



Life Insurance IQ Study

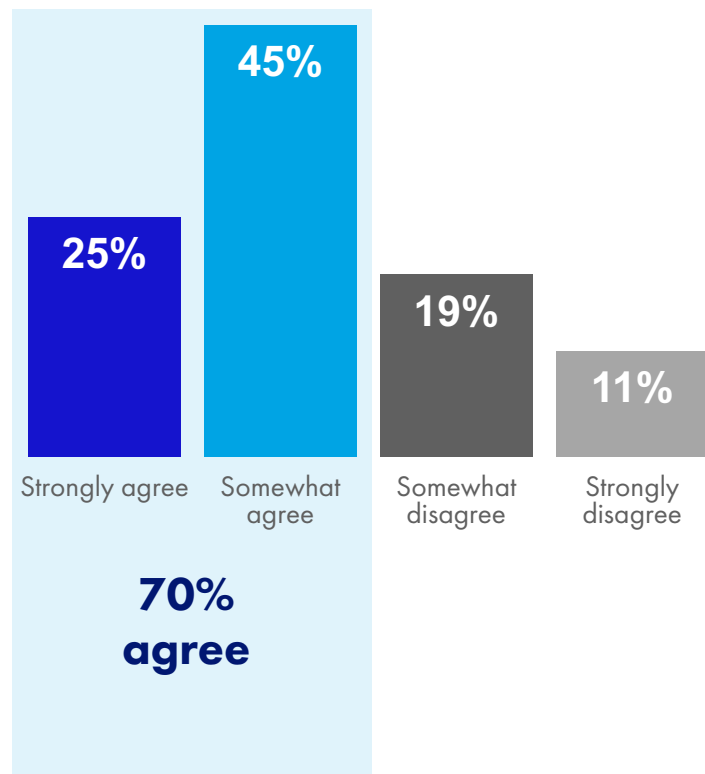
March 2020

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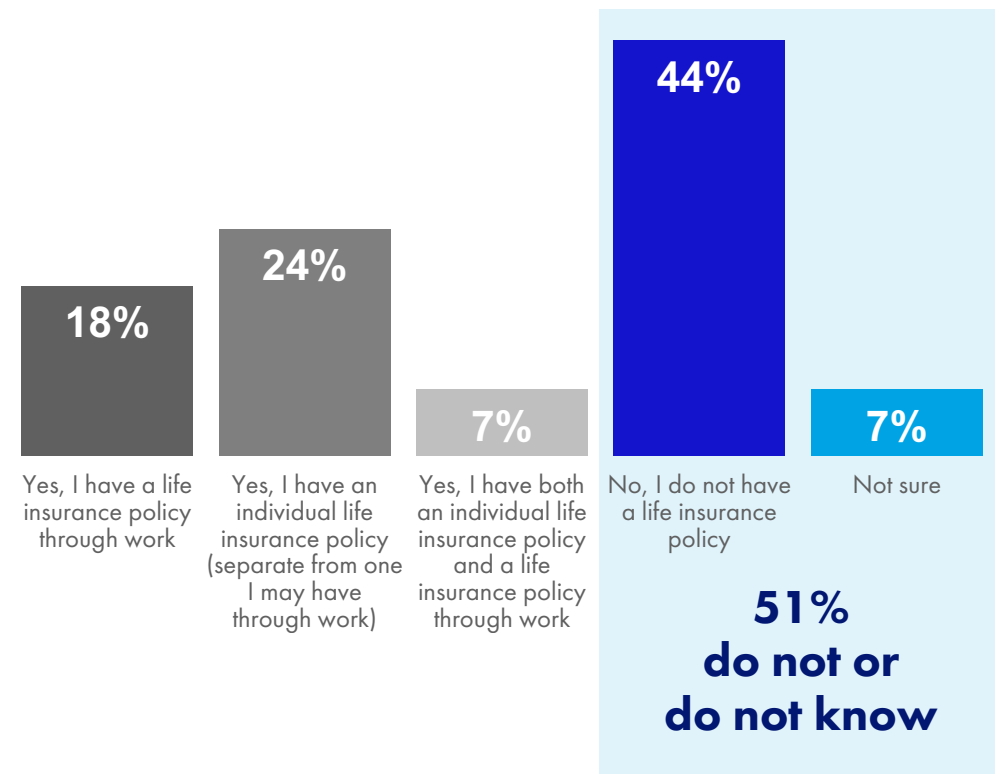


7 in 10 Americans believe life insurance will protect their ability to live a long, financially secure life, yet half don't have insurance or are unsure if they do.

Question: How strongly do you agree or disagree with the following statement: "Life insurance can protect my ability to afford a long, financially secure life."



Question: Do you currently have a life insurance policy?

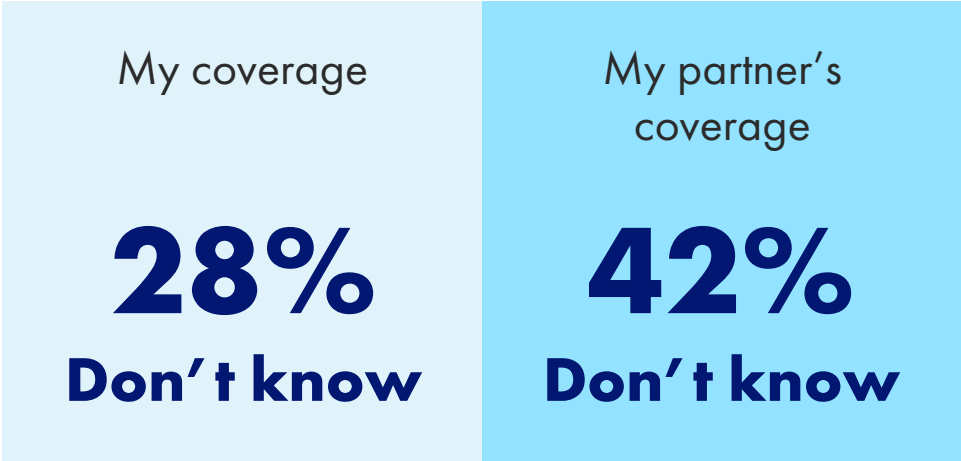


Life insurance knowledge gaps are prevalent

Even among those with coverage, knowledge gaps are prevalent, with many people not knowing how much they have.

