Life

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MIDLAND NATIONAL®
A Sammons Financial Company

Accelerated Death Benefit Endorsements for Term Life Insurance

Financial protection to help with chronic and terminal illness

Insurance products are issued by Midland National® Life Insurance Company

THE ACCELERATED DEATH BENEFIT WILL TERMINATE WITH THE POLICY. THIS IS NOT LONG-TERM CARE INSURANCE OR HEALTH INSURANCE, NOR IS IT INTENDED TO REPLACE THESE PRODUCTS.





Coverage for your life

Life insurance provides a death benefit to beneficiaries when the insured passes away. But what kind of protection do you have while alive?

Accelerated death benefits through life insurance can provide protection for you while you're still alive by allowing you to access a portion of the death benefit if you are diagnosed with a qualifying illness.

How it works

Midland National offers opportunities to use the policy's death benefit while you are living. Accelerated death benefits attached to the life insurance policy allow the policyowner to accelerate a portion of the death benefit in order to use while the insured is still living. The acceleration of the death benefit pays an unrestricted cash benefit when the insured meets the criteria for benefits under the qualifying event as defined in the endorsement forms. For those who qualify, this benefit is added to your policy at no additional premium at the time of issue.

The death benefit will be reduced by the amount of the death benefit accelerated. Since benefits are paid prior to death, a discount will be applied to the death benefit accelerated. As a result, the actual amount received will be less than the amount of the death benefit accelerated. There is an administrative fee at time of election. Talk to your financial professional for specific details.

Prepare for the unexpected

The unexpected can and does happen. How do you plan to pay for extended nursing care for a chronic condition or cancer treatment? If you plan to use your own funds, keep the potential costs in mind.

Here are some of the costs you might expect to pay:

- Private room in a nursing home – **$129,576 per year**[1]
- Licensed home health aide (non-Medicare certified) – **$80,076 per year**[1]

1. Source: CareScout® Cost of long-term care, 2025. Site accessed October 8, 2026. https://www.carescout.com/cost-of-care

Frequently Asked Questions

How do I qualify for accelerated death benefits?

- **Chronic Illness:** Chronically ill means the insured has been certified through a certification by a licensed health care practitioner within the prior 12 months as:

  1. Being expected to be unable to perform, for at least 90 days without substantial assistance from another person, at least two activities of daily living; or
  2. Requiring substantial supervision by another person, to protect oneself from threats to health and safety due to severe cognitive impairment.

  Activities of daily living include: bathing, continence, dressing, eating, toileting and transferring.

  Severe cognitive impairment means deterioration or loss of intellectual capacity that is (a) comparable to (and includes) Alzheimer's disease and similar forms of irreversible dementia, and (b) measured by clinical evidence and standardized tests that reliably measure impairment in the individual's:

  - Short-term or long-term memory;
  - Orientation to people, places or time; and
  - Deductive or abstract reasoning.

- **Terminal Illness:** One is considered terminally ill if the insured has been certified through a certification by a physician that the insured has been diagnosed with a medical condition that is reasonably expected to result in the insured's death within 24 months or less.



What tasks are considered activities of daily living?

Activities of daily living are those basic human functional abilities, which measure the insured's ability for self-care, to live independently without substantial assistance from another person as described below.

Bathing –The ability to wash oneself by sponge bath, or in either a tub or shower, including the task of getting into or out of the tub or shower

Continence – The ability to maintain control of bowel and bladder function; or, when unable to maintain control of bowel or bladder function, the ability to perform associated personal hygiene (including caring for catheter or colostomy bag)

Dressing – The ability to put on and take off all items of clothing and any necessary braces, fasteners, or artificial limbs

Eating –The ability to feed oneself by getting food into the body from a receptacle (such as a plate, cup, or table) or by a feeding tube or intravenously

Toileting – The ability to get to and from the toilet, getting on and off the toilet, and performing associated personal hygiene

Transferring – The ability to move into or out of a bed, chair, or wheelchair

How much of the policy death benefit can be accelerated?

The total face amount will be based on the qualifying illness on a per policy basis. When you apply for coverage, if the policy is issued with the Chronic and Terminal Illness endorsement only, the lifetime policy maximum will be $2,000,000. If the policy is issued with the Terminal Illness endorsement, the lifetime policy maximum will be $1,000,000. The lifetime policy maximum is the total acceleration of death benefit from multiple claims.

