

FlexLife II

QUICK REFERENCE GUIDE

Providing lifetime protection, flexibility and income distribution performance.

FlexLife II IUL is the next generation of indexed universal life from the companies of National Life Insurance Company and Life Insurance Company of the Southwest. This flexible policy provides valuable lifetime protection through the death benefit, living benefits and the opportunity for cash surrender value accumulation with strong income distribution performance.

Product Focus:

- Flexible IUL providing lifetime protection, living benefits, cash surrender value accumulation and strong income distribution with powerful distribution options such as LIBR.
- Ideal for emerging affluent individuals in their late 30's to early 50's with discretionary income to maximally fund their policy and who plan to use their policy for income needs later in life.
- Maximally fund IUL to take advantage of the Tax-Free Retirement Strategy.⁵

Highlights:

- **Income Distribution Performance** – Upside Potential, Downside Protection with competitive income distribution
- **Lifetime Income Benefit Rider**¹ – With the Lifetime Income Benefit Rider, your clients have the potential to receive a stream of income for life – guaranteed!²
- **Benefit Distribution Option Rider** – Allows death benefit to be spread over a duration of 10-30 years
- **Charitable Matching Gift Death Benefit Rider** – National Life Group will match a portion of benefits paid to a charity
- **Death Benefit Protection Rider** – Guaranteed death benefit protection for a limited period – up to 30 years

- **Overloan Protection Rider**³ – Offers protection against policy lapse
- **Systematic Allocation Rider** – Available for large annual premiums to balance interest rate fluctuations
- **Accumulated Value Enhancement** – Will begin in policy year 11. The enhancement is guaranteed.
- **Participating Fixed Loan**
 - Loan collateral is charged to a fixed rate
 - Loan collateral will be placed in an Indexed Loan Account
- **Accelerated Benefits Riders**⁴ – At no-additional cost
- **Interest Crediting Strategies**
 - Fixed Strategy – Fixed Interest Crediting Rate
 - Indexed Strategy 1 – Point-to-Point, Cap Focus, based on the S&P 500® Index
 - Indexed Strategy 2 – Point-to-Point, Participation Rate Focus, based on the S&P 500® Index
 - Indexed Strategy 3 – Point-to-Point, No Cap, based on the S&P 500® Index
 - Indexed Strategy 4 – Point-to-Average, based on the S&P 500® Index
 - Indexed Strategy 5 – Point-to-Point, Cap Focus, based on the MSCI Emerging Markets Index

Products issued by

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

FlexLife II Indexed Universal Life Insurance and associated riders are underwritten by National Life Insurance Company, Montpelier, VT and Life Insurance Company of the Southwest, Addison, TX.

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EZ Underwriting Program

National Life Group is introducing a new underwriting program for our FlexLife II product. The EZ Underwriting Program!

Every applicant between ages 18-60 up to \$1,000,000 and everyone between ages 61-65 up to \$250,000 has the opportunity to have their case issued without having to submit an exam or blood and urine. Underwriting will review the case when submitted and if the applicant meets certain parameters we can issue the case immediately without the need for exams or fluids!

All cases still undergo underwriting but with the use of new underwriting tools we will often be able to make decisions without invasive underwriting requirements such as exams or drawing blood.

Underwriting reserves the right to request any underwriting requirements deemed necessary to assess the risk, this would include paramedical exams, blood and urine, ECG's, and APS reports.

Underwriting Parameters and Requirements

- Age 18-60: up to \$1,000,000
- Age 61-65: up to \$250,000
- Application
- Tele-interview (for cases \$500,001 - \$1,000,000)
- MIB
- Rx
- Risk Classifier
- Instant ID

Tele-underwriting Process

- A tele-interview is required on all cases \$500,001 - \$1,000,000.
- Agent still has to complete the Part II medical questions on the application.
- When case is submitted National Life Group will order a tele-interview through ExamOne.
- ExamOne will call the client within hours of the tele-interview being ordered.
- If client is not reached a message will be left with call back number.
- ExamOne calls every 26 hours for 7 days in a row. Then calls every 54 hours for an additional 7 days.
- ExamOne has extensive experience in doing tele-interviews and all their interviewers are professional and experienced.
- It's imperative for the agent to advise the client they will be contacted by ExamOne as a representative of National Life Group to ask additional medical questions.
- Average turn-around is 5.3 days (calendar days)

All risk classes available including Elite and Preferred

Product Details

Issue Ages:	0 to 85 (age nearest birthday)
Minimum Face Amount:	Initial Coverage: \$25,000 Base or APB Increase: \$25,000
Pension Minimum Face Amount:	Elite & Preferred: Initial: \$25,000; Subsequent: \$2,000 Standard: Initial: \$5,000, \$25,000 in WA; Subsequent: \$2,000
Death Benefit Options:	Both Option A and B available
Policy Protection Period:	10 years
Minimum Premium:	\$25.00
Maximum Premium:	Both GPT or CVAT Tests allowed

