

IUL Sales Kit



800-776-4647
www.cpsimis.com

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Living Benefits through the Accelerated Benefit Riders (ABRs)

How do they work? Your questions answered.

Plan today. Protect tomorrow.

As you may know, life insurance is a powerful financial tool that can be used to meet many needs. First and foremost, life insurance is used to provide a benefit to your family at death.

But how do you protect against an unforeseen illness?

Our Accelerated Benefits Riders do just that. Life Insurance Company of the Southwest (LSW) offers three different Accelerated Benefits Riders:

1. Accelerated Benefits Rider for Terminal Illness (ABR1)
2. Accelerated Benefits Rider for Covered Chronic Illness (ABR2)
3. Accelerated Benefits Rider for Critical Illness (ABR3)

Is there a fee for the ABR?

No, ABR requires no additional premium.

What are the eligibility requirements to accelerate an ABR?

In order to qualify for Accelerated Benefits for **Terminal Illness**, the insured must be diagnosed with a terminal illness and the condition must be expected to result in death within two years.

For **Chronic illness**, the insured must be unable to perform two of six Activities of Daily Living (ADLs) or Cognitive Impairment for a period of at least 90 consecutive days. The ADLs include: bathing, continence, dressing, eating, toileting and transferring.

To qualify under the **Critical Illness** definition, the insured must have or have had one of the following conditions: Heart Attack, Stroke, Cancer, End Stage Renal Failure, Major Organ Transplant, ALS (Lou Gehrig's Disease) or Blindness.

Definitions may vary by state.

What if my client qualifies under the definition of both terminal and chronic illness?

Benefits are not available under the chronic illness rider if the insured is eligible for Accelerated Benefits under another rider.

Can the money really be used for anything?

Yes, the unique feature about our Accelerated Benefit Riders is that the benefits are not limited to unreimbursed expenses, allowing the owner to have full discretion on how the benefits are used. Benefits can be used for quality of life expenditures, medical procedures, experimental treatments, to even reimbursing a loved one for their assistance. However, LSW will report ABR benefit payments to the IRS under form 1099-LTC.

Who is the check made out to?

The benefit check is made out directly to the owner of the policy.

What's the process for submitting a claim?

Under a claim situation, the client will contact LSW and notify them that they wish to file a claim under ABR. The client would then complete the necessary forms provided by the Claims Department and formally file under the

ABR. Once the claim is received, it will be reviewed and processed by our Claims Department. It is important to note that the company reserves the right to have the insured examined by a physician of our choice to affirm the qualifying condition. If the claim is determined to be legitimate, the benefit will be paid under the terms of the rider. The Claims Department phone number is (800) 232-5246.

Can my client only accelerate part of a policy?

Yes, absolutely. Your client can accelerate their policy under the Terminal and Chronic Riders in full, in part, or a specified amount. Under the Chronic Illness Rider, the client can accelerate the 25% annual maximum amount in full, or in part not to exceed 2% monthly. The death benefit of the policy that they accelerate will be reduced by the payments they receive. If the policy has cash value accumulated, and/or loan values available, those will also be reduced. If the client chooses a partial acceleration, the residual amount – after the acceleration – will remain as death benefit.

Why is the acceleration less at younger ages than older ages?

There are many factors involved in calculating the ABR benefits. One of the factors is the future value of the premium due. Because younger clients generally have a longer time period before their expected death, the discounting is greater at younger ages.

Is there any instance in which ABR funds would be subject to taxation?

ABR benefits are intended to qualify for favorable tax treatment. However, in some situations the benefit may be subject to taxation. Taxation of ABR benefits can be complex. Prior to applying for ABR benefits, you should consult with a qualified tax advisor to discuss the possible tax consequences.

What's the maximum ABR benefit amount available?

Insured's can accelerate up to a total discounted lifetime payout of \$1,000,000 on the life of any insured person. For ABR2, the insured can accelerate up to 2% of the death benefit each month or 24% annually with a total discounted lifetime payout not to exceed \$1,000,000.

Can my client add ABR to policies with face amounts larger than the maximum benefit?