The face amount will be reduced by the amount of the death benefit accelerated. Since benefits are paid prior to death, a discount will be applied to the death benefit accelerated. As a result, the actual amount received will be less than the amount of the death benefit accelerated.

- **Chronic Illness:** The minimum accelerated death benefit for each claim, except the final election, is the smaller of 5% of the policy face amount on the initial election date or $50,000. The maximum accelerated death benefit for each claim is the smaller of 24% of the policy face amount on the initial election date, or $480,000. This amount may be smaller for a final election. A discount factor based on mortality and interest will be applied to the accelerated death benefit payment. The payment can be made as a lump sum or in periodic payments.

  The accelerated death benefit may be limited when policy changes are made.

  While the Chronic Illness benefit may provide valuable benefits, it is also important to remember that whether this benefit is payable, as well as the amount of any benefit, will depend on the impact a chronic illness has on future mortality. Many illnesses, even certain forms of cancer, actually have a minimal impact on future mortality. This means that while your illness may be a qualifying event as defined under the endorsement, it could be of a nature that would result in either a small benefit or even no benefit at all. If you make a claim to receive these benefits, we will assess mortality and other factors in determining the amount of any benefit that may be payable. We may also determine that a minimum impact to mortality or another factor results in no benefit being payable.

- **Terminal Illness:** The minimum accelerated death benefit amount is 10% of the face amount or $100,000, whichever is less on the election date. The maximum accelerated death benefit is the smaller of 90% of the policy face amount on the election date or $1,000,000. Only one election per policy can be made for terminal illness. A discount factor based on mortality and interest will be applied to the accelerated death benefit payment. The payment will be paid in a lump sum. All accelerated death benefits will terminate with the policy. Termination will not affect accelerated death benefit payments for any qualifying event that occurred while the endorsement is in effect.

Did you know?

Individuals with chronic and mental health conditions make up **90%** of health care expenses in the United States each year.

Source: Center for Disease Control. Confirmed on Oct. 8, 2026, from https://www.cdc.gov/chronic-disease/data-research/facts-stats/?CDC_AAref_Val=https://www.cdc.gov/chronicdisease/about/costs/index.htm

How much does the accelerated death benefit cost?

There is no additional premium at issue for the accelerated death benefit feature. However, for each chronic illness election and the terminal illness election, we charge an administrative fee.

What effect does acceleration of the death benefit have on the life insurance policy?

Midland National will pay the present value of the Accelerated Death Benefit. An actuarial discount based on mortality and interest will be applied to the Accelerated Death Benefit. This discount will be based on mortality rates that have been determined by Midland National. The Accelerated Death Benefit Interest Rate will be declared by Midland National and will be in effect as of the Election Date.

Chronic Illness Final Election — The final election occurs if all of the eligible death benefit minus the residual death benefit is accelerated. The residual death benefit is the greater of 5% of the death benefit on the initial election date or $10,000. All riders and endorsements, except the Chronic and Terminal Illness endorsement, attached to the policy will terminate.*

Terminal Illness — After a terminal illness election, the remaining face amount of the policy will be reduced by the amount accelerated. Upon election, all endorsements and riders attached to the policy will continue to be effective subject to the terms and conditions of each endorsement or rider.

*Chronic Illness (Premier Term only): Inputs that may be used in the calculation include underwriting completed by Midland National to determine the impact to life expectancy, the policy's guaranteed annual premiums and the interest rate currently in effect for accelerated death benefit.

How can these benefits be offered with no additional premium charge?

A payment the policyowner may receive will be less than the amount of death benefit accelerated because the benefit is paid prior to death. Because of the time value of money (present money has a higher value than future money), an actual payment made is discounted from the full death benefit amount accelerated. An actual payment depends on factors such as life expectancy and the interest rate environment at the time of election. A shorter life expectancy and/or a lower interest rate will generally lead to a higher payment.

Do I have to pay premiums after electing a benefit?

For a chronic illness election, premiums will not be waived during the election period. After each election date, premiums will continue to be payable, but will be calculated at the reduced face amount. Premiums for riders, other than Waiver of Premium rider, and any policy fee, will not be reduced.

For a terminal illness election, we waive the premiums after the election of Accelerated Death Benefits for Terminal Illness.

Did you know?

An estimated **7.4 million** Americans age 65 and older are living with Alzheimer's dementia in 2026.

Source: Alzheimer's Association 2026 Alzheimer's Disease Facts and Figures. Confirmed on Oct. 30, 2026, from https://www.alz.org/getmedia/ef8f48f9-ad36-48ea-87f9-b74034635c1e/alzheimers-facts-and-figures.pdf

May I elect to receive an accelerated death benefit right away?

