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# Worksite Better.

Reducing the stress of a Chronic Illness

The Chronic Care Benefit from Massachusetts Mutual  
Life Insurance Company (MassMutual®)

## XYZ Service Company's Annual Benefits Review:

# Enhancing Their Employee Benefits Package

**A mid-sized service company with 400 employees meets with its broker to review the current benefits package. This year the company wants to:**

- Enhance its benefits package to help current employees and attract new hires.
- Offer a valuable benefit that helps reduce employees' financial stress.
- Minimize any cost increase to the employees.
- Keep its benefit costs stable.

The broker explains how **MassMutual** group life insurance helps meet these goals by offering employees and their families death benefit protection, and living benefits that are there if they need them. Among the certificate features highlighted is the **Chronic Care Benefit** that lets the certificate owner receive an advance, or acceleration,

of a portion of the death benefit if the insured becomes chronically ill.<sup>1</sup> The benefit is paid in a lump sum and may be used for any purpose.<sup>2</sup> The accelerated benefit is neither long-term care insurance nor nursing home care insurance. There is not a separate premium for this benefit.

<sup>1</sup> Accessing the cash value or an acceleration of the death benefit will reduce the certificate's death benefit, any cash value and any loan values. After an acceleration, the certificate's premium payments will be based on the reduced amount of insurance at the current rate. There is no premium required for this benefit, however, there is a fee if the provision is exercised.

<sup>2</sup> The acceleration of the death benefit is intended to receive favorable tax treatment under §101(g) of the Internal Revenue Code. Accessing other similar benefits may cause the per diem limit to be exceeded. The insured must be chronically ill as defined in 26 USC 7702B. Certificate owners should seek advice from a tax advisor prior to requesting a benefit payment. Receipt of accelerated death benefits may be taxable. Accelerating the payment of your death benefit may affect your eligibility for public assistance programs, including MEDICAID and SUPPLEMENTAL SECURITY INCOME ("SSI"). Contact the Medicaid Unit of the local Department of Public Welfare and the Social Security Administration Office for more information.

## MassMutual's group life insurance options with the chronic care benefit include:

### Group Whole Life:

The Eligible Amount for the Chronic Care Benefit is 75% of the sum of the certificate face amount plus any paid up additions. The Chronic Care Benefit payment is the Eligible Amount, minus the sum of: the fee<sup>3</sup>, plus any due and unpaid premiums, and 75% of any certificate debt outstanding.

### Group Universal Life:

The Eligible Amount for the Chronic Care Benefit is 75% of the face amount less the amount of any withdrawals taken in the prior 12 months. The Chronic Care Benefit payment is the Eligible Amount, minus the sum of: the fee,<sup>3</sup> plus any unpaid premium amount needed to avoid certificate termination under the grace period provision, and 75% of any certificate debt outstanding.

There is not a separate premium for this benefit.

For both the Group Whole Life and Group Universal Life certificates, the benefit will be capped based on the per diem benefit permitted under IRC 7702 B(d) (4). State variations will apply.

If this cap applies, we will calculate a new percentage, which will be less than 75%, for the Eligible Amount for the Chronic Care Benefit necessary so that the resulting Chronic Care Benefit payment does not exceed the per diem benefit permitted.

### A Qualified Medical Practitioner must certify that the Insured is Chronically Ill, meaning the Insured:

- Is permanently unable to perform, without substantial assistance, at least two Activities of Daily Living (ADLs) (eating, toileting, transferring, bathing, dressing, and continence) due to loss of functional capacity; or
- Requires substantial supervision to protect the Insured from threats to health or safety due to permanent Severe Cognitive Impairment.

At no additional cost to the employer, the benefit is automatically included in all group life insurance certificates where the benefit is approved. The employee only pays for the benefit if they use it. A fee will be deducted directly from the benefit payment.<sup>3</sup> There are no out-of-pocket costs, ever.