Yes, but if the insured makes an ABR claim, the total discounted accelerated death benefit can not exceed the total lifetime payout of \$1,000,000, regardless if the policy's face amount is greater.

Is there a waiting period before my client can activate the ABR benefits? Does it vary by state?

Waiting periods may vary by state, but in general, Accelerated Benefits for Terminal Illness (ABR1) does not have a waiting period, Accelerated Benefits for Chronic Illness (ABR2) must be in force for two years with a 90 consecutive day waiting period before benefits are available and Accelerated Benefits for Critical Illness (ABR3) must be in force 30 days before benefits are available.

Is ABR only available at issue or can it be added after issue?

If an ABR Rider was not added when the policy was issued, the insured can add after issue to insure they have this protection, subject to state availability.

How does receiving ABR benefits impact other programs such as Social Security?

Receipt of ABR benefits may affect eligibility for public assistance programs. Prior to applying for ABR benefits, you should consult with the appropriate social services agency concerning how receipt will affect your eligibility of the recipient and/or your spouse or dependents.

Life Insurance Company of the Southwest™



Living Benefits

A Key to Life Insurance



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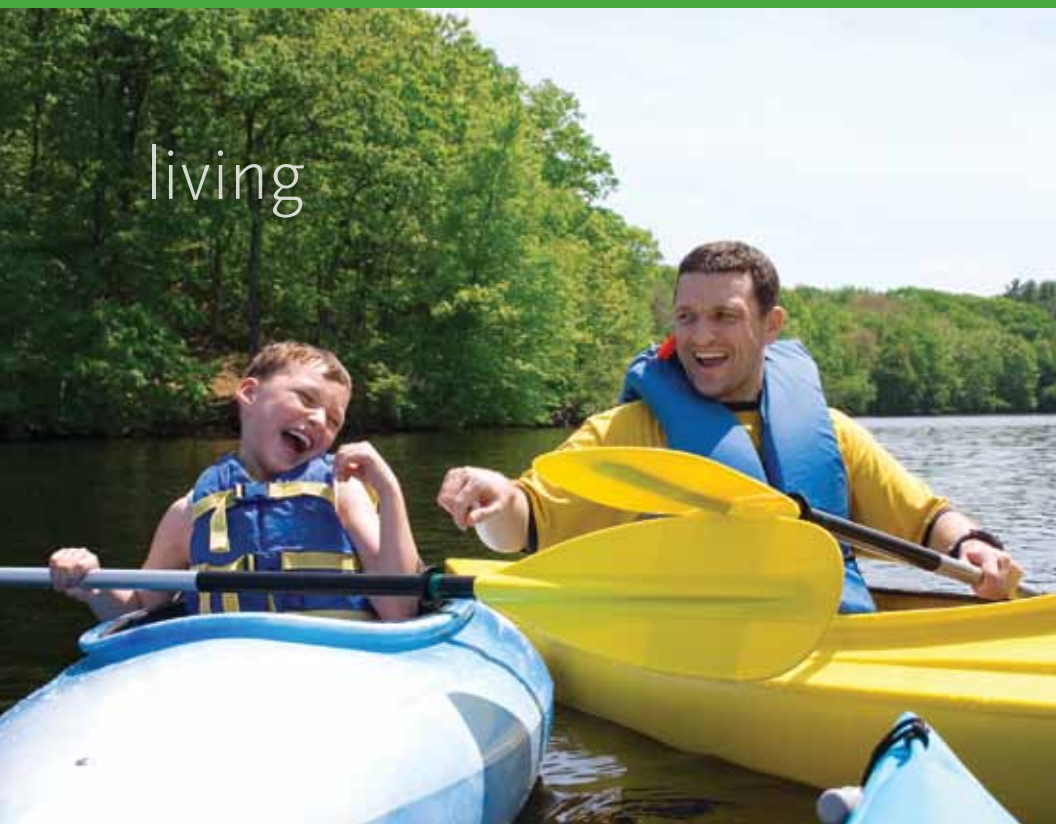
Experience Life®

Plan today. Protect tomorrow.