There is no waiting period after you elect to accelerate the death benefit, as long as a licensed health care practitioner or physician certifies that the insured meets the qualifications for the benefit as defined in the endorsement form.

Do I have to spend the money on medical-related expenses?

The acceleration of the death benefit pays unrestricted cash benefit when the insured has become chronically ill or otherwise eligible for benefits from a qualified event as defined in the endorsement form. Midland National does not require you to submit receipts or use the benefit to cover specific costs.

Is it possible to qualify for a life insurance policy, but not the accelerated death benefit feature?

Yes. There are specific qualifications that must be met to receive the Chronic Illness Accelerated Death Benefit. However, if you qualify for life insurance coverage, then the Terminal Illness Accelerated Death Benefit Endorsement will be issued with the policy. Ask your Midland National financial professional to help determine which benefit is available in your case.

Is the chronic illness benefit endorsement the same as long-term care insurance?

No. The accelerated death benefit endorsement allows the policy owner to accelerate a portion of the life insurance policy's death benefit should the insured become chronically or terminally ill as defined in the endorsement. This is paid in advance so the ultimate policy death benefit paid to the beneficiary is reduced. If you elect to access a portion of your death benefit before your death, the amount of the benefit accelerated will be more than any payout amount received due to the discount factor.

Traditional long-term care insurance can be a stand-alone policy or optional rider with its own premiums. It provides long-term services and support by reimbursing policyholders for costs related to their illness both at home and at facilities such as assisted living communities and nursing homes. It can often pay for caregivers, housekeepers, therapists and nurses.

The accelerated death benefit for chronic illness is not long-term care insurance and is not intended to replace long-term care insurance or health insurance. For a thorough comparison between accelerated death benefits and long-term care, please reference the *Comparing Accelerated Death Benefit for Chronic Illness and Long-Term Care Insurance* section of this brochure.

Are there tax consequences?

Since the accelerated death benefits are life insurance proceeds, they are generally tax-free, however there are circumstances that can make them taxable. Payment of accelerated death benefits paid under these endorsements by Midland National are intended to receive favorable tax treatment under section 101 (g) of the Internal Revenue Code (26 U.S.C. Sec. 101 (g)). Accelerated death benefit payments are subject to limits imposed by the federal government and any amounts received in excess of these limits are includible in gross income. You should seek assistance from a qualified tax advisor on any questions you may have. Midland National does not give legal or tax advice. Please consult with and rely on a qualified legal or tax advisor.

Talk to your financial professional today about this valuable feature for your policy!



Comparing accelerated death benefits for chronic illness and long-term care insurance

This comparison outlines the differences between chronic illness benefits provided by the Accelerated Death Benefit Endorsement for Terminal and Chronic Illnesses that is issued with a life insurance policy by Midland National® Life Insurance Company (Midland National) and benefits provided by a typical qualified long-term care insurance policy. This overview is intended to help you understand these differences so you and your life insurance agent can determine which may be right for you.

Accelerated Death Benefits are not intended to provide, and never will provide, Long-Term Care (LTC) insurance and should not be used to replace Long-Term Care insurance.

