

# AFEUSA AGENT GUIDE



## AFEUSA'S PERMANENT LIFE INSURANCE

WITH LINKED LONG - TERM CARE BENEFIT RIDER



Association for  
Entrepreneurship

CHUBB®

# AFEUSA'S PERMANENT LIFE INSURANCE

## WITH LINKED LONG-TERM CARE BENEFIT RIDER

People want to preserve and protect the assets they've accumulated over their lifetime. They also want safeguards in place for an untimely death and/or ensure funds are available if serious health issues occur, especially if long-term care assistance is required. Over half of people turning 65 will eventually need some type of long-term care. Life insurance and long-term care insurance are two key products offering protection upon death or if a person requires long-term care (such as home health care, assisted living, adult day care or skilled nursing facility care).

AFEUSA is pleased to offer members this unique product; LifeTime Benefit Term (LBT), from CHUBB! It includes a life insurance death benefit and a qualified long-term care linked benefit rider which can be used IF the member requires long-term care services. The member has a guaranteed Death Benefit, or if needed, LTC benefits while the member is living. A covered person could receive some of both benefits depending on their situation! Should a covered person require long-term care services, the rider provides a monthly benefit of 4% of the Death Benefit for up to 25 months. The Death Benefit reduces proportionally each month the long-term care benefits are paid. Here's an example of how a \$100,000 Death Benefit of LifeTime Benefit Term (LBT) can be used:

THREE POSSIBLE OPTIONS	LIFE SITUATION	DEATH BENEFIT	LONG TERM CARE BENEFITS	TOTAL BENEFITS COVERAGE - PAID
<b>1 - LIFE INSURANCE</b>	You lead a full life and do not need long term care (ltc)	\$100,000		\$100,000
<b>2 - LONG TERM CARE (LTC) INSURANCE</b>	You lead a full life and need assisted living, nursing home care, etc.		\$100,000	\$100,000
<b>3 - SPLIT YOUR DEATH BENEFIT AND LTC EXPENSES</b>	You lead a full life but also need some ltc funds (example: 4% of the \$100,000 each month for 12 months)	\$52,000	\$48,000	\$100,000

Option 1, 2 OR 3

**Total Coverage: \$100,000**

# THE LBT IS A 'WIN-WIN' SOLUTION!

LBT with the LTC rider is conditionally guaranteed acceptance (Yes/No health questions) up to \$150,000 of Death Benefit; there is a requirement the enrollee attests they are actively working a minimum of 30+ hours per week at their job/occupation, which is verifiable. Benefit amounts of \$25,000, \$50,000, and \$75,000 are also available - which don't require the health questions.

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Rates are single year age rated (rate is determined by age at time of enrollment), smoker/non-smoker and unisex.

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The life insurance premiums will never increase and are guaranteed to age 100; no additional premiums are due after age 100 and the coverage continues until attained age 121.

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Coverage is fully portable (i.e., members change jobs or eventually retire) – and coverage cannot be canceled if premiums are paid when due (guaranteed renewable).

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## **Here are the health questions for up to \$150,000 of Death Benefit; questions which must be answered "NO" to qualify:**

- HIV, AIDS, ARC within the last 10 years
- Hospitalized, disabled within the past 6 months – excluding flu or cold.
- Been seen or treated by a medical practitioner within the past 6 months - excluding flu, cold or routine physical.
- Missed more than 5 consecutive days of active work due to an illness or injury in the past 3 months.



## WHO IS ELIGIBLE TO PURCHASE THE LIFETIME BENEFIT TERM (“LBT”) PLAN?

- I **AFEUSA** members who are ages 19 to 70 and working at least 30+ hours per week on their regular job/occupation, which is verifiable.
- I **AFEUSA** member(s) who enroll in the LBT plan must have a valid social security number.
- I **AFEUSA** members who purchase the LBT plan can also purchase (in \$5,000 increments) from \$5,000 up to \$25,000 of Child Term Life coverage; this is a rider for an enrolling member’s children or grandchildren, who are fully dependent on the AFEUSA member. There are no health questions.
  - All eligible dependent children or grandchildren must be insured, and all children or grandchildren would have the same Death Benefit purchased.
  - The issue ages for this rider are 15 days, up to 25 years old. (Newborns can be added after birth)

## HOW DOES THE LBT WITH THE LONG-TERM CARE RIDER COMPARE TO OTHER COVERAGES WHICH OFFER LONG-TERM CARE BENEFITS AND WHAT IS UNIQUE ABOUT THE LBT?

### THERE ARE 3 PRIMARY TYPES OF LTC COVERAGE:

#### I **TRADITIONAL LONG-TERM CARE INSURANCE**

- This is a standalone plan, exclusively covering long-term care expenses.
- These plans can be expensive; they are age-rated.
- Underwriting/risk-selection can be an issue if the applicant has health conditions which may make them ineligible for coverage.
- These plans can be difficult to qualify for, are expensive and can only be used IF the covered person requires and uses long-term care benefits, which is a ‘use it or lose it’ for the covered person.

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#### I **LIFE INSURANCE WITH A LONG-TERM CARE RIDER**

- Life insurance policies allow a person to add additional coverage for long-term care with the rider. The rider lets you use some of the life insurance plan’s death benefit to pay for long-term care needs while you’re still alive.
- Not all plans will allow for a long-term care benefit rider, there may be limits on how much of the death benefit can be used for long-term care expenses and there could be additional costs or fees incurred.