**On the following pages, meet Riley and Avery and see how the Chronic Care Benefit helped them when they needed it most.**

<sup>3</sup> There is a fee to exercise the Chronic Care Benefit. The fee is a percentage of the Eligible Amount for the Chronic Care Benefit and is determined based on the Insured's age at the time the benefit is approved to be exercised: 18% for ages 45 and above; 27% for ages 44-35; 36% for under age 35. In certain situs states the term "Fee" is replaced with "Actuarial Discount" or "Reduction."



## Meet Riley

- An XYZ Service Company engineer, Riley, purchased a \$50,000 Group Whole Life certificate several years ago at age 44.
- Riley's certificate has:
  - The Waiver of Premium Rider in case of total disability elected by her employer.
  - A dividends option selected as cash.
  - A \$4,000 loan taken last year which she is paying interest on.
  - Up-to-date premium payments.
- The Chronic Care Benefit is automatically added to Riley's coverage

### Here's a quick look at Riley's group whole life certificate today, 13 years later at age 57:

Face Amount .....	\$50,000
Level Annual Premium .....	\$1,082.40
Guaranteed Cash Value .....	\$7,802
Certificate Debt. ....	\$4,000
Eligible Amount for the Chronic Care Benefit .....	<b>\$37,500*</b>

\* The dividend option of Paid-Up Additions (PUAs) can impact the Eligible Amount for the Chronic Care Benefit. While dividends are not guaranteed, if this option is chosen, the death benefit, cash values and Eligible Amount for the Chronic Care Benefit have the potential to be greater. Certificate owners are eligible to receive dividends beginning on the second certificate anniversary.

### Here's how the Chronic Care Benefit is calculated when Riley needs it in certificate year 13:

Eligible Amount for the Chronic Care Benefit .....	\$37,500*
Less Fee <sup>3</sup> (18% of Eligible Amount) .....	-\$6,750
Less 75% of Certificate Debt .....	-\$3,000
Chronic Care Benefit Payment .....	<b>\$27,750</b>

\* The dividend option of Paid-Up Additions (PUAs) can impact the Eligible Amount for the Chronic Care Benefit. While dividends are not guaranteed, if this option is chosen, the death benefit, cash values and Eligible Amount for the Chronic Care Benefit have the potential to be greater. Certificate owners are eligible to receive dividends beginning on the second certificate anniversary.



With the **\$27,750** Chronic Care Benefit Riley installs a wheelchair ramp on the house and **covers the extra costs** of additional medical assistance services.

### Here's Riley's Coverage after Exercising the Chronic Care Benefit:

Riley's certificate remains in full force but the certificate values are reduced by 75% after exercising the Chronic Care Benefit.

Face Amount .....	\$12,500
Annual Premium reduced to .....	\$310.20
Out-of-Pocket Cost .....	\$0
Guaranteed Cash Value .....	\$1,950
Certificate Debt .....	\$1,000





## Meet Mario and his spouse Avery

- XYZ Service Company has chosen to offer MassMutual Group Whole Life as a benefit for its employees and their dependents. Mario, an IT Consultant for XYZ Service Company, purchases a Whole Life certificate with a face amount of \$35,000 for himself and a \$25,000 certificate for his spouse Avery. They are both 30 at the time of purchase.

### Mario's Coverage

\$35,000 Face Amount

\$358.80 level annual premium

### Avery's Coverage

\$25,000 Face Amount

\$270 level annual premium

**Fifteen years later Avery, now age 45, is certified as being Chronically Ill and exercises the Chronic Care Benefit:**

All premium payments are up-to-date, the selected dividend option was cash, and there are no loans against Avery's certificate, so the Chronic Care Benefit is calculated like this:

Face Amount .....	\$25,000
Eligible Amount for the Chronic Care Benefit .....	\$18,750*
Less Fee <sup>3</sup> (18%) .....	-\$3,375
Chronic Care Benefit Payment .....	<b>\$15,375</b>

\* The dividend option of Paid-Up Additions (PUAs) can impact the Eligible Amount for the Chronic Care Benefit. While dividends are not guaranteed, if this option is chosen, the death benefit, cash values and Eligible Amount for the Chronic Care Benefit have the potential to be greater. Certificate owners are eligible to receive dividends beginning on the second certificate anniversary.



