



---

# Worksite Better.

**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.<sup>1</sup> 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 has a Chronic Care Benefit automatically available on all group life insurance certificates. 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.<sup>2</sup> 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.<sup>3</sup>

## What Qualifies as a Chronic Illness?

A Qualified Medical Practitioner must certify that the Insured has a Chronic Illness. Chronically Ill generally means the Insured:

- 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; or
- 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 thinking about their finances. Health issues impacting employees may cost employers billions annually in higher health care costs, lower productivity, and lost wages.<sup>4</sup> 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.

<sup>1</sup> Glassdoor Survey: 5 Awesome Job Benefits That Attract Quality Candidates May 1, 2021 Glassdoor for Employers: 5 Awesome Job Benefits That Attract Quality Candidates, May 2021, <https://www.glassdoor.com/employers/blog/5-job-benefits-attract-quality-candidates/>

<sup>2</sup> Accessing the cash value and/or an acceleration of the death benefit will reduce the certificate's death benefit, any cash value and any loan values. If the Chronic Care Benefit has been exercised, the certificate's premium payments will then 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 (referred to as an actuarial discount in some states) if the provision is exercised.**

<sup>3</sup> The acceleration of the death benefit is intended to receive favorable tax treatment under §101(g) of the Internal Revenue Code. The Chronic Care Benefit does not provide for long-term care insurance or for nursing-home insurance and is not conditioned on the receipt of long-term care or medical services. 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.

<sup>4</sup> Top 10 Most Expensive Chronic Diseases for Health care Payers, 2022.



# 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 group life insurance certificates insuring spouses, partners, and dependent children\* for your plan, the Chronic Care Benefit is included in their coverage.

\*Children must be dependent based on Federal tax rules.



- The certificate owner receives the benefit payment in a lump sum.<sup>2,3</sup>
  - For 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>5</sup> plus any due and unpaid premiums, and 75% of any certificate debt outstanding.
  - For Group Universal Life: The Eligible Amount for the Chronic Care Benefit is 75% of the face amount less the amount of any withdrawals<sup>6</sup> taken in the prior 12 months. The Chronic Care Benefit payment is the Eligible Amount, minus the sum of: the fee,<sup>5</sup> plus any unpaid premium amount needed to avoid certificate termination under the grace period provision, 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.  

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.
  - There is not a separate premium for this benefit.
- 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 death benefit 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.

<sup>5</sup> There is a fee (referred to as an actuarial discount in some states) 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.

<sup>6</sup> For GUL certificates in Kansas, the Eligible Amount for Chronic Care is not reduced by withdrawals taken in the last 12 months.



## 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:

Eligible Amount for the Chronic Care Benefit . . . .	\$37,500**
18% fee . . . . .	- \$ 6,750
75% Outstanding Loan . . . . .	- <u>\$ 3,750</u>
Chronic Care Benefit Payment . . . . .	<b>\$27,000</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.

## 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.

 <b>EMPLOYER</b>	 <b>EMPLOYEE</b>
Offers a simple, cost-effective solution for employees' chronic illness care concerns.	
59% of workers feel more financially secure because of the benefits they receive at work. <sup>7</sup>	The certificate owner receives the benefit payment in a lump sum.
Reducing employee health concerns can lead to increased employee productivity. <sup>8</sup>	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 and is deducted from the benefit. There are no out-of-pocket expenses.
Address needs of a multi-generational workforce.	The employer elects if dependent certificates are in the plan, not if the chronic care benefit is included with certificates.

---

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

---

<sup>7</sup> HR Morning, Employee financial stress is at an all-time high. May 2021, <https://www.hrmorning.com/articles/employee-financial-stress-high/>

<sup>8</sup> Harvard Business Review, 7 Strategies to Improve Your Employees' Health and Well-Being. October 2021, <https://hbr.org/2021/10/7-strategies-to-improve-your-employees-health-and-well-being>

# 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.

**FOR EMPLOYERS. NOT FOR USE WITH EMPLOYEES.**

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.**

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.

