred Risk Class.⁷ Cindy is given an early onset dementia diagnosis, which leaves her unable to perform at least two of the six ADLs for 90 consecutive days.

CHRONIC ILLNESS RIDER

After her diagnosis at age 55, her licensed healthcare practitioner certifies she is unable to perform two out of six ADLs for a period of at least 90 days. Unfortunately, Cindy's diagnosis has left her with a life expectancy of 10 years. She files a claim for the maximum acceleration benefit of 24% of the available death benefit.

If Cindy's claim is approved and she accepts the terms, the policy's face amount is reduced by the full \$76,292 (24% of the death benefit). Transamerica calculates Cindy's first-year chronic illness benefit payout based on present value actuarial calculations, and she is sent an accelerated death benefit payment of \$43,083.

Death benefit at time of claim:	\$317,881
First-year chronic illness benefit:	\$43,083
Face amount reduced by:	\$76,292
Remaining face amount:	\$241,589

\$172.71
Monthly Premium

LONG TERM CARE RIDER

Cindy's diagnosis of early-onset dementia has had a major effect on her life expectancy. At age 55, a licensed healthcare practitioner determines she is unable to perform at least two out of six ADLs and a Plan of Care is put in place. Cindy files a Long Term Care Rider claim for the maximum benefit amount and incurs 90 days of expenses for qualified long term care services. The maximum daily LTC benefit monthly check of \$6,348 (\$76,172 annually) will be paid to the policy owner.

Death benefit at time of claim:	\$317,383
First-year long term care benefit:	\$76,172
Face amount reduced by:	\$76,172
Remaining face amount:	\$241,211

\$177.92
Monthly Premium

⁶The increasing death benefit option will result in higher monthly deductions over the life of the policy than the level death benefit option.

⁷The hypothetical results shown are based on the non-guaranteed illustrated rate of 7.25%. Actual results are based on a number of variable factors and could be lower. Age, gender, and risk class can dramatically impact the cost of insurance rates and premium.

CHRONIC ILLNESS RIDER

WITH PREPARATION COMES FREEDOM

If the insured continues to be chronically ill, the policy owner can file for additional claims each year (with recertification) up to the maximum claim amount. The initial claim is assessed an administrative charge of \$350 and any subsequent claims will be charged \$100 per claim.

After an accelerated death benefit is paid, the premiums, charges, and monthly deductions for the policy and any affected riders will be reduced in accordance with the reduced face amount. Please note that the total face amount, death benefit, and other values of the policy will be reduced by more than the accelerated death benefit payment.

Proceeds paid under this accelerated death benefit rider may receive favorable tax treatment under Section 101(g) of the Internal Revenue Code (26 U.S.C. Sec. 101(g)) to the extent that the benefit does not exceed the per diem limits set by the Internal Revenue Service.

LONG TERM CARE RIDER

SECURE THE ROAD AHEAD

The Long Term Care Rider is an indemnity model. The claimant must submit proof that they received care that qualified under the policy. However, the policy will pay up to the full daily benefit for each day of qualified care, regardless of the actual cost of care.

Long Term Care Rider benefits are based on the death benefit at the time of claim. If the policy's death benefit option is increasing or graded when we approve a claim for benefits under this rider, we will change the death benefit option to Level, the face amount and any policy value are added together and the Long Term Care Rider specified amount is adjusted accordingly.

As long as the Plan of Care stays in place and the proof of loss is provided each month, the monthly long term care benefit payment will continue to be paid until the full available death benefit is completely paid out. Even after the death benefit is exhausted, the policy still has a residual death benefit of \$10,000 (or 10% of the lowest face amount of the base policy since its inception, less any outstanding policy loans — whichever is less) that would be paid out at death.


Note that each time a monthly benefit payment is made, the base policy's face amount, cash surrender value, and the death benefit will be reduced by the same amount.

The Long Term Care Rider has exclusions and limitations. Coverage is subject to underwriting approval. Qualifying for benefits is required before receiving benefits under the policy. For details regarding costs, exclusions, limitations, and reductions, terms under which the policy may be continued in force or discontinued and other complete details, please contact your licensed insurance agent/producer or the company. This rider is intended to be a federally tax-qualified long term care insurance contract under Section 7702B(b) of the Internal Revenue Code (26 U.S.C. Sec. 7702B(b)).



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Benefits provided through the critical, chronic, and terminal illness accelerated death benefit riders are subject to certain limitations and exclusions. Amounts payable under certain riders 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. The actual benefit paid to the policy owner may be less than the amount that is accelerated because the amount is discounted to reflect early payment of the policy's death benefit. Administrative fees per request apply. Riders should not be the sole basis to purchase any life insurance policy. Benefits paid under accelerated death benefit riders, including the Long Term Care Rider, will reduce the life insurance policy's death benefit and policy value. Consideration should be given to whether life insurance needs would still be met if rider benefits are paid out in full.

Riders are available at an additional cost. Riders and rider benefits have specific limitations and may not be available in all jurisdictions. The maximum base policy face amount may be limited by the addition of certain riders. For complete details, including the terms and conditions of each rider and exact coverage provided, please refer to the riders.

This brochure is not intended to be a full description of the Long Term Care Rider. Refer to the policy and Long Term Care Rider for explanation of terms and complete details regarding exclusions and limitations.

The Long Term Care Rider is intended to be a federally tax-qualified long term care insurance contract under section 7702B(b) of the Internal Revenue Code (26 U.S.C. Sec. 7702B(b)). Since the maximum income tax-free long term care benefits are based on benefits paid from all sources, benefit payments from the rider could be taxable if long term care benefit payments are received from other sources. Rider charges are deducted from the policy value each month. Charges are based on the insured's age, risk class, and face amount band and will vary each month.

Life insurance products are issued by Transamerica Life Insurance Company, Cedar Rapids, IA. All products may not be available in all jurisdictions.

Policy Form ICC24 TPIU12-0224 or TPIU12xx-0224. LTC Rider Form #s LTCR03, ICC12 LTCR03. Form numbers may vary by jurisdiction.

Not available in New York.

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