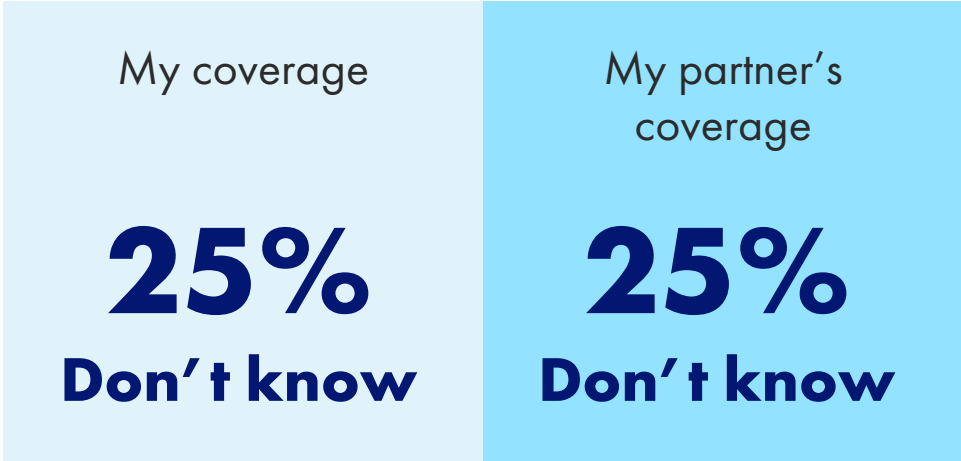
Question:

How much **coverage** do you and your partner have **through work?**



Question:

How much **coverage** do you and your partner have **outside of work?**



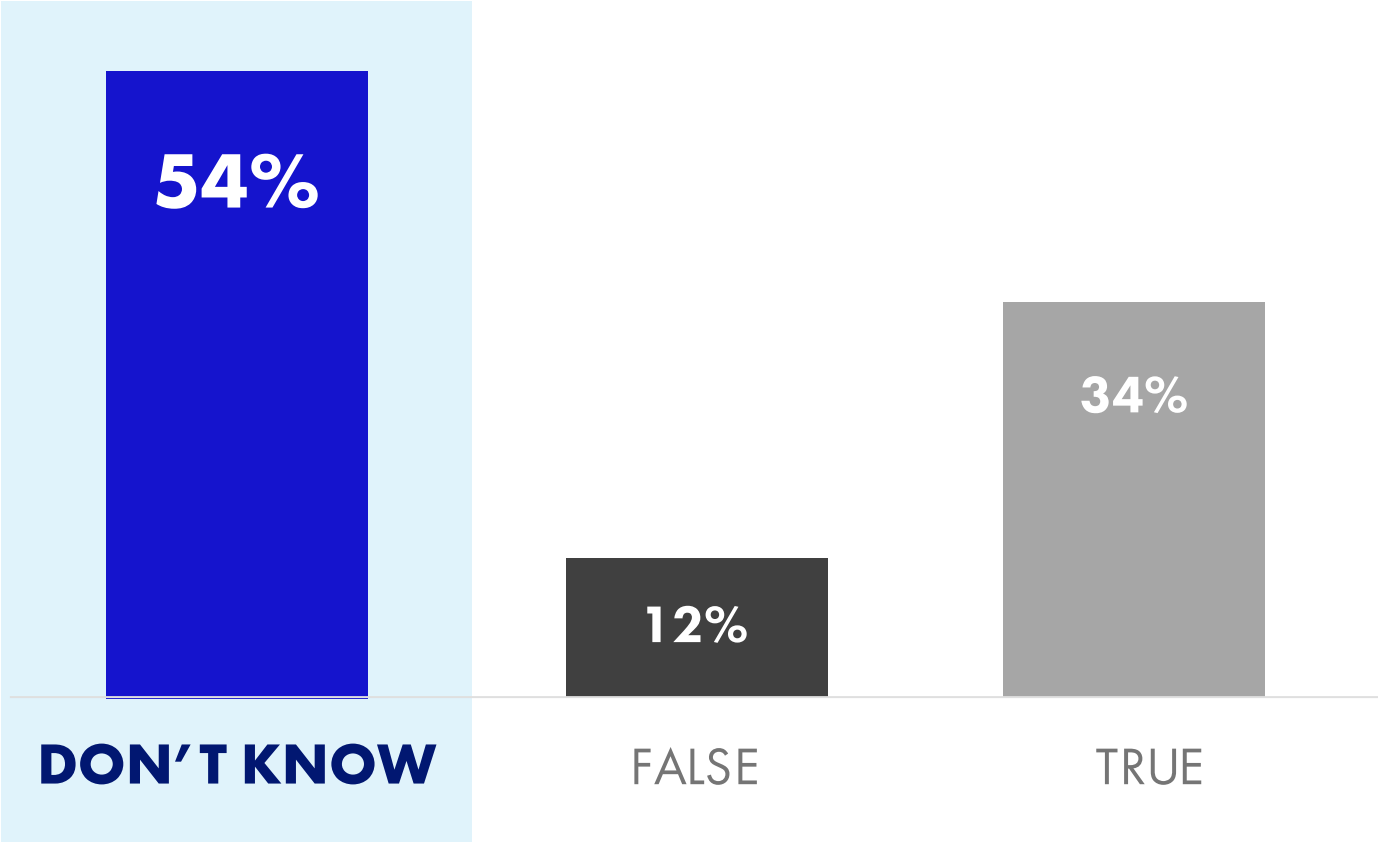
Life insurance knowledge gaps are prevalent

Many do not know how term life insurance works.

True or False:

For term life insurance, the amount of money a beneficiary receives when a life insurance policy holder dies is fixed and does not change.

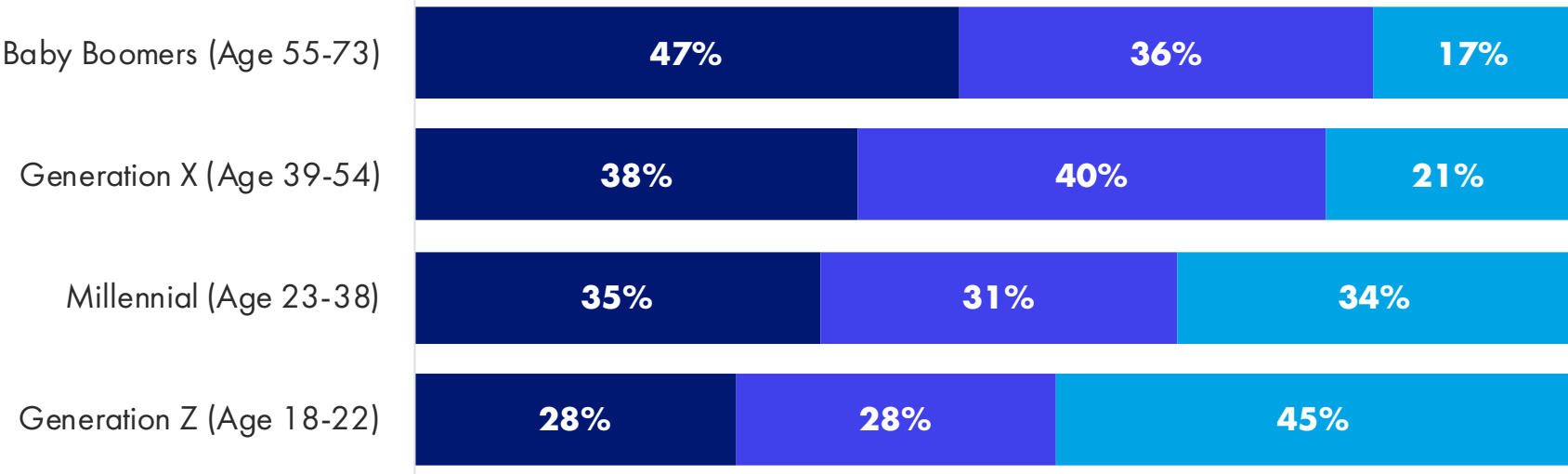
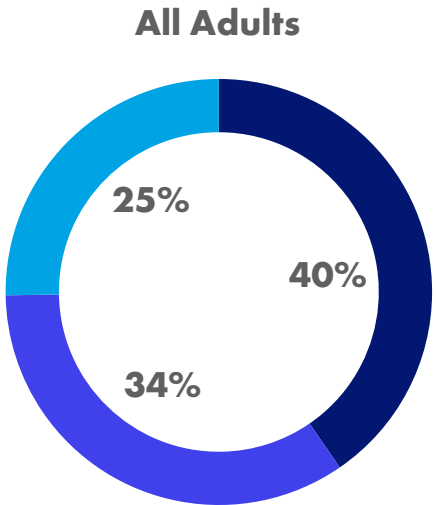
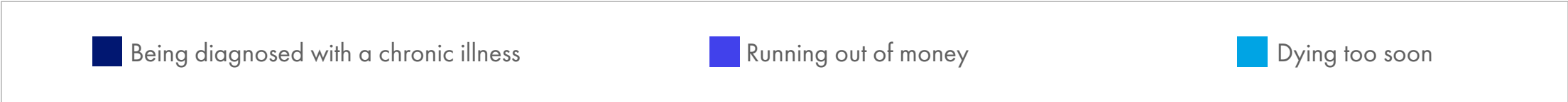
Nearly all term life insurance purchased in the United States is level term, where the size of the policy stays at a fixed level for the length of the policy.



