MassMutual

Massachusetts Mutual Life Insurance Company

Worksite Stronger.

Reducing the Stress of a Chronic Illness

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

The Chronic Care Benefit provision does not qualify for the New York State Long Term Care Partnership Program and is not a Medicare supplement certificate. The Accelerated Death Benefit for Chronic Illness (Chronic Care Benefit) is not a health insurance certificate subject to the minimum requirements of New York Law pertaining to long term care insurance.

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The Chronic Care Benefit Advisor Guide

MassMutual's innovative Chronic Care Benefit allows all new and in force Group Whole Life and Group Universal Life certificate owners to accelerate a portion of their death benefit if the insured becomes chronically ill. The Chronic Care Benefit can help offset the costs associated with having a chronic illness without adding additional premium or out-of-pocket expenses.

- The benefit is paid in a lump sum and there are no restrictions on how the benefit may be used.
- The Chronic Care Benefit may provide access to more money than would be available through a certificate loan or surrender.
- There is no additional premium required for this benefit and there are no out-of-pocket costs to the certificate owner. A fee is assessed only if the benefit is exercised and it is deducted from the benefit payment.

The benefit adds real value to help deal with a growing problem facing employees and their families throughout their lifetime.

Now, as individuals live longer, the prevalence and cost of chronic disease continue to grow. The estimated cost of chronic disease is expected to reach $47 trillion worldwide by 2030.[1]

[1] "The Burden of Chronic Disease" January, 2024. Lifestyle Medicine, Mayo Clinic Proceedings: Innovations, Quality & Outcomes, https://pmc.ncbi.nlm.nih.gov/articles/PMC10830426/

What Qualifies as a Chronic Illness?

A Qualifying Chronic Illness means the Insured, requires continuous care for the remainder of their lifetime either at home or in an eligible facility (e.g., skilled nursing home) as a result of either:

- Being unable to perform, without substantial assistance, at least two (2) Activities of Daily Living (eating, toileting, transferring, bathing, dressing, and continence) for a period of 90 consecutive days, due to loss of functional capacity, or having a comparable level of disability; or
- Severe cognitive impairment requiring substantial supervision to protect the insured from threats to health or safety.

A Licensed Health Care Practitioner must certify the insured is Chronically Ill.

How the Chronic Care Benefit Works

The certificate owner receives the benefit in a lump sum:

- **For Group Whole Life:** The Eligible Amount for the Chronic Care Benefit is 50% of the sum of the certificate face amount plus any paid-up additions (the "Eligible Amount"). The Chronic Care Benefit payment, is the Eligible Amount, minus the sum of: the fee plus any due and unpaid premiums, and 50% of any certificate debt outstanding.[2,3]

- **For Group Universal Life:** The Eligible Amount for the Chronic Care Benefit is 50% of the face amount less the amount of any withdrawals* taken in the prior 12 months (the "Eligible Amount"). The Chronic Care Benefit payment is the Eligible Amount, minus the sum of: the fee, plus any unpaid premium amount needed to avoid certificate termination under the grace period provision, and 50% of any certificate debt outstanding.[2]

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. 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, nursing home insurance, home care insurance, or long-term care insurance provided under New York's Partnership for Long Term Care Program.

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.

* Withdrawals are not available for certificates issued on or after 1/1/2020.

[2] The fee, referred to as an actuarial discount in the certificate, is 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.

[3] If the certificate is in force as paid-up life insurance, the Chronic Care Benefit is still available. In this instance, the Eligible Amount is 50% of the amount of paid-up life insurance plus any paid-up additions. The Chronic Care Benefit payment is the Eligible Amount minus the sum of: the fee and 50% of any certificate debt outstanding.

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 premium is $984.
- At age 54, Haley is certified as being Chronically Ill and exercises the Chronic Care Benefit. Haley has not taken any loans and the premium is paid to date.
- Haley receives a Chronic Care Benefit payment of $20,500. She 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.
- The remainder of her Group Whole Life certificate — $25,000 — stays in full force with level new annual premium of $516, based on the new face amount.

Here is how Haley's benefit is calculated:

Eligible Amount	$25,000*
18% fee	$ 4,500
50% Outstanding Loan	$ 0
Chronic Care Benefit payment	**$20,500**

This is a hypothetical example only and does not depict a real person or testimony.

*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.

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; or
- 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.

Licensed Health Care Practitioner is any licensed physician or licensed medical practitioner, other than the Insured, the Certificate owner, or an Insured's Immediate Family Member.

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 Chronic Care Benefit offers you a great opportunity to reach out to both existing and new customers to tell them about this added benefit. To find out more about this Chronic Care Benefit and all of MassMutual products, please contact your Managing Director of Benefits.

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The Chronic Care Benefit does not pay a separate benefit but is an acceleration of the life insurance benefit, reduced by a fee, referred to as an actuarial discount in the endorsement. It is paid in a lump sum and there are no restrictions on how the benefit may be used. The payment of the Chronic Care Benefit will reduce the certificate's death benefit, cash value and any loan value. The Chronic Care Benefit does not provide for, nor is it, long term care, nursing-home, or home care insurance. It is not conditioned upon the receipt of or designed to eliminate the need for long-term care or medical services. The Chronic Care Endorsement terminates with the life insurance certificate.

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 in addition to the Chronic Care benefit 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 Chronic Care Benefit payment. Receipt of accelerated death benefits may be taxable.

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.

Group Whole Life Insurance (GPWL), (policy/certificate forms MM-GPWL-2014 (NY) and MM-GCWL-2014 (N Y)(Rev. 18) 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.