

# Life Insurance Rider 101



Although life insurance riders might slightly increase your premium, they do offer numerous benefits on top of your regular policy. They can convert a term life insurance coverage into a whole life insurance coverage. Plus, they can waive premiums in case you become disabled. Keep reading to learn more!

## **Accelerated Benefit Riders**

Accelerated benefit riders typically provide you with financial protection even when you're still alive. The riders take funds out of your death benefit to cater to certain expenses during qualifying circumstances. Also referred to as living benefits riders, these riders are beneficial to those who're living with an illness and aren't able to take care of themselves. They're available in several types, including:

### **Terminal Illness Riders**

This is one of the most common types of accelerated death

benefit riders. It provides benefits when you're living with a terminal illness or where you don't have much time left. The diagnosis should be six to 12 months to live. Most companies include this benefit at no additional cost. However, you'll need to get a diagnosis from your physician confirming that you're terminally ill.

The policy covers end-of-life care such as hiring a private caretaker, hospice care, as well as living in a nursing home. The accelerated death benefit is usually paid out as required instead of a lump sum. Of course, the amount might vary, but it's generally as high as 80 percent of the benefit. Some insurance providers might suggest that you utilize the living benefit to pay for a holiday trip or vacation. While the payout isn't taxable, you should consult a tax law expert to confirm.

### **Critical-Illness Based Rider**

[Critical-illness riders](#) often pay out accelerated benefits to cover your medical expenses for certain illnesses specified by the insurance policy. These could include heart attack, stroke, cancer, ALS, kidney failure, as well as other life-threatening conditions. Make sure that the illness you're suffering from is covered by the rider.

The payout is usually triggered before the policyholder has died. Funds are deducted from your death benefits and then dispersed as a lump sum. The medical conditions specified in the rider are survivable, but they're more likely to leave you with stacks of medical expenses, so it might be worthwhile adding it to your main life insurance policy.

Certain insurance providers offer a chronic illness rider that'll start paying out accelerated benefits whilst you're still alive but can no longer perform at least two of the following daily activities- eating, bathing, toileting, continence, getting dressed, and transferring.

## **Disability Rider: When to Waive the Premiums**

Waiver of premium disability riders is designed to allow policyholders to waive premium payments in case they become disabled and can't work. However, you'll need to obtain proof of your disability from a professional doctor.

Another option is to purchase disability insurance, which offers a lot more than a simple waiver of premiums rider. With this type of policy, you'll a payout in the form of a disability benefit that'll serve as a replacement of the income you lost while disabled.

## **Conclusion**

Have you already purchased a life insurance policy? Congratulations. But is it enough to cater for all needs? With a life insurance rider, you'll be able to get accelerated benefits in case you develop a critical illness or become disabled. Remember, nothing is as valuable as your life- so protect it by investing in life insurance riders. [Go to this site for a quote](#) and purchase your life insurance policy today!