

Payoff Option

The Payoff Option is a provision in the Forethought Life Insurance Company policy/certificate (policy). This is an example of the policy provision:

While the policy is in force and before the first Policy Anniversary, the Policyholder may change coverage to a paid-up status. This change may be made by paying the Payoff Premium less the Sum of Premiums Paid. Sum of Premiums Paid means the total amount of premiums paid prior to change to paid-up status. If the policy is paid-up under this option, we will provide the Policyholder with a revised Personal Information Page showing updated cash values for the coverage.

During the first 90 days after issue, Payoff Premium means the single premium amount. During the remainder of the first year, Payoff Premium means the single premium amount plus a \$150 administrative fee.

How the payoff option works

Assumptions

- Funeral price \$7,500
- Payment plan 10 year/monthly
- Face amount \$7,800
- Monthly premium \$123.60
- Single premium amount \$7,500
- Payoff Premium (within 90 days of issue) \$7,500
- Payoff Premium (months 4 through 12) \$7,650

Payoff within 90 days of issue

Payoff amount is a simple same-as-cash exchange based on the single premium amount.

Example: Payoff during first 90 days, 2 monthly premiums of \$123.60 each (\$247.20 paid)
 Payoff premium amount - 2 Premiums paid = Payoff amount
\$7,500 - \$247.20 = \$7,252.80 Payoff amount

Payoff during months 4 through 12

Payoff beginning at month 4 through month 12 is calculated as follows:

Example: Payoff during the 7th month after issue, 6 monthly premiums of \$123.60 each (\$741.60 paid)
 Payoff premium amount - 6 Premiums paid = Payoff amount
\$7,650 - \$741.60 = \$6,908.40 Payoff amount

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