



MassMutual@WORK



EMPLOYER

# 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@work** group life insurance helps meet these goals by offering employees and their families death benefit protection, cash value accumulation, 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 a one-time 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.

### **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 actuarial reduction, 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 the sum 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 actuarial reduction, plus any unpaid premium amount needed to avoid certificate termination under the grace period, and 75% of any certificate debt outstanding.

The Eligible Amount is capped based on the per diem benefit permitted under IRC 7702 B(d) (4). State variations will apply.

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

- 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.
- 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 new certificates and is being added to existing group life insurance certificates. The employee only pays for the benefit if they use it. 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.**



## 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
Guaranteed Cash Value . . . . .	\$6,916
Certificate Debt. . . . .	\$4,000
Chronic Care benefit . . . . .	<b>\$37,500*</b>

\*In this example, Riley did not choose the PUA option. If she had chosen the Paid-Up Additions dividend option, the Eligible Amount for the Chronic Care Benefit would be greater.

**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 Actuarial Reduction (18% of Eligible Amount) . . . . .	-\$6,750
Less 75% of Certificate Debt (This amount is applied to the Certificate Debt) . . . . .	-\$3,000
Tax Advantaged Chronic Care Benefit Payment . . . . .	<b>\$27,750</b>



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
Out of Pocket Cost . . . . .	\$0
Guaranteed Cash Value . . . . .	\$1,729
Certificate Debt reduced by 75% from . . . . .	\$4,000 to \$1,000





## Meet Mario and his spouse Avery

- XYZ Service Company has chosen to offer MassMutual@WORK 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  
\$359 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 the 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 Actuarial fee (18%) .....	-\$3,375
Tax Advantaged Chronic Care Benefit Payment <sup>5</sup> .....	<b>\$15,375</b>

\*In this example, if she had chosen the Paid-Up Additions dividend option, the Eligible Amount for the Chronic Care Benefit would be greater.



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 inforce, 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.....	\$104

## The Right Choice for the Company and its Employees

By offering **MassMutual@work** 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 with the costs and alleviate the financial stress associated with a Chronic Illness.
- Automatically available on all current and new Group Whole Life and Group Universal Life certificates.
- No additional up-front premium applies. A fee applies if the benefit is exercised. There are no out of pocket costs ever.
- 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.

### A Smart Solution for the Right Price

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

To learn more, visit [MassMutualatWork.com](http://MassMutualatWork.com) or talk to your benefits representative.

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<sup>1</sup>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.

<sup>2</sup>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.

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.