Life insurance is a powerful financial tool that can be used to meet many needs. Most commonly, life insurance is used to provide a death benefit to help secure your family's financial future when you are gone.

How do you protect against
an unforeseen illness?

living

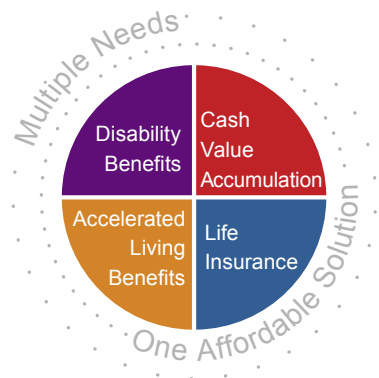


Consider the following:

- About every 26 seconds, an American will suffer a coronary event, and about every minute someone will die from one. (*American Heart Association, American Stroke Association, Heart Disease and Stroke Statistics, 2008 update*)
- On average, every 40 seconds someone in the United States has a stroke. (*American Heart Association, American Stroke Association, Heart Disease and Stroke Statistics, 2008 update*)
- At age 65, the odds are nearly one in two that you will require nursing home services for at least 2.5 years. (*Medicare, US Dept. of Health and Human Services, 2007*)

At Life Insurance Company of the Southwest (LSW), we believe you should get more from a life insurance policy. We think you should have access to benefits you can use, while you are living.

The future is unpredictable...
are you and your family prepared?



Do you have Living Benefits?



Nicholas, a husband and father of two, suffers a severe heart attack at the age of 54. He uses his critical illness rider (Accelerated Benefit Rider 3). He is able to use this money to cover his medical expenses, and pay off his family's mortgage.¹

Juan and Maria are parents of Antonio, a freshmen entering college. Through policy loans and withdrawals, they are able to access their policy's accumulated value to offset his tuition payments.²



¹ Receipt of accelerated benefits will reduce the policy's death benefit and cash value and may result in a taxable event. There are no restrictions on how the benefit received is used. Accelerated benefit riders are available at no additional cost.

² Loans and withdrawals will reduce the policy's Cash Value and Death Benefit and may result in a taxable event. Surrender charges may reduce the policy's cash value in early years.



Sophie, at age 79, becomes chronically ill and enters a nursing home. She decides to use 2% of her death benefit each month, available to her through the chronic illness rider (Accelerated Benefit Rider 2), to help pay for her nursing home stay and other medical expenses.¹

Isaac's doctor has told him he has less than two years to live. Using the terminal illness rider (Accelerated Benefit Rider 1), he chooses to access his full death benefit to enjoy life to the fullest during his last two years.¹



Life events such as these can happen to you at anytime, most without warning. With your policy, you decide how and when to use its benefits. LSW policies offer more than just a death benefit, they **help insure your life**.

You should have access to benefits you can use, *while you are living.*

We feel LSW's Living Benefits provide a combined solution that you can afford to have, but cannot afford to be without. This combination of benefits can help protect your plans for today and tomorrow. We call it:

“ life insurance you don't have to die to use.”



living



Q:

What does *“life insurance you don’t have to die to use”* mean to me?

A:

You can access your policy’s benefits while you are still living. Your benefits may include coverage in case of a:

- Chronic Illness
- Terminal Illness
- Critical Illness
- Disability

You also have access to your policy’s cash value for events such as education, a down payment on a house, or retirement.

Benefits are not all inclusive. The use of one benefit may reduce or eliminate other benefits.




living

LSW offers a comprehensive package of options, commonly referred to as riders, that may be added to your life insurance policy. These riders give you the flexibility to customize your policy, based on your needs. Some are available at no additional premium.

Our rider* portfolio includes the following:

- Accelerated Benefits Rider¹ (Terminal Illness)
- Accelerated Benefits Rider² (Chronic Illness)
- Accelerated Benefits Rider³ (Critical Illness)
- Disability Income Rider
- Waiver of Specified Premium Rider
- Other Insured Rider
- Overloan Protection Rider
- Guaranteed Insurability Rider
- Children's Term Rider
- Accidental Death Benefit Rider
- Unemployment Rider



Plan today.
Protect tomorrow.