Life insurance knowledge gaps are prevalent

Facing longer life spans, Americans say their top fear is getting diagnosed with a chronic illness, versus running out of money or unexpectedly dying young.

Question: When it comes to aging, which of the following scenarios are you most worried about?

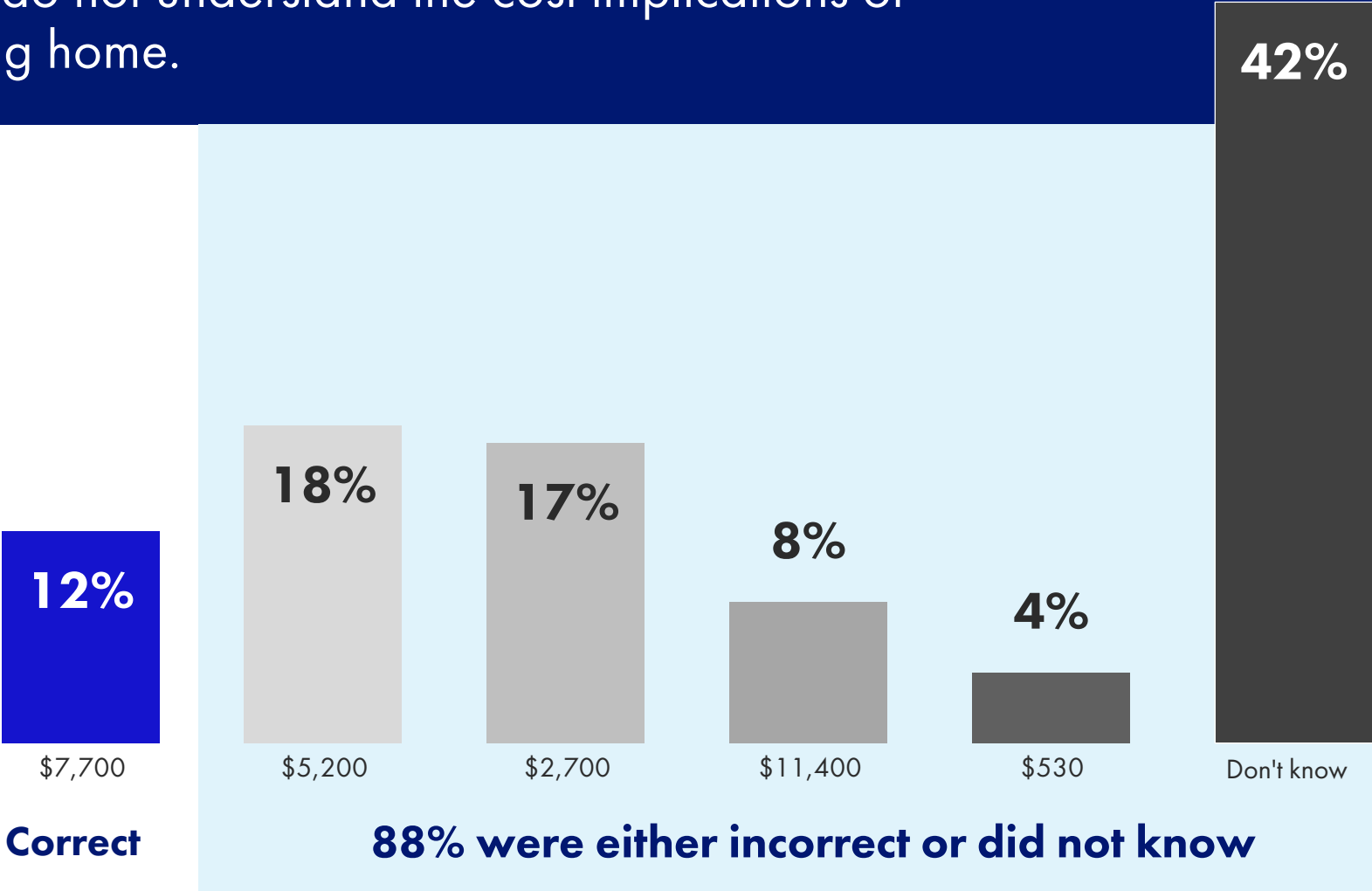


Life insurance knowledge gaps are prevalent

Most survey respondents do not understand the cost implications of a private room in a nursing home.

Question:

The average private nursing home room costs approximately _____ per month.



According to the U.S. Department of Health and Human Services, the average private nursing home room in the U.S. costs about \$7,700. Source: <https://longtermcare.acl.gov/costs-how-to-pay/costs-of-care.html>

Life insurance knowledge gaps are prevalent

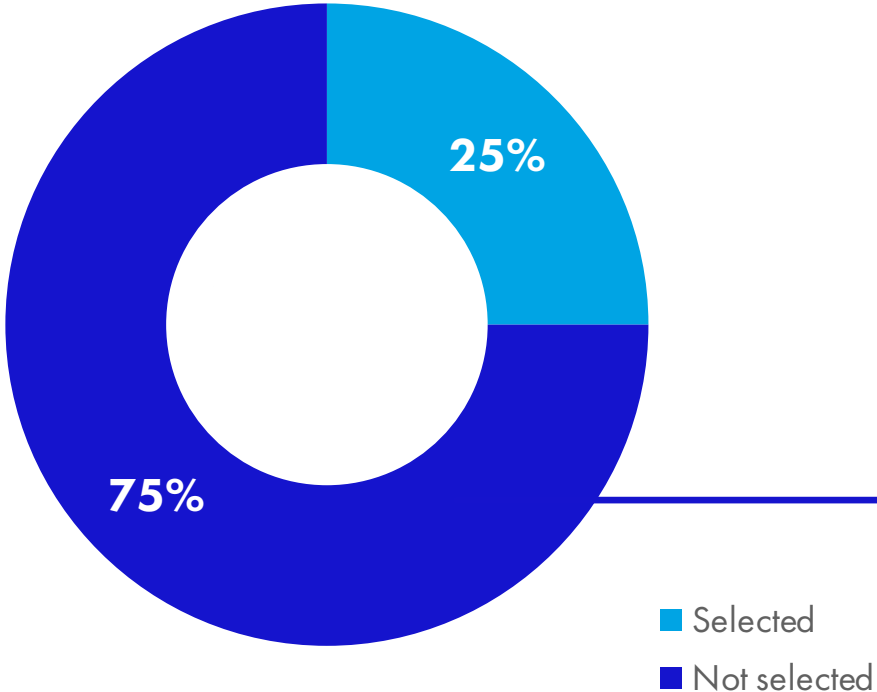
Many do not realize that permanent life insurance can offer many benefits beyond leaving a death benefit.

