

BeyondTerm in living (benefits) color

Shedding a bright light on how payment amounts are calculated

When you're faced with an illness that allows you to use your BeyondTerm with living benefits coverage, offered by Banner Life Insurance Company (Banner Life), the most important thing to you is the payment offer you'll receive. The amount of the accelerated death benefit primarily depends on how healthy you are and your life expectancy at the time of illness, but there are many other factors used to calculate the amount.

These factors include your policy coverage amount, the amount you are accelerating, your policy year, interest rates in effect at the time of the claim and more. Typically, the healthier you are, and the longer your life expectancy is, the lower your payment amount will be.

Take a look at the chart below for an illustration of how life expectancy impacts payment amount.

Example: Male, non-tobacco user, age 40, 15-year term duration, five years into policy at a 5.5% interest rate.

	5-year life expectancy	10-year life expectancy	15-year life expectancy
Face amount	\$150,000	\$150,000	\$150,000
Accelerated death benefit	\$100,000	\$100,000	\$100,000
Actuarial discount*	\$26,884	\$55,262	\$73,907
Administrative fee	\$500	\$500	\$500
Total accelerated payment	\$72,616	\$44,238	\$25,593
Remaining death benefit	\$50,000	\$50,000	\$50,000

*Calculation is based on life expectancy.

For more information on how we calculate the payment amount, we break it down for you via a step-by-step process, based on the concept of Present Value.

Understanding present value

Present value is the equivalent amount of your death benefit if it were to be paid out today, instead of when you pass away, which may be years away.

The payment amount is based on an assessment of the present value of your policy.

Now that you understand present value, your payment amount is calculated using a 5-step process.

Step 1

We start with the accelerated death benefit amount (ADB) and multiply it by the likelihood that you may pass each month (this is based on your life expectancy and health at the time of illness).

Calculate along with us

A one-month calculation based on a \$100,000 death benefit acceleration*

\$100,000 ADB x **.15** likelihood of death each month after acceleration = **\$15,000** expected death benefit

Step 2

That amount is then discounted by the monthly interest rate currently in effect to arrive at the Present Value Future Benefit (PVFB) amount.

\$15,000 expected death benefit / **(1 + .055)** current monthly interest rate = **\$14,218** PVFB

Step 3

Since you'll be accelerating a portion of your death benefit earlier than planned, the portion of premium that won't be paid over that time period must be taken into account, so a Present Value Future Premium (PVFP) amount is calculated. PVFP refers primarily to the premiums that would have been paid over the term period selected when your policy was issued, had no acceleration occurred.

(\$100 premium in 12th month after acceleration x **.17** probability of living until 12th month) / **(1 + .055)** monthly interest rate = **\$16.11** PVFP

Step 4

The Present Value Future Premium amount is subtracted from the Present Value Future Benefit amount to arrive at the payment amount.

\$14,218 - \$16.11 = \$14,201.89 gross accelerated payment amount

Step 5

Subtract the administrative fee from the payment amount to arrive at the payment offer you would receive.

\$14,201.89 gross accelerated payment amount - **\$500** administrative fee = **\$13,701.89** net accelerated payment amount

Receiving the payment offer

Once you receive your payment offer, you make the choice on whether to accept it.

You can accept payment offer and your policy death benefit amount and premiums will be reduced accordingly.

You can decline the offer and your policy remains intact as originally issued.

*This is a one-month benefit calculation for illustrative purposes.

The actual benefit calculation would follow steps 1-4 of the calculation for each of the future months where there is a chance the insured is still alive. Those values would be added together, and then the \$500 in step 5 would only be subtracted once.

BeyondTerm:

enabling a bright today, while helping protect a brighter tomorrow

For more information about how the payment is calculated, please reach out to your agent.



Life insurance and retirement products are underwritten and issued by Banner Life Insurance Company, Urbana, MD and William Penn Life Insurance Company of New York, Valley Stream, NY. Banner Life products are distributed in 49 states and in D.C. William Penn products are available exclusively in New York; Banner Life is not an authorized New York insurer and does not do business in New York. Each company is solely responsible for its own financial and contractual obligations. Product guarantees are backed by the financial strength and claims paying ability of the issuing company. Policy coverage and features may not be available in all states and may vary by state. Exclusions and limitations may apply. Two-year contestability and suicide provisions apply. A one-year suicide provision applies in CO, MO, and ND.

BeyondTerm policy form #ICC24-DTCV1 and state variations; not available in New York. BeyondTerm riders, Chronic Illness Accelerated Death Benefit rider form #ICC24-ADB-CHI, Critical Illness Accelerated Death Benefit rider form #ICC24-ADB-CRI, Terminal Illness Accelerated Death Benefit rider form #ICC24-ADB-TRI, and state variations are included in all BeyondTerm term life insurance policies effective December 11, 2024 and on. BeyondTerm riders are not approved for use in all jurisdictions, including California and New York. BeyondTerm policies with a substandard table rating are NOT eligible for the Critical and Chronic Illness riders but are eligible for the Terminal Illness rider.

Benefits paid under accelerated death benefit riders will result in a reduction of the life insurance policy's benefits and values, including face amount, death benefit, and premium based on the amount that is accelerated. Benefits advanced under the accelerated death benefit may be taxable in certain circumstances. As with all tax matters, you should consult with your tax advisor regarding the tax treatment of receiving an accelerated death benefit. Payment of an accelerated death benefit may affect eligibility for Medicaid or other government assistance programs or entitlements. Refer to the policy or riders for complete details.

Policy descriptions provided here are not a statement of contract. Please refer to the policy forms for full disclosure of all benefits and limitations. CN11102025-2