Rate Classifications:	Premium Class	Available Band	Available Ages
	Elite Preferred Non-tobacco/Smoker	1, 2, 3, and 4	20 - 75
	Preferred Non-tobacco/Smoker	1, 2, 3, and 4	20 - 85
	Select Non-tobacco/Smoker	1, 2, 3, and 4	20 - 85
	Standard Non-Tobacco/Smoker	1, 2, 3, and 4	0 - 85
	Express Non-Tobacco/Smoker 1	1	0 - 85
	Express Non-Tobacco/Smoker 2	1	0 - 85
	Preferred Tobacco/Smoker	1, 2, 3, and 4	20 - 85
	Standard Tobacco/Smoker	1, 2, 3, and 4	20 - 85
	Express Tobacco/Smoker	1	20 - 85

For Face Amounts of \$250,000 or less:

- Permanent flat extras are available with all rate classifications. Temporary flat extras are available with Standard and Express classes. Table ratings are not available.
- A nonsmoking insured with a substandard table rating up to and including 200% will be placed in the Express Standard Non-tobacco 1 rate classification.
- A nonsmoking insured with a substandard table rating between 225% and 300% (inclusive) will be placed in the Express Standard Non-tobacco 2 rate classification.
- A smoking insured with a substandard table rating up to and including 200% will be placed in the Express Standard Tobacco rate classification.

For Face Amounts Greater than \$250,000:

- For pension cases, this product will be available under the same underwriting rules as non-pension cases, plus automatic issue, simplified issue and guaranteed issue.

Substandard:	Table ratings and flat extras available with Standard rate classes. Temporary flat extras available with Standard and Express classes.
Banding:	Band 1: Minimum Face Amount - \$250,000 Band 2: \$250,000.01 - \$999,999.99 Band 3: \$1,000,000.00 - \$2,999,999.99 Band 4 : \$3,000,000 and up

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Product Details (continued)

Min. Interest Rate:	2.5% Fixed Strategy
1035 Exchanges with Loans:	Allowed – up to 50% of gross transferred amount
Surrender Schedule:	10 years
Policy Loans:	Available after the first policy year, Participating Variable, Participating Fixed and Standard Loans – 1035 money available in year 1
Withdrawals:	Available after the first policy year, \$500 min.
Expense Charges:	Monthly Policy fee: \$6 Premium Load: 6% Refer to charges section of product guide.
Riders:	Accelerated Benefits Riders - terminal, chronic, critical illness, critical injury Accidental Death Benefit Rider Guaranteed Insurability Option Rider Additional Protection Benefit Rider Lifetime Income Benefit Rider Balance Sheet Benefit Rider Other Insured Rider Benefit Distribution Option Rider Overloan Protection Rider Charitable Matching Gift Death Benefit Rider Systematic Allocation Rider Children's Term Rider Qualified Plan Exchange Privilege Rider Death Benefit Protection Rider Waiver of Monthly Deductions Rider Waiver of Specified Premium Rider

Riders are optional may be available at an additional cost and may not be available in all states.

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 60 and 85 and that the policy has been in force for at least 10 years. Insufficient policy values, outstanding policy loans and other considerations may also restrict exercising the rider. Receipt of income benefits will reduce the policy's death benefit and cash surrender value and may terminate other riders or reduce their benefits. There is a charge for the rider during the income payment period.
2. Guarantees are dependent on the claims paying ability of the issuing company.
3. Substantial limitations apply to exercising the Overloan Protection Rider, including the policy be in force for at least 15 years and the insured having attained the age of 75. Exercising the rider results in a paid-up policy. There is no cost for this optional rider, however there is a fee charged when the rider is exercised.
4. Receipt of accelerated benefits will reduce the policy's cash surrender value and death, may be a taxable event and may affect a family's eligibility for public assistance programs.
5. The use of cash surrender value life insurance to provide a tax-free resource for retirement assumes that there is first a need for the death benefit protection. Policy loans and withdrawals reduce the policy's cash surrender value and death benefit and may result in a taxable event. Withdrawals up to the basis paid into the contract and loans thereafter will not create an immediate taxable event, but substantial tax ramifications could result upon contract lapse or surrender. Surrender charges may reduce the policy's cash surrender value in early years.

No bank or credit union guarantee | Not a deposit | Not FDIC/NCUA insured | May lose value | Not insured by any federal or state government agency

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