



MassMutual@WORK



EMPLOYER

Reducing the Stress of a Chronic Illness

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

Today's workforce expects more from their benefits. In fact, many people feel that enhanced benefits are more important than a higher salary.¹ But benefits can be costly to offer, so now there's a cost-effective way to give employees an additional benefit that helps guard against unexpected life events.

MassMutual@work has added the **Chronic Care Benefit, a new feature** automatically available on all new and existing group life insurance certificates.² The Chronic Care Benefit gives your employees the ability to receive a one-time advance, or acceleration, of a portion of their death benefit that is paid in a lump sum.^{3,4} This benefit can help deal with the additional costs that being Chronically Ill can bring on. It is available at no additional cost to you – and your employees pay a fee only if they use the benefit. This accelerated benefit is neither long-term care insurance nor nursing-home care insurance, and may be used for any purpose.

What Qualifies as a Chronic Illness?

A Qualified Medical Practitioner must certify that the Insured has a Chronic Illness.

Chronically Ill generally means he or she:

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

Employees are Stressed. How Can You Help?

It's no secret that people spend a lot of time worrying about their finances. Health issues impacting employees cost employers billions annually in higher health care costs, lower productivity, and lost wages.⁵ Paying for future health care costs weighs heavily on everyone's minds. Many wonder how they will be able to cover expenses if they become Chronically Ill.

¹ AICPA Survey : Americans Favor Workplace Benefits 4 to 1 over Extra Salary November 28, 2018
www.aicpa.org/press/pressreleases/2018/americans-favor-workplace-benefits-over-extra-salary.html

² The Chronic Care Benefit may not be available in your state. Check with your MassMutual representative.

³ The payment of the Chronic Care Benefit will reduce the certificate's death benefit and any cash value. The certificate's premium payments will then be based on the reduced amount of insurance and the rates in effect for the policy. Receipt of the Chronic Care Benefits under the certificate MAY AFFECT MEDICAID and SUPPLEMENTAL SECURITY INCOME ("SSI") eligibility. Contact the Medicaid Unit of the local Department of Public Welfare and the Social Security Administration Office for more information.

⁴ The Chronic Care Benefit is intended to qualify for favorable tax treatment under Section 101(g) of the Internal Revenue Code. Based upon the current tax code, benefits provided by this Endorsement may be taxable if the Insured is not the certificate owner, the spouse of the certificate owner, or the dependent child of the certificate owner. Certificate owners should seek tax advice from their tax advisor prior to requesting a Chronic Care Benefit payment.

⁵ The Cost of Chronic Disease in the U.S., Milken Institute, 2018, (The total direct cost of Alzheimers' Disease was \$185.9 billion in 2016. Figure 1, p. 1) <http://milkeninstitute.org/reports/costs-chronic-diseases-us>.



How the Chronic Care Benefit Helps Your Employees

The Chronic Care Benefit can reduce some of this stress on your employees and their families by allowing them to accelerate the benefits of their life insurance policy if the Insured is certified as being Chronically Ill. Here's how it works:

- The benefit requires certification that the Insured is Chronically Ill by a Qualified Medical Practitioner.
- There are no conditions on how the certificate owner spends the money. The benefit may be applied to pay for better medical care, hire in-home care, make home modifications, pay for transportation to medical appointments, or pay medical claims—anything that can help the Insured live more comfortably.
- If you choose, the Chronic Care Benefit can also be included on group life insurance certificates insuring spouses, partners, and dependent children.

- The certificate owner receives the benefit payment in a lump sum.^{3,4}
 - For Group Whole Life: 75% of the death benefit can be accessed. The Chronic Care Benefit paid can be 75% of the sum of the certificate face amount plus any paid up additions (the Eligible Amount), minus the sum of: the present value based fee⁷, plus any due and unpaid premiums, and 75% of any certificate debt outstanding.
 - For Group Universal Life: 75% of the death benefit can be accessed. The Chronic Care Benefit paid is 75% of the face amount less the amount of any withdrawals taken in the prior 12 months (the Eligible Amount), minus the sum of: the present value based fee⁶, plus any unpaid premium amount needed to avoid certificate termination under the grace period, and 75% of any certificate debt outstanding.
 - For both the Group Whole Life and Group Universal Life certificates, if applicable, the Eligible Amount will be capped based on the per diem benefit permitted under IRC 7702 B(d) (4). State variations will apply.
- Group Whole Life and Group Universal 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.

MassMutual's Chronic Care Benefit Design Puts Your Employees First.

Some life insurance plans require the accelerated benefit to be paid in small percentages of the total amount over a number of months. At MassMutual, our Chronic Care Benefit allows acceleration of the entire benefit in one payment.

⁶ The fee for the Chronic Care Benefit is a present value adjustment shown as a percentage of the Eligible Amount for the Chronic Care Benefit. The percentage depends on the Insured's age at the time the benefit is exercised: 18% for ages 45 and above; 27% for ages 44-35; 36% for under age 35. In the states of Kansas and Minnesota the term "fee" is replaced with "Actuarial Discount." For Montana, "fee" is replaced with "Reduction."