*All riders except for the Accelerated Benefits and Unemployment Riders require an additional premium. Riders are optional and may not be available in all states or on all products.

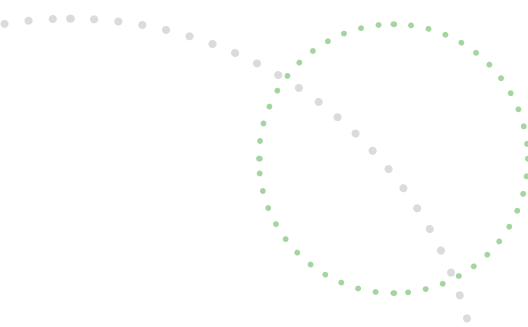
Following are details about some of our most popular riders:

Accelerated Benefits Rider 1 (ABR1)**
Provides benefits in case of terminal illness

ABR1 gives you the option of receiving your death benefit early if a person covered under the policy is terminally ill. For purposes of this rider, terminal illness means that a doctor has certified that the insured's death is expected within two years, one year in VT and PA. If this situation exists, you may:

- Request the full acceleration, on a discounted basis, of the policy's death benefit and use the lump-sum as you wish,
- Choose to leave a portion of the policy's death benefit intact for your beneficiary, or
- Leave the entire policy intact for your beneficiary.

ABR1 is available at no additional premium and is intended to qualify for favorable tax treatment. ABR1 benefits may be used for any purpose.



The Accelerated Benefits offered under ABR1, ABR2 and ABR3 are intended to qualify for favorable tax treatment under the Internal Revenue Code of 1986. Whether such benefits qualify depends on factors such as your life expectancy at the time benefits are accelerated or whether you use the benefits to pay for necessary long-term care expenses, such as nursing home care. If the acceleration-of-life-insurance benefits qualify for favorable tax treatment, the benefits will be excludable from your income and not subject to federal income taxation. Tax laws relating to acceleration-of-life-insurance benefits are complex. You are advised to consult with a qualified tax advisor about circumstances under which you could receive acceleration-of-life-insurance benefits excludable from income under federal law.

Receipt of accelerated life-insurance benefits may affect you, your spouse or your family's eligibility for public assistance programs such as medical supplementary Social Security Income (SSI), and drug assistance programs. You are advised to consult with a qualified tax advisor and with social service agencies concerning how receipt of such a payment will affect you, your spouse and your family's eligibility for public assistance.

Accelerated Benefits Rider 2 (ABR2)
Provides benefits in case of chronic illness

ABR2 gives you the option of receiving your death benefit early if a person covered under the policy is chronically ill. For purposes of this rider, chronic illness means that a doctor has certified that the insured is either unable to perform two of the six daily activities of living without assistance (bathing, continence, dressing, eating, toileting, and transferring) or is cognitively impaired (deterioration or loss in intellectual capacity). Benefits are available after the rider is in force for two years.* If a chronic illness exists and after a 90-day waiting period, you may:

- Request to accelerate up to 2% of the death benefit each month to use as you wish, or
- Leave the policy intact for your beneficiary.

ABR2 is available at no additional premium and is intended to qualify for favorable tax treatment. ABR2 benefits may be used for any purpose.



* Some states may have a different time requirement before benefits are available. It's important to determine what your state specific requirements are.

**Death Benefits, cash values and loan values (for policies with such values) will be reduced if an Accelerated Benefit is paid.

Accelerated Benefits Rider 3 (ABR3)

Provides benefits in case of critical illness

ABR3 gives you the option of receiving your death benefit early if a person covered under the policy is critically ill. For purposes of this rider, critical illness is defined as a heart attack, stroke, cancer, a major organ transplant, blindness, or having been diagnosed with Lou Gehrig's disease (ALS) or end stage renal failure. If one of these illnesses exist, you may:

- Request the full acceleration of the policy's death benefit and use the lump-sum as you wish,
- Choose to leave a portion of the policy's death benefit intact for your beneficiary, or
- Leave the entire policy intact for your beneficiary.