	Accelerated Death Benefit Endorsement for Chronic Illness	Typical Qualified LTC Insurance Policy (Not Provided in Connection with Life Insurance)
Description of benefits	An accelerated death benefit advances payment of a portion of the Policy Death Benefit if the insured becomes chronically ill (as defined in the tax law) and satisfies other qualifying conditions. The Accelerated Death Benefit Payment is paid in a lump sum or periodic payments, as chosen by the policyowner, for a 12 month period. The Accelerated Death Benefit Payment will be less than the portion of the Policy Death Benefit that is accelerated (i.e., the Accelerated Death Benefit) due to the imposition of an actuarial discount and administrative fee.	The typical qualified LTC policy (as defined in section 7702B of the Internal Revenue Code) provides LTC benefits upon the insured's chronic illness. Most qualified LTC policies are designed to pay or reimburse only qualified LTC services.[1] Also, such policies generally pay LTC Benefits only if the insured is confined in certain types of facilities (such as a nursing home or assisted living facility) or is receiving home care from providers that satisfy criteria set forth in the policies.
Qualifying conditions for benefit payment	A Licensed Health Care Practitioner (as defined in the tax law) must certify that: (1) The insured is expected to be unable to perform, for at least 90 days, without Substantial Assistance[2] from another person, at least 2 Activities of Daily Living[3] (ADLs); OR (2) The insured requires Substantial Supervision[4] by another person to protect oneself from threats to health and safety due to Severe Cognitive Impairment.[5]	The qualifying event for receipt of benefits under typical qualified LTC insurance policies is similar to that described for the Accelerated Death Benefit Endorsement. Such policies usually do not require the condition to be permanent. However, they typically provide benefits only to the extent of expenses actually incurred for qualified LTC services. Also, benefits generally are available only if the insured is confined to certain facilities or receiving home care from providers that satisfy criteria set forth in the policies. It is necessary for the policy owner to submit proof with respect to these costs. (Some qualified LTC policies pay an indemnity benefit that does not reimburse specified costs for qualified LTC services, but such policies are less common and generally more costly.)
Underwriting	Midland National will only issue the life insurance policy based on an acceptable underwriting record with respect to the insured's health. Also, a supplemental application relating to coverage of chronic illness will be required to determine eligibility for this benefit at the time of the application for life insurance.	The insured's health is underwritten specifically for factors that might affect LTC need. Results can affect premiums or cause the insurer to decline to issue the coverage.
Amount of benefits	The maximum Accelerated Death Benefit for each claim (based on a certification of chronic illness) is the lesser of 24% of the Policy Death Benefit on the Initial Election Date or $480,000. The Accelerated Death Benefit Payment is the present value of the Accelerated Death Benefit (i.e., Policy Death Benefit that is being accelerated). An actuarial discount based on mortality, interest and other factors will be applied, so that the amount of the Accelerated Death Benefit Payment will be less than the reduction in Policy Death Benefit resulting from such payment.	Under typical qualified LTC policies, a daily maximum benefit amount and maximum lifetime benefit for coverage may be selected at the issuance of the policy, and the policy is priced accordingly. For example: a policy may provide a daily benefit of $150/day for 36 months. Prospective policy owners must be offered an inflation protection option for a separate charge that, if selected, increases daily and lifetime benefit maximums to keep up with increases in the cost of care.
Elimination period	The endorsement does not impose an elimination period.	Qualified LTC policies vary with respect to whether they impose an elimination period requirement. An elimination period or "waiting period" is the period of time you must wait before receiving benefits after you qualify for care and otherwise are eligible to receive benefits. Elimination period options are generally 0, 30, 90 or 100 days. For policies that include elimination periods, expenses incurred during the elimination period are not reimbursable.
Cost	There is no additional premium to have the endorsement available on your life insurance policy. If you choose to elect an Accelerated Death Benefit, an administrative fee will apply when the Accelerated Death Benefit Payment is made. Also, the actual benefit payment received in connection with any acceleration (i.e., the Accelerated Death Benefit Payment) will be reduced by an actuarial discount and thus will be lower than the amount by which the Policy Death Benefit is reduced.	Premiums vary widely based on the daily maximum benefit, maximum benefit coverage period, inflation protection, or other options.
Taxation of benefits	Under Section 101(g) of the Internal Revenue Code (26 U.S.C. Sec. 101(g)), accelerated benefits due to an insured's chronic illness generally are excludable from income for federal tax purposes, and thus such benefits generally are not subject to income tax[6]. This favorable income tax treatment applies only to the extent of the tax law's "per diem limitation," which typically equals an inflation-indexed amount published by the IRS each year. The endorsement provides Accelerated Death Benefit Payments that generally are intended to receive favorable tax treatment to the extent of the per diem limitation under Section 101(g). Certain exceptions apply, however, where this favorable treatment does not apply (e.g., in the case of certain policies purchased in a business context or where a policy has been sold).	Where a qualified LTC policy reimburses expenses incurred for qualified LTC services, benefits usually will be excludable from income under Section 104(a)(3) of the Internal Revenue Code (26 U.S.C. Sec. 104(a)(3)). Where a policy provides indemnity benefits (i.e., that do not reimburse specific expenses), benefits generally are excludable from income to the extent of the per diem limitation.
Benefit Proceeeds	Accelerated death benefits pay an unrestricted cash benefit that can be used for anything when the insured has become chronically ill or otherwise eligible for benefits from a qualified event. Accelerated Death Benefits for Chronic Illness eligibility is not conditioned on the receipt of LTC services.	A Qualified LTC policy pays a benefit which must be used for qualified LTC services.
Effect on death benefit and other policy values	The Policy Death Benefit is reduced by the Accelerated Death Benefit that is requested. Since the death benefit is being paid early, the portion of the Policy Death Benefit that is accelerated will be discounted and reduced, so that the Accelerated Death Benefit Payment paid will be less than the reduction in the Policy Death Benefit that occurs due to such payment. The Policy's cash value and loan balance will be reduced on a pro rata basis (based on the percentage reduction in the Policy Death Benefit). If the Policy remains in force, any remaining Policy Death Benefit that is not accelerated will be paid to the beneficiary upon due proof of death of the insured. For example, if a Final Election of an Accelerated Death Benefit under the endorsement occurs, a residual Death Benefit will be paid to the beneficiary in a lump sum upon due proof of death of the insured.	Qualified LTC policies usually have no death benefit or cash value. For an additional premium charge, some policies provide a return of premium benefit upon the insured's death (and in rare cases upon policy surrender).

