GPMLife

Government Personnel Mutual Life Insurance Company

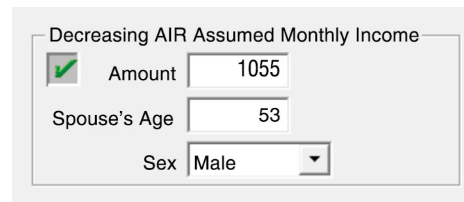
DAIR

The Decreasing Additional Insurance Rider (DAIR) is a term life insurance rider, which when combined with a UL base policy, is designed to provide a monthly income to a survivor of the Insured. In most cases DAIR is designed to replace the surviving spouse benefit in a pension plan.

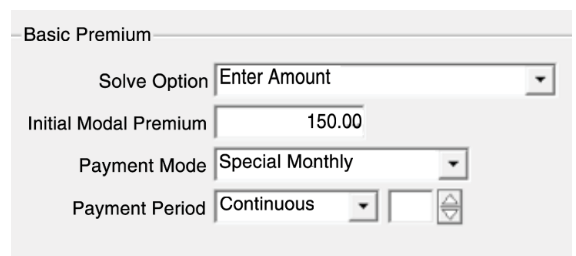
Most Federal Employees are eligible to receive a retirement annuity through their retirement system, either CSRS or FERS. If the employee wishes to provide a survivor benefit for their spouse in the government pension, their retirement annuity will be reduced by approximately 10%. One benefit to the employee of using the DAIR with the pension is they can take the full annuity during retirement. The employee may be able to provide a similar survivor benefit through a private life insurance policy, at a lower cumulative cost. This concept is commonly referred to as "pension maximization."

How does the DAIR Work?

DAIR is illustrated using GPM Life's Illustration software. Starting with a UniMark UL base policy (usually 100,000), the amount of monthly income designed to replace the survivor benefit is entered, along with the survivor's age and gender.



Premium for the base and DAIR can be entered by selecting the Target premium, or by entering a similar amount as the first year cost of the surviving spouse benefit. Premiums should be adjusted to make sure the Death Benefit at the current illustrated interest rate lasts until age 100.



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[1]Assumes all premiums are paid on time and there are no withdrawals from the UniMark UL

The Monthly Income Disclosure page from the illustration shows the monthly income desired in the Current Monthly Income column ($1,055). The DAIR + Base Benefit Amount column shows the amount of combined Death Benefit (Base + DAIR) needed to fund the monthly income, based on the remaining life expectancy of the survivor. In other words, as the survivor ages the Death Benefit needed to fund the monthly income decreases, as the amount of time the survivor is expected to need the income also decreases.

Year	Spouse Age	DAIR + Base Benefit Amount	Guaranteed Settlement Factor Per $1,000	Guaranteed Monthly Income	Current Settlement Factor Per $1,000	Current Monthly Income
1	60	$ 250,000	3.20	$ 800.00	4.22	$ 1,055
2	61	$ 244,150	3.29	$ 803.00	4.32	$ 1,055
3	62	$ 239,200	3.38	$ 808.00	4.41	$ 1,055
4	63	$ 233,350	3.49	$ 814.00	4.52	$ 1,055
5	64	$ 227,800	3.59	$ 818.00	4.63	$ 1,055
6	65	$ 222,550	3.71	$ 826.00	4.74	$ 1,055
7	66	$ 216,700	3.83	$ 830.00	4.87	$ 1,055
8	67	$ 211,000	3.96	$ 836.00	5.00	$ 1,055
9	68	$ 205,300	4.10	$ 842.00	5.14	$ 1,055
10	69	$ 199,000	4.25	$ 846.00	5.30	$ 1,055
11	70	$ 193,150	4.41	$ 852.00	5.46	$ 1,055
12	71	$ 187,000	4.59	$ 858.00	5.64	$ 1,055
13	72	$ 181,000	4.77	$ 863.00	5.83	$ 1,055
14	73	$ 175,000	4.98	$ 872.00	6.03	$ 1,055
15	74	$ 168,550	5.20	$ 876.00	6.26	$ 1,055
16	75	$ 162,250	5.44	$ 883.00	6.50	$ 1,055
17	76	$ 155,800	5.70	$ 888.00	6.77	$ 1,055
18	77	$ 149,500	5.98	$ 894.00	7.06	$ 1,055
19	78	$ 142,900	6.29	$ 899.00	7.38	$ 1,055
20	79	$ 136,450	6.64	$ 906.00	7.73	$ 1,055

? FAQ's

Is the monthly income on the illustration guaranteed? No, the income and Death Benefit projections are based on an actuarial calculation using current settlement factors. The survivor could take the Death Benefit available when the Insured dies, and use it to buy a guaranteed income option.

Does the survivor have to take the Death Benefit as income? Not necessarily. The survivor has several other choices: lump sum, or other settlement options. In the Federal Government plans, the survivor must take the monthly income benefit.

What happens if the spouse dies before the Insured? The Insured can change the beneficiaries, supplement their retirement income by accessing the cash values, or full surrender of the policy for cash. There are no other options in the Federal Government plans.

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[1]Assumes all premiums are paid on time and there are no withdrawals from the UniMark UL
[2]Changes should be made after the Modified Endowment Period (MEC) has expired
[3]Conversion must be prior to the Insured's age 65