With ABR3, the level of discounting applied to the death benefit varies depending upon the insured's age and the severity of the critical illness.

ABR3 is available at no additional premium and is intended to qualify for favorable tax treatment. ABR3 benefits may be used for any purpose.

Remember, if you choose to use your death benefit early, the actual ABR payment you receive will be less than the death benefit you accelerate. Benefits used under any Accelerated Benefits Rider will reduce the policy's cash value, death benefit and loan values.

Death Benefits, cash values and loan values (for policies with such values) will be reduced if an Accelerated Benefit is paid.

The Accelerated Benefits offered under these ABR1, ABR2, and ABR3 are intended to qualify for favorable tax treatment under the Internal Revenue Code of 1986. Whether such benefits qualify depends on factors such as your life expectancy at the time benefits are accelerated or whether you use the benefits to pay for necessary long-term care expenses, such as nursing home care. If the acceleration-of-life-insurance benefits qualify for favorable tax treatment, the benefits will be excludable from your income and not subject to federal income taxation. Tax laws relating to acceleration-of-life-insurance benefits are complex. You are advised to consult with a qualified tax advisor about circumstances under which you could receive acceleration-of-life-insurance benefits excludable from income under federal law.

Receipt of accelerated life-insurance benefits may affect you, your spouse or your family's eligibility for public assistance programs such as medical supplementary Social Security Income (SSI), and drug assistance programs. You are advised to consult with a qualified tax advisor and with social service agencies concerning how receipt of such a payment will affect you, your spouse and your family's eligibility for public assistance.

Chronic Illness is not available in all states. Critical Illness is not available in all states. We currently limit the amount of death benefit that may be accelerated under all accelerated benefit riders applying to the same insured to \$1,000,000. We reserve the right to change this limit in the future, however the limit will never be less than \$500,000.



living

National Life Group

National Life Insurance Company, was founded in 1848. Life Insurance Company of the Southwest was incorporated in 1955. Our commitment to our customers is our steadfast and primary responsibility, while our joint commitment to financial strength and profitable growth helps to ensure we can deliver on our promises to our customers.

National Life Group is a Fortune 1000 Company that serves more than 850,000 customers and employs roughly 900 employees.

The Group is made up of its flagship company, National Life Insurance Company, as well as Life Insurance Company of the Southwest, Sentinel Investments, Equity Services, Inc., and National Retirement Plan Advisors.

National Life Group is a trade name representing National Life Insurance Company, Montpelier, VT and its affiliates. Life Insurance Company of the Southwest, Dallas, TX, is licensed in all states except NY. Each company is solely responsible for its own financial condition and contractual obligations.

Sentinel Investments® is the unifying brand name for Sentinel Financial Services Company, Sentinel Asset Management, Inc., and Sentinel Administrative Services, Inc. Sentinel Financial Services Company and Equity Services, Inc. are Registered Broker/Dealer Affiliates of National Life Insurance Company, One National Life Drive, Montpelier, Vermont 05604 (802) 229-3900. National Retirement Plan Advisors offers the benefit of more than 65 years of experience in providing comprehensive retirement plans, administration and services.



The riders referenced in this brochure are optional, are available at additional cost unless otherwise indicated, and may not be available in all states or on all products. Benefits and terms may vary by state. Riders are available on LSW Harbor and LSW Horizon universal life insurance policies, form series 8514/8515/8514ID(0707)/8515ID(0707), and various other permanent and term life insurance policies issued and underwritten by Life Insurance Company of the Southwest.

