



## Design Matters:

# Enhanced Cash Value Rider

## Design Flexibility and Early Liquidity

Customize a design for your client, optimize liquidity and long-term design parameters, and increase flexibility by using the **Enhanced Cash Value Rider** on Indexed Explorer *Plus* IUL, Expedition SIUL, and Explorer *Plus* UL policies. The rider offers a 5-year declining chargeback and normal compensation, and is available with the Supplemental Coverage Rider (SCR).

### Market Opportunities

Asset Repositioning • Wealth Transfer • Legacy Planning • Clients Who Prioritize Liquidity

### Sample Case Study: Female, Age 65, Standard Non-Tobacco

The client wishes to use a \$100,000 single premium to create a legacy for her beneficiary while maintaining liquidity in the case of an emergency. This example is a minimum death benefit design and modified endowment contract (MEC). When using the ECV rider, the example illustrates improved early cash surrender value, at the expense of longer term performance.

	NO ECV RIDER		ECV RIDER	
	Cash Surrender Value	Death Benefit	Cash Surrender Value	Death Benefit
Year 1	\$87,839.00	\$184,833.00	\$96,485.00	\$184,833.00
Year 10	\$146,512.00	\$184,833.00	\$141,455.00	\$184,833.00
Year 20	\$282,945.00	\$297,093.00	\$270,839.00	\$284,381.00

By solving for a death benefit to carry the policy to age 120, at the current illustrated rate, the example below shows a higher face amount in exchange for lower liquidity.

	NO ECV RIDER		ECV RIDER	
	Cash Surrender Value	Death Benefit	Cash Surrender Value	Death Benefit
Year 1	\$80,542.00	\$309,316.00	\$95,193.00	\$293,745.00
Year 10	\$121,528.00	\$309,316.00	\$116,872.00	\$293,745.00
Year 20	\$175,340.00	\$309,316.00	\$166,530.00	\$293,745.00

Hypothetical example showing values based on 65-year old female in OH, standard non-tobacco, \$100,000 single premium payment. Values shown using a 6.45% non-guaranteed illustrated rate, which is subject to change. As of 06/28/2021.

## Client-Focused Design

The ECV rider is one more tool for you as an agent that is useful in creating custom-tailored solutions for clients:

- Flexibility in design.
- Wealth transfer.
- Improved liquidity.
- Impacts the Accelerated Death Benefit Rider (ADBR) which may be beneficial in some early year scenarios.\*

**Want to learn more? Talk to your Regional Vice President or call the Columbus Life Sales Desk at 800.677.9696, option 4.**

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\* The ADBR rider is generally automatically included on a life insurance policy at no additional premium subject to underwriting and state availability. The rider allows an advance to be paid against a portion of the death benefit in the form of a lien or loan against the policy provided the insured is diagnosed with a qualifying chronic or terminal illness. Rider terms vary by type of life insurance and state. The type of illness determines the maximum advance amount available. There are no restrictions on how the money from the ADBR can be used after payment."

Receipt of Accelerated Benefit payments may adversely affect the recipient's eligibility for Medicaid or other government benefits or entitlements. They may also be considered taxable by the Internal Revenue Service. You should encourage your clients to contact their personal tax advisor for assistance. IUL and SIUL are UL policies. They have insurance related costs. Premiums paid must produce sufficient cash value to pay insurance charges. Indexed returns do not protect against lapse if premiums and returns do not provide sufficient cash value to cover loan interest and insurance costs. Your clients must understand that loan risk means loans may well not be zero cost. Such loan risk and interest costs will reduce account value and will contribute to a risk of policy lapse if account value becomes insufficient to cover charges.

Columbus Life Insurance Company is licensed in the District of Columbia and all states except New York. Payment of the benefits of Columbus Life Insurance Company products is backed by the full financial strength of Columbus Life Insurance Company. Withdrawals and surrenders are tax-free up to the cost basis, provided the policy is not a MEC. Neither Columbus Life nor its agents offer tax advice. Please advise your customers to contact their tax or legal advisor regarding their situation. Interest rates are declared by the insurance company at annual effective rates, taking into account daily compounding of interest.

Indexed Explorer *Plus* Flexible Premium Universal Life Policy and some riders may not be available in all states. Benefits vary by state. Check the approved state variation. Flexible Premium Universal Life Insurance Policy with Indexed Options series ICC17 CL 88 1708; Flexible Premium Survivorship Adjustable Life Insurance Policy with Indexed-Linked Interest Options Policy Series ICC19 CL 92 1908; Flexible Premium Adjustable Life Policy with Indexed Options Policy Series ICC17 CL 88 1708; Flexible Premium Survivorship Adjustable Life Insurance Policy With Indexed-Linked Interest Options Policy Series ICC19 CL 92 1908; Flexible Premium Universal Life Insurance Policy Series ICC19 CL 85 1901; Enhanced Cash Value Rider series ICC21 CLR-210 2102; Supplemental Coverage Rider series ICC19 CLR-176 1901 and Accelerated Death Benefit Rider series CLR-202 1409. Product and rider provisions, availability, definitions, and benefits may vary by state. Check the approved state variation. IUL/SIUL is a universal life policy. It has insurance related costs. Premiums paid must produce sufficient cash value to pay insurance charges. Indexed returns do not protect against lapse if premiums and returns do not provide sufficient cash value to cover loan interest and insurance costs.

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