How the Chronic Care Benefit Can Help

Meet Haley

- Haley is 44-years old, and through work she has a \$50,000 Group Whole Life certificate with the Chronic Care Benefit. Her annual level premium is \$984.
- Ten years later, Haley takes a \$5,000 loan out on her certificate.
- That same year, at age 54, Haley is certified as being Chronically Ill and exercises the benefit. She does not have any unpaid premiums.
- She receives a Chronic Care Benefit payment of \$27,000. Haley can use the money any way she likes. She intends to use some of it to meet her medical expenses and to make necessary home modifications. Her certificate debt is reduced by 75% after her repayment from \$5,000 to \$1,250.
- The remainder of her Group Whole Life certificate – \$12,500 – stays in full force at a level annual premium of \$282, based on the new face amount.

Here is how Haley's benefit is calculated:



75% of face amount	\$37,500*
18% fee	- \$ 6,750
75% Outstanding Loan	- \$ 3,750
Chronic Care benefit	\$27,000

*If the certificate owner chooses the Paid-Up Additions dividend option, annual dividends can be used to purchase paid-up additional (PUA) insurance. PUAs add to the certificate's death benefit and total cash value. If this option is chosen, the additional insurance will also receive dividends. In this example, Haley did not choose the PUA option. If she had accumulated paid up additions, the Eligible Amount for the Chronic Care Benefit would be greater.

Dividends are not guaranteed. Certificate owners are eligible to begin receiving dividends beginning on the 2nd certificate anniversary.

A Win-Win for Your Company and Your Employees

The Chronic Care Benefit enhances your company's group voluntary benefits by offering your employees added protection they can count on in the future.

 EMPLOYER	 EMPLOYEE
Offers a simple, cost-effective solution for employees' chronic illness care concerns.	The payout is available in a lump sum.
58% of workers feel more financially secure because of the benefits they receive at work. ⁷	The certificate owner receives the benefit payment in a lump sum.
Reducing employee health concerns can lead to increased employee productivity. ⁸	The benefit paid can help cover extra expenses associated with a chronic illness.
The additional feature enhances your benefits package and may help you attract and retain top talent.	There are no conditions on how the money is spent.
No additional costs.	+No additional premium. A fee only applies if the benefit is exercised.
Address needs of a multi-generational workforce.	You can choose to make the Chronic Care Benefit available to spouses, partners and dependents if they have their own certificates.

**To learn more, visit [MassMutualatwork.com](https://www.MassMutualatwork.com)
 or talk to your benefits representative.**

⁷ MassMutual Workplace Benefits Study, February 2018. https://www.MassMutual.com/-/media/files/MM%202018%20Benefits%20Study_Final.pdf

⁸ Wellness Council of America (Welcoa) "The Benefits of Stress Management for Employees" <https://www.welcoa.org/blog/benefits-stress-management-employees/>.

Key Terms

Below are important definitions to help you better understand how the Chronic Care Benefit works.

Activities of Daily Living (ADLs)

- **Bathing:** the washing of oneself by sponge bath, or in either a tub or shower, including the task of getting in or out of the tub or shower.
- **Continence:** the ability to maintain control of bowel and bladder function; or, when unable to maintain control of bowel or bladder function, the ability to perform associated personal hygiene (including caring for a catheter or colostomy bag).
- **Dressing:** putting on and taking off all items of clothing and any necessary braces, fasteners, or artificial limbs.
- **Eating:** feeding oneself by getting food to the body from a receptacle (such as a plate, cup or table) or being fed by a feeding tube or intravenously.
- **Toileting:** getting to and from the toilet, getting on and off the toilet, and performing associated personal hygiene.
- **Transferring:** moving into or out of a bed, chair, or wheelchair.

Severe Cognitive Impairment is the deterioration or loss of intellectual capacity which requires Substantial Supervision and is comparable to, and includes, Alzheimer's disease and similar forms of irreversible dementia, resulting in a deficiency in the Insured's:

- Short or long term memory.
- Orientation as to person (such as the person's identity), place (such as the person's location) and time (such as day, date and year).
- Deductive or abstract reasoning.
- Judgment as it relates to safety awareness.

Hands-On Assistance is the physical assistance of another person without which the Insured would be unable to perform an Activity of Daily Living.

Stand-By Assistance is the presence of another person within arm's reach of the Insured that is necessary to prevent, by physical intervention, injury to the Insured while the Insured is performing the Activities of Daily Living.

Substantial Assistance is hands-on assistance or stand-by assistance.

Substantial Supervision is the continual supervision by another person to protect a person with a Severe Cognitive Impairment or others from threats to health or safety (such as may result from wandering). Such supervision may include cueing by verbal prompting, gestures or other similar demonstrations.

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 products and/or certain features may not be available in all states. State variations may 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.