Following are the form series numbers for the LSW Life Insurance Riders referenced in this brochure: Terminal Illness Rider (ABR1), form series 8052(0798), not available in MT and ND; Chronic Illness Rider (ABR2), form series 8095(0399), not available in CT, KS, LA, MN, MT, ND, OR, WA; Critical Illness Rider (ABR3), form series 8165(0703), not available in CT, MA, MT, NJ, ND; Disability Income Rider, form series 8054(0798), 8065(0798), not available in KS, MA, MT, NJ, ND; Waiver of Specified Premium Rider, form series 8520(0707); Other Insured Rider, form series 8057(0707); Overloan Protection Rider, form series 8542(0707); Guaranteed Insurability Rider, form series 8051(0798), not available in MA, MT, ND; Children's Term Rider, form series 8056(0707); Accidental Death Benefit Rider, form series 8050(0798), not available MT, ND; Unemployment Rider 8058(0798), not available in AZ, CA, FL, MA, MD, MI, MN, MO, MT, ND, NJ, SC, TN, VA, VT, WA.

For costs and complete details of the coverage, write or call your agent or company. None of the information in this piece is intended as tax or legal advice. Please consult with your Attorney or Accountant prior to acting upon any of the information contained herein.

This is a solicitation of insurance. An insurance agent may contact you.

Home Office: Dallas, TX • Administrative Office: Montpelier, VT • 888-297-3990
NationalLife.com



Karen has the freedom to retire comfortably.

Most people know life insurance can provide financial security and continuity during one of life's most difficult times: the death of a loved one. What

few people know is that life insurance can also help people meet their retirement goals and dreams by providing an income option on their policy with the Lifetime Income Benefit Rider. Once exercised, the Lifetime Income Benefit Rider, an optional living benefit rider, provides income you cannot outlive – guaranteed!

The following story illustrates just what the Lifetime Income Benefit can do.

Karen is an active 42 year old women who recognizes that between her healthy lifestyle and today's medical advancements, she could live to be well into her 90's. She wants to make sure that she can have a comfortable retirement and that means having the money to support her retirement years.

For a number of years, Karen has worked at a local firm as a paralegal and has been able to accumulate a solid base for retirement through her 401(k).

The Power of Life Insurance

Lifetime Income Benefit

She realizes that Social Security may not always be around and relying solely on her 401(k) will not provide her with enough income that she will need to accomplish many of her goals in retirement.

In addition to this concern, Karen faces another significant fear: What if she outlives her retirement income all together?

The fear of outliving retirement income has become a very realistic concern for many Americans who are facing retirement, and for good reason. People are not only living longer, they have better educations – resulting in better health, higher income, and a higher standard of living in retirement.

Fortunately, Karen has another alternative. She recently purchased a life insurance policy with the optional Lifetime Income Benefit Rider. This gives her a unique option during her retirement when death benefit protection is no longer needed. When she retires she can exercise the rider and guarantee herself income for the rest of her life.

This guaranteed benefit lets her work towards making her retirement dreams a reality. With the Lifetime Income Benefit Rider she has the freedom to retire comfortably, and enjoy getting older, not fear it.

Did you know the Lifetime Income Benefit Rider can provide you with income you cannot outlive?

What would it be worth to you?

National Life Insurance Company® | Life Insurance Company of the Southwest™

The Lifetime Income Benefit Rider provides a benefit for the life of the insured if certain conditions are met, including but not limited to the insured's attained age being between age 60 and 85, and that the policy has been in force at least 15 years. Insufficient policy values or outstanding policy loans may also restrict exercising the rider. Exercising the rider and receiving an income benefit will reduce the policy's cash value and death benefit and may terminate other riders or reduce their benefits.

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Experience Life®



Ultra Select Indexed Universal Life insurance, form series 8385/8385ID(1206), and the Lifetime Income Benefit Rider (form series 8865) are underwritten by National Life Insurance Company, Montpelier Vermont.

SecurePlus Paragon Indexed Universal Life Insurance, form series 8387/8387ID(0606), and the Lifetime Income Benefit Rider, form series 8866, are underwritten by Life Insurance Company of the Southwest, Dallas Texas.

The Lifetime Income Benefit Rider is optional and only available at policy issue. There is no additional charge to add the rider to your policy, but there is an annual charge from the accumulated value during the benefit paying period. Benefit payments are funded via withdrawals and policy loans, which will reduce the policy's cash value and death benefit. The policyholder cannot make additional premium payments or request additional withdrawals or policy loans during the benefit payment period or the rider will terminate.

