

AVOID COSTLY MISTAKES:

6 Tips for Correctly Filing your Accelerated Death Benefit Claim

If you have been diagnosed with a terminal illness, then you may be eligible to receive a cash advance against your life insurance policy's death benefit from your insurance company. Referred to as an Accelerated Death Benefit or Living Benefits rider, this feature can provide you with the cash you need while still preserving part of your life insurance policy's death benefit for your family. This report will help you answer the following questions:

- Does my policy have an accelerated death benefit rider?
- How much of a cash advance am I eligible to receive?
- Do I qualify for an accelerated death benefit?
- How do I correctly file my claim?
- What are my options if my claim is rejected?

Tip #1: Review your life insurance policy.

First, you want to carefully read through your policy to confirm that it contains an accelerated death benefit or living benefits rider. If you cannot locate this information, then you should contact your insurance company to confirm that your policy offers this benefit. Once you confirm that your policy has this rider, you will want to make note of the following:

a) How much of an accelerated death benefit does my policy offer?

Most policies describe their benefit as a percentage of your death benefit amount not to exceed a maximum limit.

As an example, let's say you have a \$100,000 policy and it's accelerated death benefit provision reads as follows; "The maximum accelerated benefit you may receive is 75% of the eligible face amount not to exceed \$500,000" In this example you would be eligible to receive a maximum benefit of \$75,000 (75% of \$100,000).

b) What interest rate will my insurance company charge on my accelerated death benefit amount?

Most insurance companies will charge an interest rate equal to your policy's current loan rate. Interest charges will typically accrue and come out of your policy's remaining death benefit.

As an example, let's say you received a \$100,000 accelerated death benefit and your insurance company's loan rate is 5%. If you were to pass away one year after receiving your benefit, then your policy's death benefit will be reduced by \$105,000 (\$100,000 accelerated benefit + \$5,000 in interest charges).

c) What sort of effect will taking an accelerated death benefit have on my policy?

By taking an accelerated death benefit you are reducing the amount available for your beneficiaries upon your death. Taking this benefit can also restrict or limit access to your policy's cash value. Since the accelerated death benefit amount is treated as a lien against your policy, your ability to take out policy loans may be prohibited. If you have taken any loans against your policy, your accelerated death benefit will first be used to pay-off the outstanding loan amount and you will only receive what remains. Taking an accelerated death benefit may also reduce or eliminate any future premiums due on your policy. In most instances, your future premiums will be reduced as they will only apply to your remaining death benefit. You will want to ask

your insurance company about your future premium obligation should you receive an accelerated death benefit.

d) What sort of proof of my terminal illness does my insurance company require?

Typically an insurance company will require certification from a licensed physician (who is not yourself or a family member) to certify that you are terminally ill. Most insurance companies will define how short your life expectancy needs to be in order to be eligible for this benefit.

As an example, if your policy's accelerated death benefit provision reads; "We will pay an accelerated death benefit if the Insured's life expectancy is 12 months or less" then they will want to see this reflected within your licensed physician's certification to approve your claim.

Most insurance companies reserve the right to obtain a second medical opinion at their expense.

e) What other conditions do I need to meet in order to qualify for an accelerated death benefit?

Aside from terminal illness, most policies will define what conditions need to be met in order to qualify for an accelerated death benefit. Here are two common conditions:

- Your policy must be in force
- Your policy must not be assigned

#2: Speak to your doctor

Prior to filing your claim, you should speak to your doctor to confirm that you fall within your policy's minimum life expectancy requirement. Let your doctor know that you will soon be providing him or her with a certification from your life insurance company for them to sign and complete.

Tip #3: Speak to a tax professional and/or attorney

The receipt of an accelerated death benefit may be taxable. Before filing your claim you will want to seek assistance from a tax professional to determine what tax consequences to expect. It is also important to note that receipt of accelerated benefits may cause you to lose your right to receive certain public funds. These public funds include Medicare, Medicaid, Social Security, Supplemental Security, Supplemental Security Income (SSI), and possibly others.

Tip #4: Obtain the appropriate claim forms

Contact your insurance company and ask them to provide you with all of the documentation required to file an accelerated death benefit claim. It may take some insurance companies up to 15 days to provide you with this documentation. To expedite, try requesting that the claim form be emailed or faxed to you.

Tip #5: Filling out your claim forms

A claim form package typically consists of a disclosure statement, tax certification, claim application and physician certification. Also included should be a set of instructions for completing these forms. You will want to carefully read and follow those instructions. If you have any questions or uncertainties about how to complete a particular section, contact your life insurance company for assistance. Keep in mind that if your claim form package is incomplete or inaccurate that it will likely be rejected. So it is very important that you fill out your forms correctly.

Tip #6: File your claim

Within your claim package, your insurance company should have provided you with an address to mail the completed forms to. To expedite, ask your insurance company if you can fax or email them your completed claim package. Once you send in your claim package allow a few days and then follow-up with your insurance company to confirm receipt. Most insurance companies take about 15 days to decide on a claim.

BONUS TIP #7: What happens if your Accelerated Death Benefit Claim is denied?

If your claim is denied, you may still be eligible to receive the cash you need through our Living Benefit Loan™ program. Much like an accelerated death benefit, we will advance you up to 50% of your policy's death benefit and take over all future premium payment obligations. Upon your death, our loan is repaid using your policy's death benefit proceeds and the remaining funds go to your beneficiaries. You will not be required to pledge any additional collateral or incur any out-of-pocket expenses. You keep ownership of your policy and your beneficiaries remain the same. We can determine if you qualify within 48 hours.

Should you have any questions or would like to learn more about our program, please contact us at 1-888-274-1777 or visit us online at www.LifeCreditCompany.com.