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AN ACCELERATED DEATH BENEFIT FOR CHRONIC ILLNESS IS NOT LONG-TERM CARE INSURANCE NOR IS IT INTENDED TO REPLACE LONG-TERM CARE INSURANCE.

This is a life insurance benefit that also gives you the option to accelerate some or all of the death benefit in the event that you meet the criteria for a qualifying event described in the policy. This policy or certificate does not provide long-term care insurance subject to California long-term care insurance law. This policy or certificate is not a California Partnership for Long-Term Care program policy. This policy or certificate is not a Medicare supplement policy or certificate.

Payment of accelerated death benefits paid under this endorsement is intended for favorable tax treatment under Section 101(g) of the Internal Revenue Code.

The acceleration of the death benefit or face amount pays unrestricted cash benefit when the insured has become chronically ill or otherwise eligible for benefits from a qualified event.

Prior to electing to buy the Accelerated Death Benefit, you should seek assistance from a qualified tax adviser. Receipt of Accelerated Death Benefits may affect eligibility for public assistance programs, such as Medi-Cal or Medicaid. Prior to electing to buy an Accelerated Death Benefit, you should consult with the appropriate social services agency concerning how receipt of Accelerated Death Benefits may affect that eligibility.

A comparison between the benefits provided by life insurance policies, riders/endorsements that contain accelerated death benefits and the benefits provided by Long Term Care insurance.

1. Qualified Long-Term Care Services are defined by the IRS as: necessary diagnostic, preventative, therapeutic, curing, treating, mitigating, rehabilitative services and maintenance and personal care services required by a chronically ill individual and provided pursuant to a plan of care prescribed by a licensed health care practitioner. Source: Internal Revenue Code § 7702B(c)(1).

2. Substantial Assistance – means hands-on assistance and standby assistance. Hands-on assistance means the physical assistance of another person without which the individual would be unable to perform the ADL. Standby assistance means the presence of another person within arm's reach of the individual that is necessary to prevent, by physical intervention, injury to the individual while the individual is performing the ADL (such as being ready to catch the individual if the individual falls while getting into or out of the bathtub or shower as part of bathing, or being ready to remove food from the individual's throat if the individual chokes while eating).

3. Activities of Daily Living – are the following basic human functional abilities which measure the Insured's ability to live independently without Substantial Assistance from another person: Eating, Bathing, Continence, Dressing, Toileting, and Transferring.

4. Substantial Supervision – means continual supervision (which may include cuing by verbal prompting, gestures, or other demonstrations) by another person that is necessary to protect the Severely Cognitively Impaired individual from threats to his or her health or safety (such as may result from wandering).

5. Severe Cognitive Impairment – means a loss or deterioration in intellectual capacity that is (a) comparable to (and includes) Alzheimer's disease and similar forms of irreversible dementia, and (b) measured by clinical evidence and standardized tests that reliably measure impairment in the individual's short-term or long-term memory, orientation as to people, places, or time, and deductive or abstract reasoning.

6. **NEITHER MIDLAND NATIONAL® LIFE INSURANCE COMPANY NOR ITS AGENTS GIVE TAX ADVICE. Any statements relating to taxes contained herein cannot be relied upon for any purpose, including for avoiding penalties under the Internal Revenue Code.**

Premier Term CS8 (policy form T14204), Accelerated Death Benefit for Chronic and Terminal Illness (form TR20904) and Accelerated Death Benefit Endorsement for Terminal Illness (form TR20804) are issued by Midland National Life Insurance Company, West Des Moines, Iowa. Product, features, endorsements, riders or issue ages may not be available in all jurisdictions. Limitations or restrictions may apply.

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