The above products and/or riders are not available in all states.

The Participation Rate is the maximum percentage of the annual increase in the Index that will be credited. For example: The one year increase in the Index is 10%. If the Participation Rate is 90%, then 9% would be used to calculate the interest credit [$10\% \times 90\% = 9\%$]. The Cap is the maximum earnings percent that will be credited. For example: The Participation Rate is 100% and there is a Cap of 12%. If the one year increase in the Index is 14%, the earnings will be capped at 12%. Participation Rates and Caps are subject to change annually for a given indexed segment.

In the event the market declines, UltraSelect and SecurePlus Paragon IUL policies has/have a built-in 0% interest crediting floor. The Floor is the minimum earnings percent that will be credited.

For UltraSelect and SecurePlus Paragon, the minimum annual rate of interest credited to funds in the fixed-interest strategy is 2.5% and the minimum interest credited in the indexed strategies is 2.5% which will be applied in case of death or full surrender only if the policy return is less than the 2.5% guarantee.

UltraSelect and SecurePlus Paragon Indexed Universal Life insurance has a 10 year declining surrender charge. Surrender charges may reduce the policy's cash value in early years. The policy's cash surrender value is the accumulated value less the surrender charges.

Failure to maintain the policy to maturity will result in no participation in the equity index. Each crediting period is 1 year in length. Index earnings are credited to each indexed segment at the end of the crediting period. Each indexed segment will have a participation rate and an index earnings cap, which are determined in advance for each crediting period. On each segment anniversary of an indexed segment, the index growth for that segment will be calculated, as a function of the index performance over the previous crediting period. Excess Interest Formula: Index earnings for each indexed segment are calculated at the end of the crediting period as follows: index growth is multiplied by the segment's participation rate, adjusted so that this rate is no greater than the segment's index earnings cap, and no less than 0%; multiplied by the value in the indexed segment value. Index earnings are not direct participation in any stock or equity investment. Upon death of the insured, a death benefit equivalent to the death benefit at the time of the insured's death less any policy debt and less other amounts owed to the insurance company will be paid to the beneficiary.

National Life Group is a trade name of National Life Insurance Company and its affiliates. Each company of the National Life Group is solely responsible for its own financial condition and contractual obligations. Life Insurance Company of the Southwest is licensed to do business in 49 states and the District of Columbia. It is not licensed to do business in New York. National Life Insurance Company is licensed to do business in all 50 states and the District of Columbia.



Lifetime Income Benefit Rider (LIBR)

Quick Reference Guide

Growing old in America isn't what it used to be, and in many ways, that's a good thing. People are not only living longer, they have better educations – resulting in better health, higher income and a higher standard of living in retirement.

But there is a flip side to the coin. As Americans continue to live longer a new challenge presents itself: “How do I make sure my retirement income lasts.”

Fortunately, there is a simple solution. Once exercised,¹ the Lifetime Income Benefit Rider guarantees³ your clients income for life – money they cannot outlive.

Consumer Profile

- LIBR is ideal for client's who want death benefit protection from a life insurance policy in case they die prematurely, but also want the option to use their policy to supplement their retirement income when survivor protection is no longer a concern.
- Plus, your clients can get the best of both worlds with LIBR – even if they exercise their lifetime benefit, they will always maintain at least a \$15,000 death benefit.
- What's more? By adding the Accelerated Benefits Riders to their life policy, they can also have the option to use funds from their policy to meet expenses associated with a terminal, chronic or critical illness.²

Specifications

Product Availability

Available on NL Ultra Select IUL or LSW SecurePlus Paragon IUL

Issue Ages:

Issue ages 18 – 70 (Up to a 250% rating – Table 6)

Exercise Age Limits

Cannot be exercised before age 60 or after age 85

Benefit Amount

A defined income base is used in determining the benefit payments available. Benefit payments may be monthly, quarterly, semi-annually or annually.

Waiting Period

15 years (or 15 years from the last face amount increase) – known as the accumulation period.

Death Benefit Option

Available for both Death Benefit Option A and B.