Question:

Permanent life insurance is a policy that does not expire as long as the policy holder continues to pay their premiums

Some permanent life insurance policies can be used to ...

Please select all that apply.



Three-quarters (75 percent) do not know that permanent life insurance can be used to help cover long-term care costs.

There are several ways this can be achieved including:

- accessing the policy’s cash value,
- taking out a policy loan or
- through a rider that allows a policy owner to access a portion of their death benefit while still living*

* In order to access accelerated benefits from a chronic illness rider, the insured must first be certified as chronically ill by a licensed health care practitioner.

Life insurance knowledge gaps are prevalent

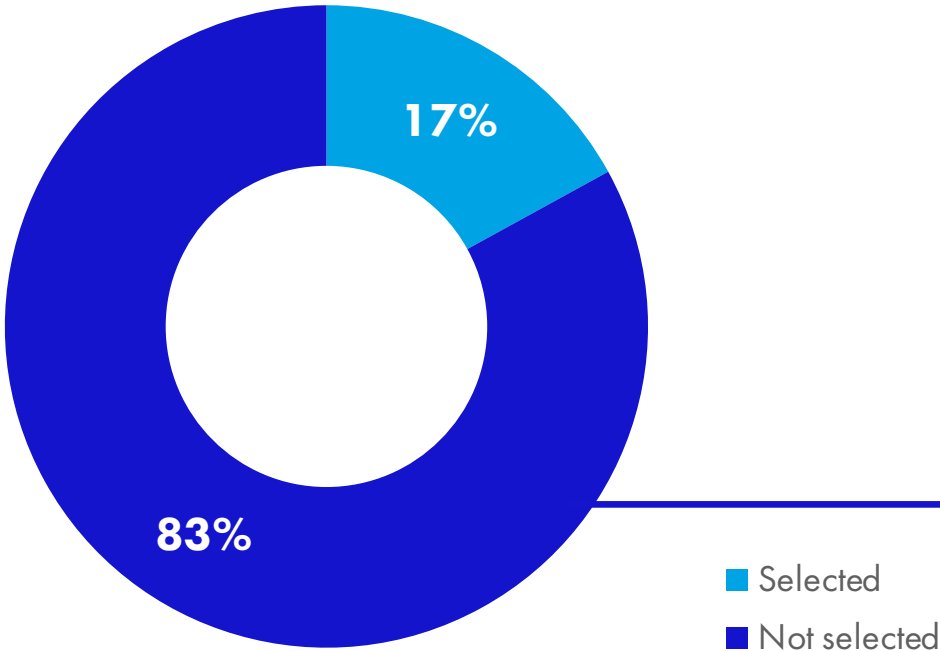
Most people do not know which life insurance riders can be used to help cover costs associated with severe cognitive or physical impairment.

Question:

A rider is an add-on to an existing life insurance policy.

Which of the following types of riders can be used to help cover costs associated with severe cognitive or physical impairment?

Please select all that apply.

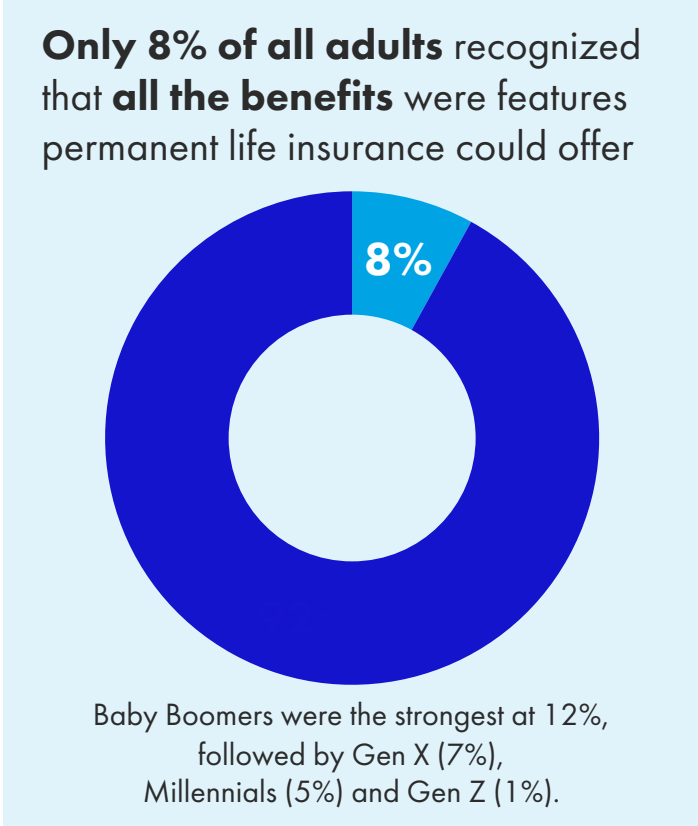
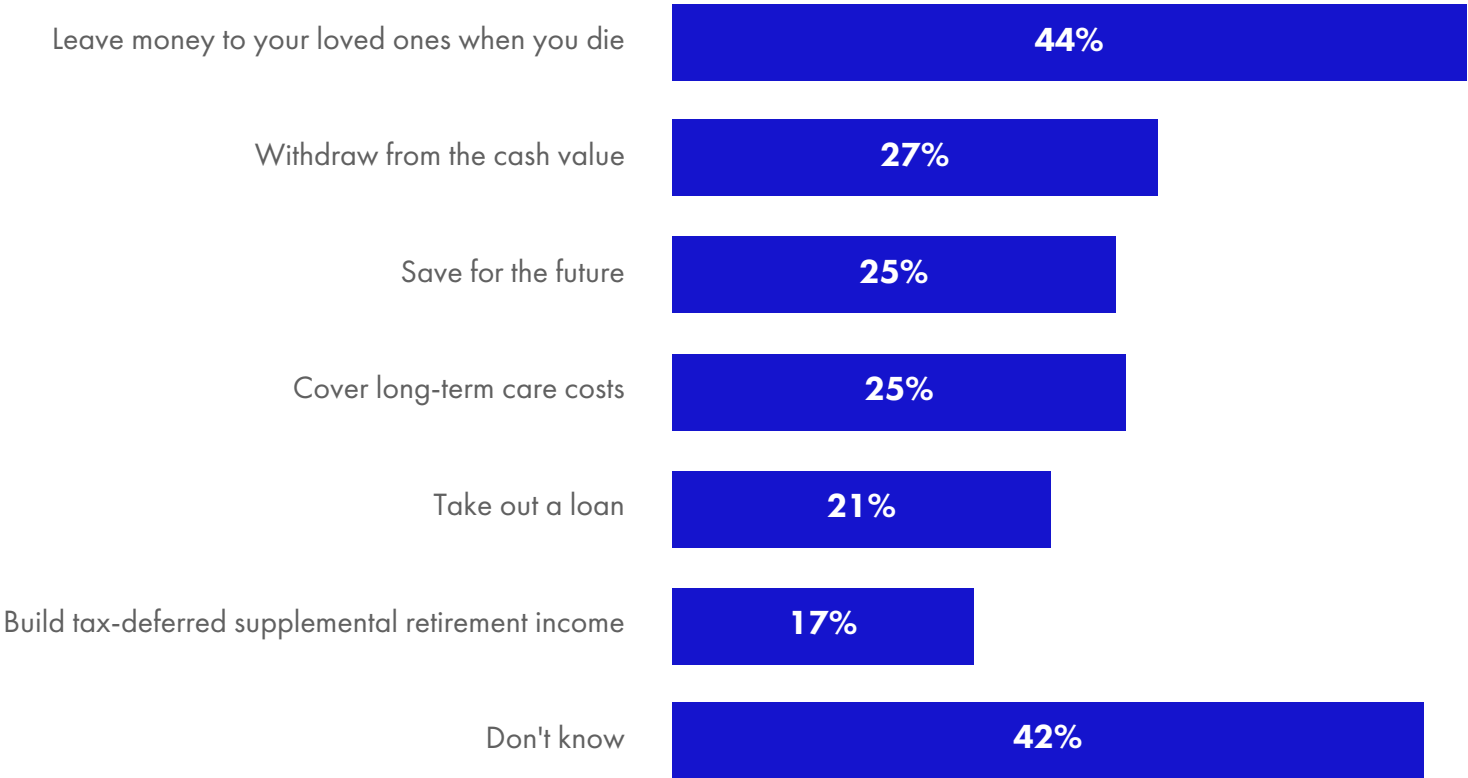


