



2155 Louisiana Blvd., N.E. Suite 3100 | Albuquerque, NM 87110 | Phone 505 265-8511 | 800 274-0433 | Fax 505 265-8511

Life Insurance with optional Chronic Illness vs. LTC Riders

1. The biggest difference is Chronic Illness riders are guided by tax code 101g and LTC riders are guided by tax code 7702B. Each stipulates whether benefits are qualified. The most important distinction is 101g riders are required to pay benefits on claims that are expected to be permanent and irreversible. LTC riders do not require this level.
2. Chronic Illness rider benefits are indemnity type. Benefits from both are paid tax free on a monthly basis to a maximum of the per diem daily maximum of \$330; monthly maximum of \$10,037 or yearly annualized benefit of \$120,450. Anything above would require proof of expenses or the benefits could be taxable.
3. Chronic illness benefits do not incur a separate charge nor do they require LTC CE training requirements. LTC riders are accessed an extra cost and require LTC training.
4. Most chronic illness benefits pay based upon a present value calculation of a percentage of the death benefit. The younger the client is at time of claim, the higher the discount. LTC riders a based on the death benefit without any discounting.

Not all Living Benefit Riders are created equal.

Things to look for:

Waiting Periods?

Professional Care Required?

Terminal Illness Benefits?

Pays for Family Care?

Can you illustrate actual benefits at certain ages?

On the next several pages are carrier provided comparisons. Note- they are not entirely accurate. Please call us and we can provide a sample rider as well as a true description of how the rider's really work.



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American General Life Companies

Competitive Comparison

Company/ Riders	Waiver of Monthly Deduction	Flexibility in Benefit Base	Flexibility in Benefit Payout	Predictable Benefit Amount	Requires License to Sell	Requires Receipts for Claims Pmt	Requires Permanent Condition
American General <i>Accelerated Access Solution</i> Form #: 13600	✓	✓	✓	✓			X
Prudential <i>Benefit Access</i> Form #: VL 145B	✓			✓			X
Protective <i>ExtendCare</i> Form #: L627 8-10	*		✓	✓			X
Lincoln <i>LifeEnhance</i> Form #: ABR-5762	✓			✓			X
Pacific Life <i>Premier Living Benefits</i> Form #: POBVN1							X
North American <i>Accelerated Death Benefit</i> Form #: LR47	✓						X
Aviva <i>Accelerated Access Rider</i> Form #: 2CABRH12							X
John Hancock <i>LTC Rider</i> Form #: 05LTCR			✓	✓	X	X	
Nationwide <i>LTC Rider</i> Form #: NWLA-171-32	Rider only*	✓		✓	X		
Transamerica <i>LTC Rider</i> Form #: LTCR02	Rider only*			✓	X		



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LIFE INSURANCE WITH AN OPTIONAL CHRONIC ILLNESS AND OR TERMINAL ILLNESS RIDER

Carrier	Product Type	Pays for Family Care ¹	No Professional Care Required	No Waiting Period	Full DB Available for Acceleration	Permanent Lapse Protection ²	Provides Benefits In The Event of Terminal illness
Prudential	Indemnity	✓	✓	✓	✓	✓	✓
Nationwide ³	Indemnity				✓		
John Hancock ³	Reimbursement				✓		
Protective ³	Indemnity	✓	✓		✓		
Midland	Indemnity	✓	✓				✓
Penn Mutual ³	Indemnity	✓	✓				
Pacific Life	Indemnity	✓	✓	✓			✓

HYBRID LIFE PRODUCTS (products that offer both Life Insurance and Long Term Care Benefits)

Carrier	Product Type	Pays for Family Care ¹	No Professional Care Required	No Waiting Period	Full DB Available for Acceleration	Permanent Lapse Protection ²	Provides Benefits In The Event of Terminal illness
Lincoln ³	Reimbursement			✓	✓		
Genworth ^{3,4}	Reimbursement				✓	✓	
Pacific Life ⁴	Reimbursement					✓	✓