Definition of Life Insurance

Only available with GPT, not available for CVAT policies

LIBR is available for both MEC and Non-MEC policies.

Multiple Needs, One Affordable Solution.

National Life Insurance Company® | Life Insurance Company of the Southwest™

¹ The Lifetime Income Benefit Rider provides a benefit for the life of the insured if certain conditions are met, including but not limited to the insured's attained age being between age 60 and 85, and that the policy has been in-force at least 15 years. Insufficient policy values or outstanding policy loans may also restrict exercising the rider. Exercising the rider and receiving an income benefit will reduce the policy's cash value and death benefit and may terminate other riders or reduce their benefits.

² Receipt of accelerated benefits will reduce the policy's cash value and death benefit and may result in a taxable event. Electing to receive accelerated benefits after you have started to receive income from the Lifetime Income Benefit Rider will terminate the LIBR income benefits.

³ Guarantees are dependent upon the claims-paying ability of the issuing company.

For Agent Use Only - Not For Use With the Public

How does LIBR work?

LIBR is a Living Benefit rider that is automatically added to UltraSelect or SecurePlus Paragon IUL policies at issue. LIBR gives the insured an option to exercise the rider once certain conditions have been met, and receive a lifetime stream of income – guaranteed. The guaranteed lifetime income is deducted from the policy's account value through partial withdrawals and policy loans. These income payments do not incur withdrawal charges. The policy owner retains the full rights to and control over the accumulated value until a minimum threshold criterion is obtained. Upon reaching this threshold, a minimum \$15,000 death benefit will be maintained, benefit payments are no longer funded by the accumulated value; instead, the insurer pays the benefit payments directly to the policy owner.

Are Benefit Amounts Guaranteed?

The actual benefit payment is not guaranteed until LIBR is exercised. Once LIBR is exercised, the income base is set equal to the accumulated value and is then used to calculate benefit payments.

Are Benefits Taxable?

For Non-MEC policies, benefit payments are not taxable until the policy reaches the minimum threshold criterion. For MEC policies, benefit payments are subject to income tax. Policy owners may want to consult with their tax advisors.

What are the eligibility requirements to exercise LIBR?

In addition to meeting issue ages, exercise age limits and the waiting period, conditions include but are not limited to the following:

- Any outstanding policy loans must be repaid in full;
- The policy's death benefit ratio is less than or equal to the maximum death benefit ratio, where the death benefit ratio is equal to the death benefit divided by the cash surrender value at the time of exercise;
- Benefit payments are greater than or equal to \$100.

Are premium payments still required once LIBR is activated?

Once the rider is exercised no additional premiums can be paid or LIBR will terminate.

At any point in time does the benefit amount change?

This rider includes a ratchet feature which resets the income base at the end of every 5th LIBR anniversary during the income period (the time during which benefit payments are made to the policy owner). At that time if the cash surrender value is higher than it was on the previous recalculation date, the income base will be increased to equal the higher cash surrender value. The benefit payments will then be recalculated using the adjusted income base. If the cash surrender value is lower than it was on the previous recalculation date, the income base will not be reduced.

For more information on the Lifetime Income Benefit Rider, call 1.800.906.3310 option 2 or visit NationalLife.com.

Ultra Select Indexed Universal Life insurance, form series 8385/8385ID(1206), and the Lifetime Income Benefit Rider (form series 8865) are underwritten by National Life Insurance Company, Montpelier, VT, 800-906-3310, www.NationalLife.com. SecurePlus Paragon Indexed Universal Life Insurance, form series 8387/8387ID(0606), and the Lifetime Income Benefit Rider, form series 8866, are underwritten by Life Insurance Company of the Southwest, Dallas TX.

The Lifetime Income Benefit Rider is optional and only available at policy issue. There is no additional charge to add the rider to your policy, but there is an annual charge from the accumulated value during the income payment period. Benefit payments are funded via withdrawals and policy loans, which will reduce the policy's cash value and death benefit. The policyholder cannot make additional premium payments or request additional withdrawals or policy loans during the benefit payment period or the rider will terminate. The above products and/or riders are not available in all states.

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