Over eight in ten (83%) respondents do not know that a Chronic Illness Rider can be used to help cover costs associated with severe cognitive or physical impairments.

Life insurance knowledge gaps are prevalent

Most Americans don't realize the full range of benefits that permanent life insurance can offer during their lifetime.

Question: Some permanent life insurance policies can be used to...



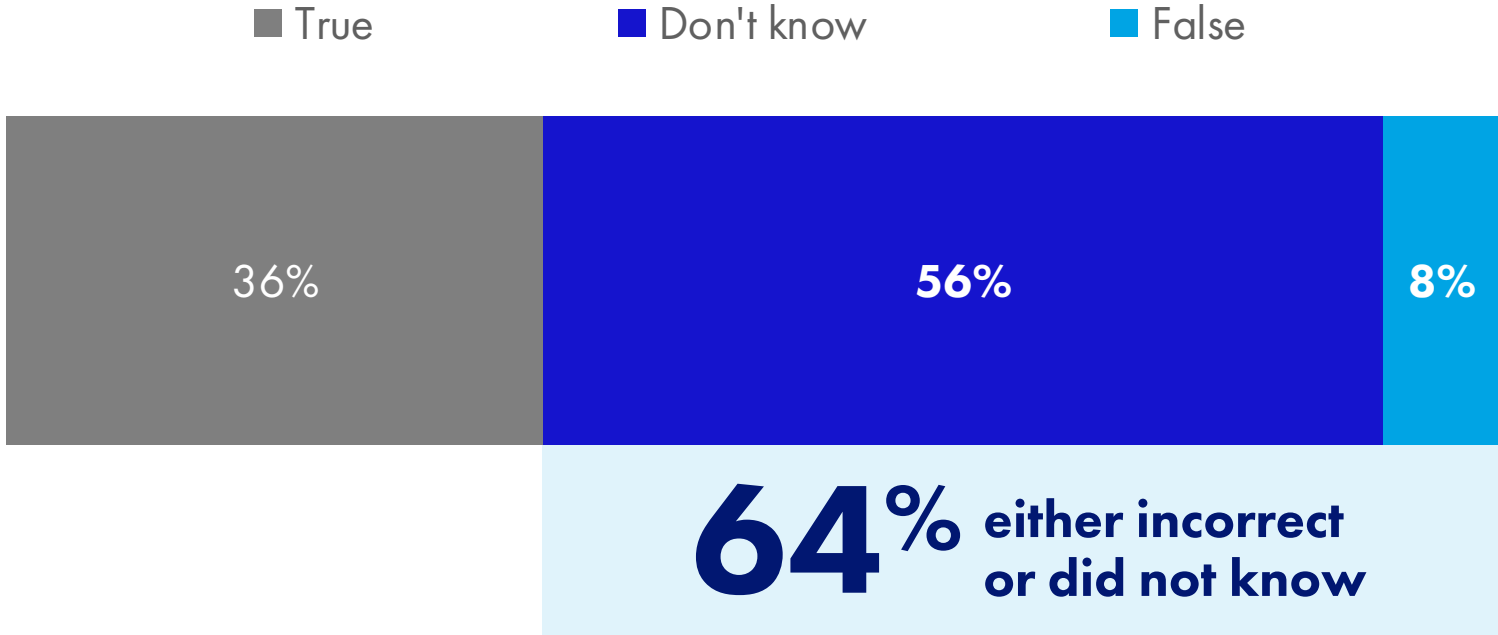
Life insurance knowledge gaps are prevalent

Nearly two-thirds are unaware that the value of some policies can grow tax-free while protecting against loss.

Question:

Based on what you currently know, is the following statement true or false? If you are unsure, select 'don't know.'

The value of some life insurance policies can grow tax-free while protecting against loss.



Perspectives on life insurance have shifted

People have broadened their view of who needs life insurance.

Questions:

How strongly do you agree or disagree with each of the following statements?

The primary earner is the only one in a household who needs life insurance.



After your kids turn 18, you no longer need life insurance.

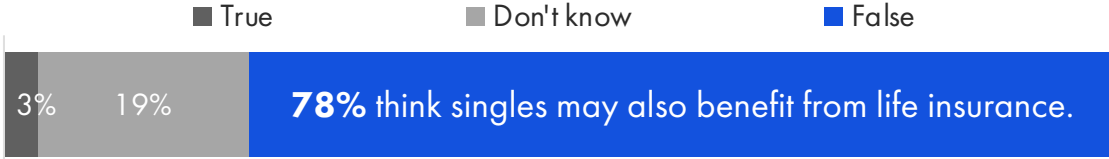


Stay-at-home parents do not need life insurance.



Based on what you currently know, is the following statement true or false? If you are unsure, select 'don't know.'

Life insurance is only needed if you are married



Perspectives on life insurance have shifted

More than half of Americans say they would feel abandoned if their partner died without life insurance.