Mario, as the certificate owner, receives a payment of **\$15,375**. With the benefit payout, the couple intends to use the money to **cover costs for the home health assistance** Avery needs so Mario can continue to work. They plan to **modify their bathroom with any money left over** as Avery now uses a wheelchair.

**Here's Avery's Coverage after Exercising the Chronic Care Benefit:**

They continue to pay the reduced premium to keep Avery's policy in force, providing valuable protection for the couple. Mario's coverage remains unchanged.

Remaining Whole Life Face Amount .....	\$6,250
New Level Annual Premium Based on the New Face Amount .....	\$103.50

# The Right Choice for the Company and its Employees

By offering **MassMutual** Group life certificates the company, without increasing their costs, makes available a valuable benefit for their employees. Employees and their dependents can choose coverage that will provide: life insurance protection, cash value that grows over time and additional living benefits. **The Chronic Care Benefit is:**

- A simple, easy-to-understand solution to help cover the costs and alleviate the financial stress associated with a Chronic Illness.
- Automatically available on all Group Whole Life and Group Universal Life certificates.
- No additional up-front premium applies. A fee applies if the benefit is exercised and is deducted from the benefit amount. There are no out-of-pocket costs ever.<sup>3</sup>
- An innovative approach to helping employees manage a Chronic Illness diagnosis with a single lump sum benefit payment and no conditions on how the payment is used.
- Included on group life insurance certificates insuring spouses, partners, and dependent children.
- Group life insurance certificates also have a Terminal Illness Benefit that allows the certificate owner to accelerate a portion of the death benefit if the insured has been diagnosed with a terminal illness that will result in death in the next 12 months (24 months in some states). Certificate owners who have exercised the Terminal Illness Benefit cannot use the Chronic Care Benefit. However, the Terminal Illness Benefit will still be available on the remaining face amount after a Chronic Care Benefit payment has been made.
  - These benefits are not long-term care insurance or nursing home insurance. These benefits are not conditioned upon the receipt of long-term care or medical services.
  - Accelerating the payment of your certificate death benefit under either the Accelerated Death Benefit for Terminal Illness or the Accelerated Death Benefit for Chronic Illness may affect your eligibility for public assistance programs and may be taxable. Consult with your tax advisor when accelerating these benefits.

## A Smart Solution for the Right Price

Offer your employees additional financial wellness benefits at no cost to you.

To learn more, visit **MassMutual.com** or talk to your benefits representative.

The information provided is not written or intended as specific tax or legal advice. MassMutual, its subsidiaries, employees and representatives are not authorized to give tax or legal advice. Individuals are encouraged to seek advice from their own tax or legal counsel.

**The Chronic Care Benefit is currently not available in MA. This information is not for use in CA, NC, NY, and WA. Specific versions for these states are available.**

MassMutual group life insurance products and/or certain features may not be available in all states. State variations will apply.

Group Whole Life Insurance (GPWL), (policy/certificate forms MM-GPWL-2014 and MM-GCWL-2014, and MM-GPWL-2014 (NC) and MM-GCWL-2014 (NC) in North Carolina), is level-premium, participating permanent life insurance. The GPWL policy and GCWL certificates are issued by Massachusetts Mutual Life Insurance Company, Springfield, MA 01111-0001.

Group Universal Life Insurance (GPUL), (policy/certificate forms MM-GPUL-2015 and MM-GCUL-2015, and MM-GPUL-2015 (NC) and MM-GCUL-2015 (NC) in North Carolina), is flexible premium, non-participating permanent life insurance. The GPUL policy and GCUL certificates are issued by Massachusetts Mutual Life Insurance Company, Springfield, MA 01111-0001.

