National Life Group®

Universal Life After Issue Change

These are general rules, some products may differ

Face Amount Changes

Face Decrease

Available after 1st policy anniversary

- Effective the monthly policy date following our receipt of the request.
- Limited to 25% of the highest face amount in past 12 months during first 9 years; not allowed below minimum face amount.
- Not permitted if would cause the policy to no longer qualify as life insurance for federal income tax purposes (i.e. the reduction would result in a guideline limit less than the cumulative premium or a negative guideline level premium).

Face Increase:

Available after 1st policy anniversary subject to following:

- Satisfactory proof that the Insured is insurable
- Each increase must satisfy the minimum face requirement.
- Effective the monthly policy date following approval date.

Change in Death Benefit Option

- Available after 1st policy anniversary
- May be changed once each policy year
- Will not be permitted if the change would cause the policy to no longer qualify as life insurance for federal income tax purposes.
- **Change from Option B to Option A:** the face amount shall increase by an amount equal to the accumulated value of the policy just prior to the effective date of the change.
- **Change from Option A to Option B:** the face amount of the policy shall decrease by an amount equal to the accumulated value of the policy just prior to the effective date of the change. A change from Option A to Option B will not be permitted if the resulting face amount of the policy is less than the minimum face amount.
- Effective the monthly policy date following our receipt of the request.

Products issued by

National Life Insurance Company®

TC111799(1219)P

Cat No 104908(1219)

Reinstatement

- If premium due is received within 90 days from start of grace period, we will accept without evidence of insurability
- After that the policy may be reinstated on a monthly policy date with five years from the start of the grace period
- We will require satisfactory proof that the insured is insurable and a sufficient reinstatement premium

Loans*

We will loan an amount up to the loan value (the cash surrender value minus an amount equal to three times the monthly deductions due on the most recent monthly policy date) of the policy less the amount of any debt secured by the policy, at any time after the first policy year. The policy must be in force at the time that the loan is made. The policy will be the sole collateral for the loan and the policy must be assigned to the company.

Modified Endowment Contract

If a reduction in face amount or switch from Death Benefit Option B to A would result in the policy becoming a Modified Endowment Contract (MEC), National Life's contract area will provide a notice to the agent and client requiring signature that they understand the tax impact. Agents could also run an inforce illustration to determine if the policy change will result in the policy becoming a MEC.

Distributions other than death proceeds from a Modified Endowment Contract (MEC), including policy loans and partial surrenders of funds will be treated as taxable gain received first and recovery of premium second. In addition to regular income tax, a 10% federal tax penalty is applicable to any taxable distribution from the MEC before the insured reaches age 59½. This includes policy terminations.

Withdrawals*

- At any time after the first policy year while the policy is in force, the policyholder may make a withdrawal of the policy's cash surrender value subject to the following terms.
- The minimum withdrawal amount is $500, but we reserve the right to change it up to $1,000.
- The amount withdrawn plus the withdrawal fee may not exceed the cash surrender value on the date of the withdrawal less three times the monthly deductions due on the most recent monthly policy date.
- The accumulated value will be decreased by the amount of the withdrawal plus the withdrawal fee as described in the deduction hierarchy section of this document.
- If death benefit option A is in effect on the date of the withdrawal, the face amount of the policy will be reduced by an amount equal to the amount of the withdrawal plus the withdrawal fee.
- A withdrawal will not be permitted if it will reduce the face amount below the minimum face amount for the policy or if it would cause the policy to no longer qualify as life insurance for federal income tax purposes.

Riders available after issue subject to underwriting approval and requirements (availability varies by product)

- Additional Protection Benefit Rider
- Guaranteed Insurability Option Rider
- Other Insured Rider
- These riders may only be added after issue to 2017 CSO products.

Allocation Changes (For Indexed Products Only)

Interest Crediting Strategies may be changed after issue

Systematic Allocation Rider (For Indexed Products Only)

May be activated after issue or terminated after issue

*Policy loans and withdrawals reduce the policy's cash 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 value in early years.