Question:

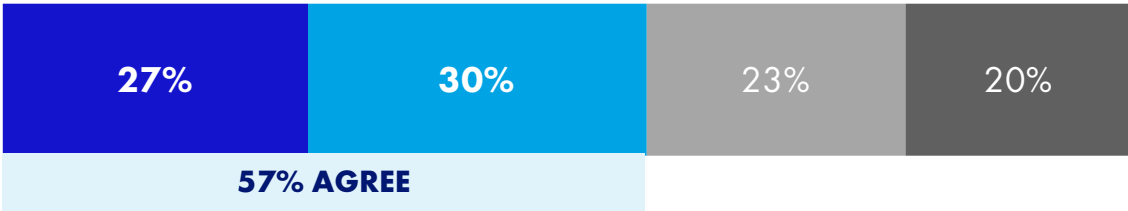
How strongly do you agree or disagree with each of the following statements?

Strongly agree Somewhat agree Somewhat disagree Strongly disagree

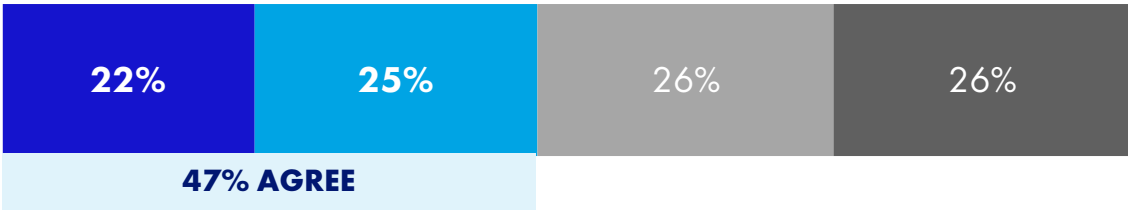
I'd feel **abandoned** if my significant other died without life insurance.



I would be **upset** if my significant other died without life insurance.



I'd feel **angry** if my significant other died without life insurance.



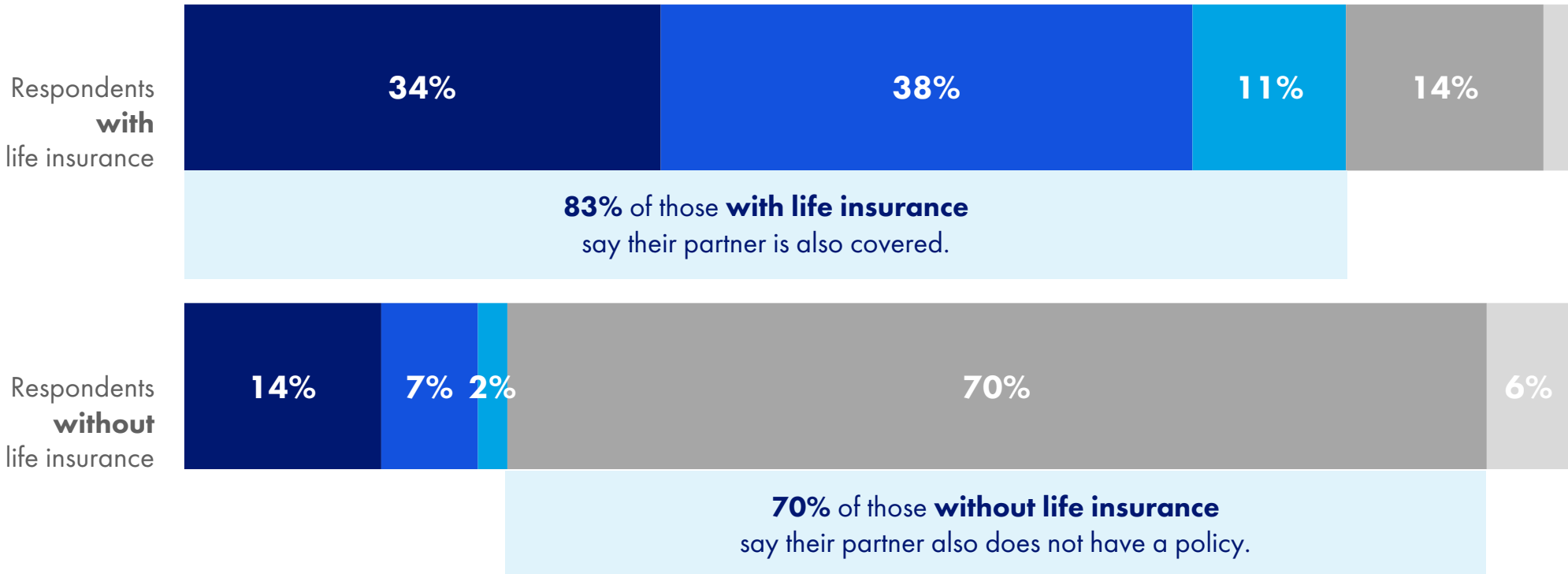
Perspectives on life insurance have shifted

If you have coverage, there is a greater likelihood your partner also has coverage.
If you don't, your partner likely does not.

Question:

Does your spouse or partner have life insurance?

- Yes, my partner has a life insurance policy through work
- Yes, my partner has an individual life insurance policy (separate from one he or she may have through work)
- Yes, my partner has both an individual life insurance policy and a life insurance policy through work
- No, my partner does not have a life insurance policy
- Not sure



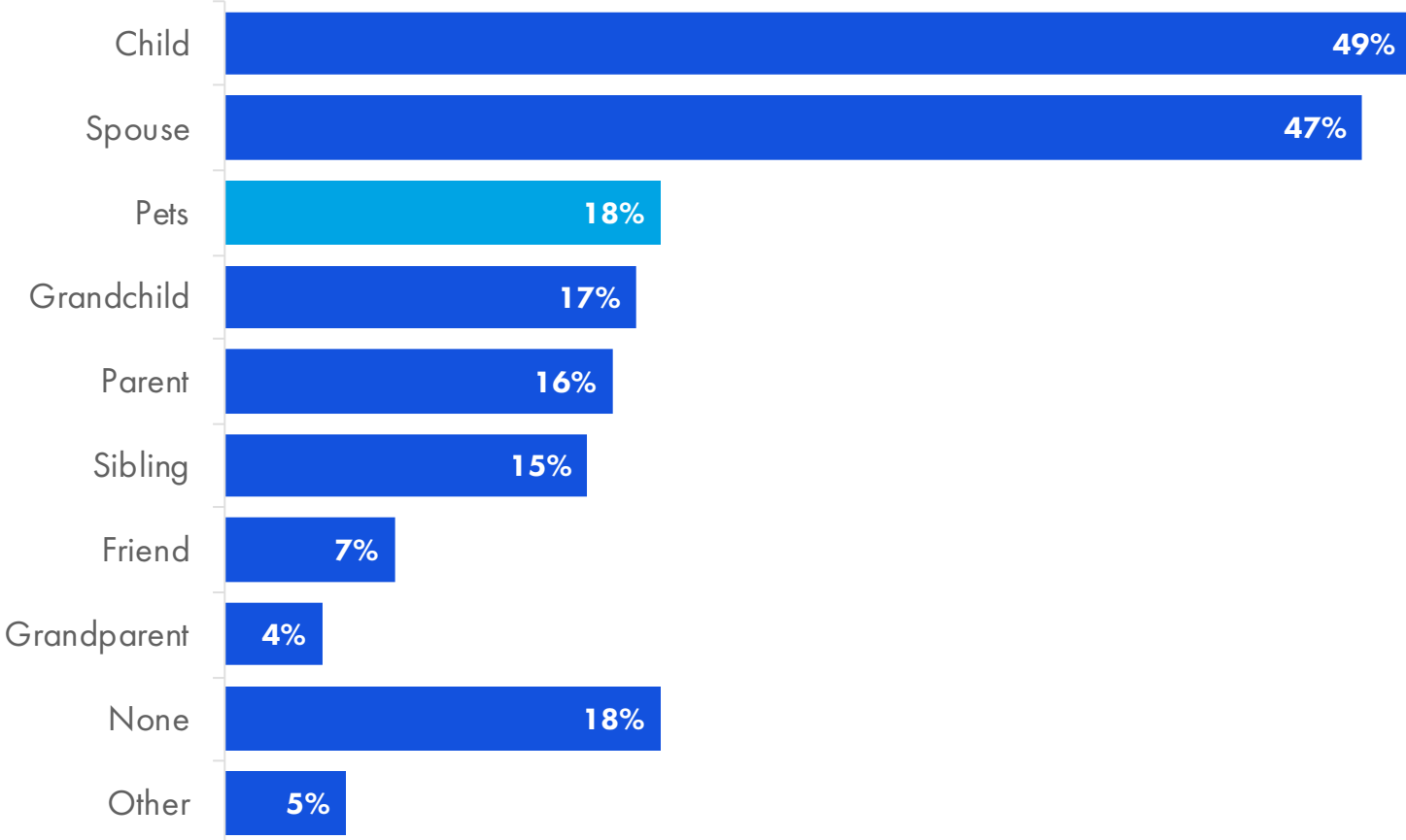
Perspectives on life insurance have shifted

Many want to leave life insurance to man's best friend.

Question:

I would use life insurance proceeds to ensure that the following are protected in the event of my death.

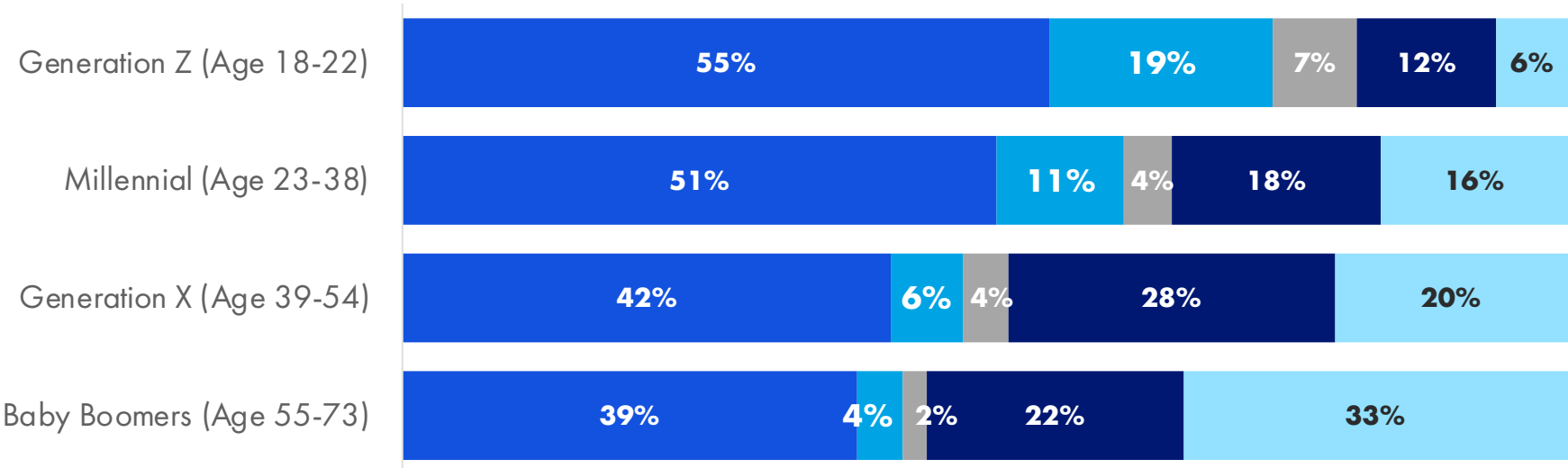
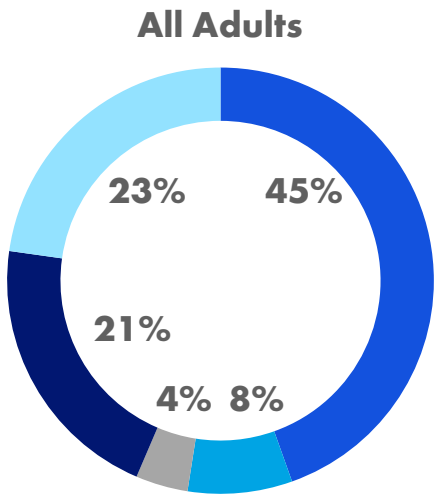
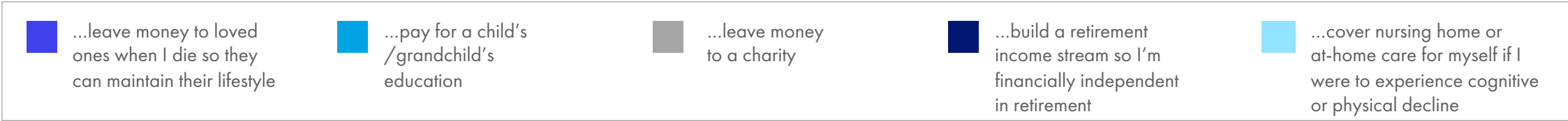
Please select all that apply.



Perspectives on life insurance have shifted

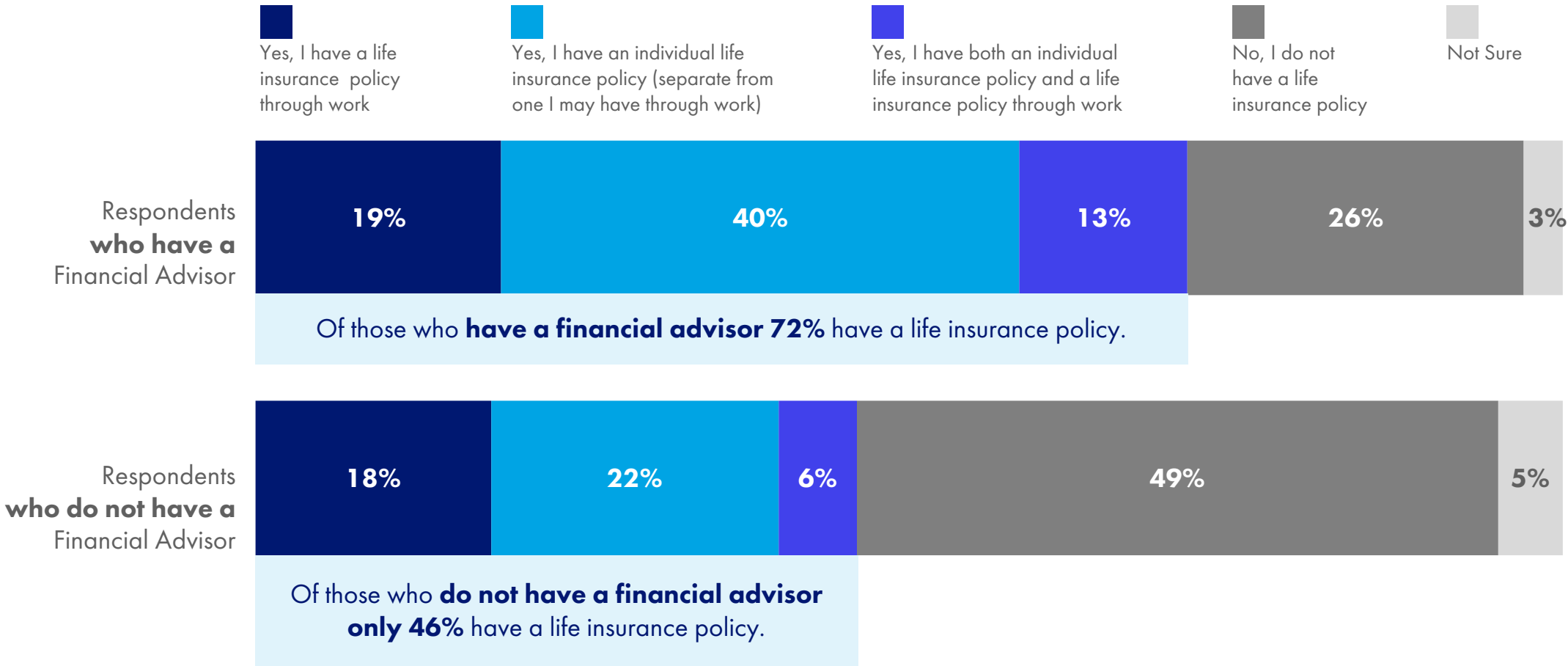
Life insurance can solve for financial problems beyond leaving a legacy.

Question: Which of the following would most likely motivate you to purchase a life insurance policy?
Knowing I would be able to...



Financial Advisors boost life insurance know-how

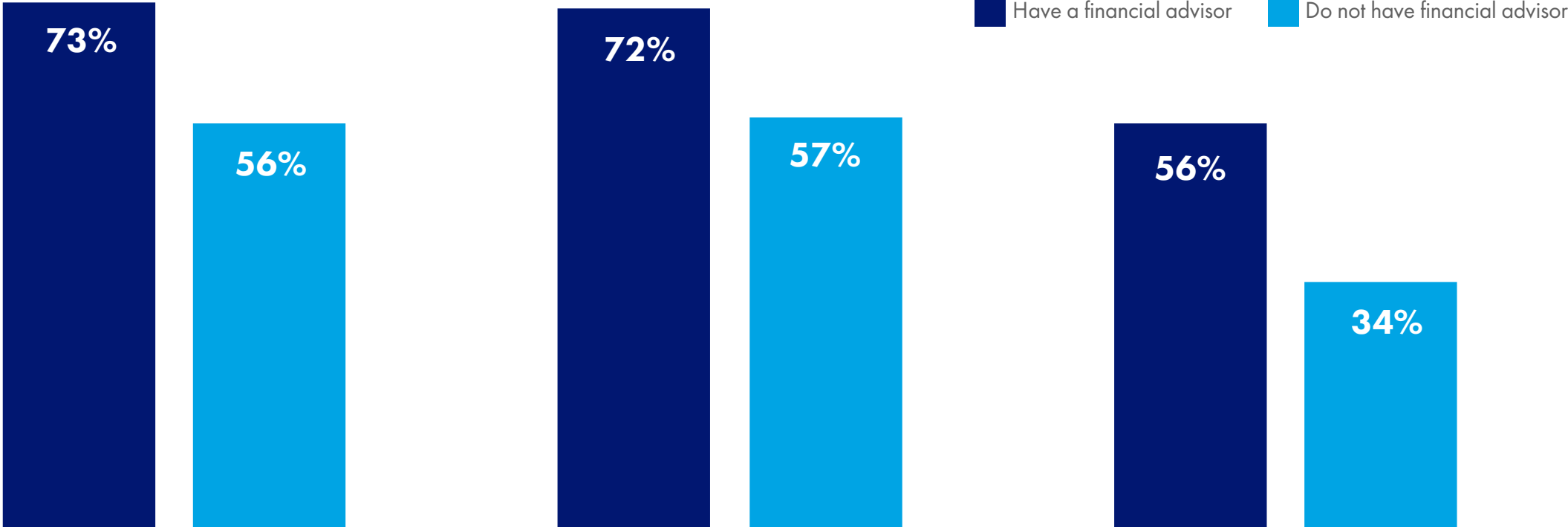
Americans who work with a financial advisor are more likely to have a life insurance policy, compared to those without an advisor.



Financial Advisors boost life insurance know-how

Those who work with an advisor demonstrate a better understanding of the details around life insurance.

Respondents that answered correctly who **have a financial advisor** versus **do not have a financial advisor**. Correct answer is true.



Q: You can take cash withdrawals from some types of life insurance during your lifetime.

Q: You can use life insurance to leave a donation to a charity.

Q: The value of some life insurance policies can grow tax-free while protecting against loss.



METHODOLOGY

The AIG Life Insurance IQ Study was conducted by Morning Consult from December 2-5, 2019, among a national sample of 2,201 adults. The interviews were conducted online, and the data were weighted to approximate a target sample of adults based on age, race/ethnicity, gender, educational attainment and region. Results from the full survey have a margin of error of plus or minus 2 percentage points.



Life Insurance IQ Study

March 2020



Important Consumer Disclosures Regarding Accelerated Benefit Riders

An Accelerated Death Benefit Rider (ABR) is not a replacement for Long Term Care Insurance (LTCI). It is a life insurance benefit that gives you the option to accelerate some of the death benefit in the event the insured meets the criteria for a qualifying event described in the policy. The rider does not provide long-term care insurance subject to California insurance law, is not a California Partnership for Long-Term Care program policy. The policy is not a Medicare supplement.

ABRs and LTCI provide different types of benefits. An ABR allows the insured to access a portion of the life insurance policy's death benefit while living. ABR payments are unrestricted and may be used for any purpose. LTCI provides reimbursement for necessary care received due to the inability to perform activities of daily living or cognitive impairment. LTCI coverage may include reimbursement for the cost of a nursing home, assisted living, home health care, homemaker services, adult day care, hospice services or respite care for the primary caretaker and the benefits may be conditioned on certain requirements or meeting an elimination period or limited by type of service, the number of days or a maximum dollar limit. Some ABRs and all LTCI are conditioned upon the insured not being able to perform two or more of the activities of daily living or being cognitively impaired.

This ABR pays proceeds that are intended to qualify for favorable tax treatment under section 101(g) of the Internal Revenue Code. The federal, state, or local tax consequences resulting from payment of an ABR will depend on the specific facts and circumstances, and consequently advice and guidance should be obtained from a personal tax advisor prior to the receipt of any payments. ABR payments may affect eligibility for, or amounts of, Medicaid or other benefits provided by federal, state, or local government. Death benefits and policy values, such as cash values, premium payments and cost of insurance charges if applicable, will be reduced if an ABR payment is made. ABR payments may be limited by the contract or by outstanding policy loans.

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