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#### I **HYBRID LONG-TERM CARE INSURANCE; LINKED TO AN ANNUITY OR LIFE INSURANCE PLAN**

Also known as linked benefits or combo policies, which pair with a life insurance or annuity plan. The hybrid provides a death benefit along with coverage for long-term care benefits. IF you never need long-term care, your loved ones will benefit from a life insurance payout after after you pass away. And, if you need long-term care coverage – it is available.

An **ANNUITY VERSION** could require a higher amount of money to be contributed before long-term care benefits accrue.

- There may be tax implications and the annuity can affect a person applying for Medicaid.
- The company may evaluate the person’s health history to determine eligibility for the plan.

A **LIFE INSURANCE VERSION** can offer the ability to make monthly payments (no large lump sum contribution) and typically has less stringent underwriting/risk selection than health insurance.

**The ‘use it or lose it’ issue is eliminated as benefits will ultimately be paid for either death or long-term care expenses – or a combination of both.**



## DETAILS OF THE OF THE LBT PLAN FEATURES

### I GUARANTEED DEATH BENEFITS DURING THE WORKING YEARS

The Death Benefit is guaranteed 100% when it is needed the most – during working years when a family relies on the covered person’s income. While the policy is in-force, the Death Benefit is guaranteed for the longer of 25 years or to age 70.

#### FOR EXAMPLE

**If the person is 39 years old** when the plan is purchased, this guarantee is effective until attaining age 70 (31 years later). Another example, if a person is 59 when they purchase the plan, the guarantee would be in effect until the person turns 84 (25 years later).

**After age 70, or 25** years after the plan is purchased, whichever is longer, the Death Benefit is guaranteed to never be less than 50% of the original Death Benefit.

### I PAID UP BENEFITS

After the coverage has been in-force a minimum of 10 consecutive years, paid-up benefits begin to accrue. At any point after these 10 years, if premiums stop being paid, a reduced paid-up benefit is issued and can never lapse. This means after a person stops paying premium after 10 years, they have a Death Benefit for the rest of their lives – guaranteed.

### I TERMINAL ILLNESS

After the coverage has been in-force for at least two (2) years, the covered person can receive 50% of the Death Benefit, up to \$100,000, if the covered person is diagnosed as terminally ill (expected to die within 24 months).

### I LONG TERM CARE (LTC)

If the covered person requires and is eligible for LTC benefits, they can access the Death Benefit while they are living – for home health care, assisted living, adult day care or nursing home care. The covered person would receive 4% of the Death Benefit per month while they are living for up to 25 months to help pay LTC expenses.

Insurance premiums are waived (not required to be paid) while the long-term care benefit is being paid.

#### **The LTC rider is filed as a 7702-B (IRS code) qualified benefit.**

Benefits received from the rider are typically income-tax free (excluded from gross income for federal income tax purposes) if the benefit amount does not exceed limits set by the IRS. (Premiums for the rider may be deductible for income tax purposes – see tax advisor for each person’s circumstances).

## I DETAILS OF THE LTC RIDER:

### Conditions of eligibility for payment of long-term care benefit, subject to ALL of the following conditions:

- Covered person is confined in a Nursing, Assisted Living Facility, or Alzheimer's Facility – or,
- Covered person is receiving Home Health Care Services provided by a Home Health Care Agency or receives Adult Day Care provided in an Adult Day Care Center, or combination thereof, on a minimum of 8 separate days during each month.
- Confinement and Home Health Care or Adult Day Care services are included in the covered person's Plan of Care (a written individualized plan of services developed by a Licensed Health Care Practitioner) – and,

#### The covered person is Chronically Ill

Covered person is unable to perform, without substantial human assistance, at least two activities of daily living (bathing, continence, dressing, eating, toileting, and transferring) for a period of 90 days – or,

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A covered person has severe cognitive impairment (i.e. dementia, Alzheimer's) which requires substantial supervision to protect the covered person from threats to his or her health and safety.

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### Benefits

- Benefits are eligible for payment after an elimination period of 90 days:

The elimination period starts from the first day the covered person is certified by a licensed health care practitioner as:

Being unable to perform without substantial human assistance at least two activities of daily living (bathing, continence, dressing, eating toileting and transferring), or

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As having a severe cognitive impairment requiring substantial supervision to protect the covered person from threats to his or her health and safety.

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### Written proof of loss

- A written proof of loss means billing statements, invoices, or payment receipts to prove the covered person was confined or received home health care or adult care services in accordance with a plan of care. Written proof of loss also means certification by a physician that the insured is chronically ill. Examples of written proof of loss include physician certification, plans of care records, attending physician reports, medical records, and similar written documentation.
- The benefits are subject to receipt of written proof of loss by the company. This must be received by the company within 90 days after the expiration of the elimination period.

The company will require subsequent written proof of loss to be submitted periodically while the covered person continues to receive benefits. Any such periodic written proof of loss will not be required more frequently than once every 31 days. Any such periodic written proof of loss due to a chronic illness will not be required more frequently than once every 90 days.

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### Physical examination

- At the company's expense, a licensed health care practitioner of the company's choice may examine the covered person while a claim is pending to determine the covered person's eligibility for benefits.
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### Time of payment of claims

- All benefits described in this plan will be paid monthly provided the company has received written proof of loss.
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### Payment of claim benefits

- All benefits will be paid to the covered person unless they designate a different payee.

## Adjusted Death Benefit

- The Death Benefit payable at the death of the covered person will be reduced by the total of all previous long-term care benefit payments.

## Adjusted premiums due to LTC benefits paid

- While the covered person is receiving LTC benefits, the Death Benefit reduces commensurately. If a covered person receiving LTC benefits becomes ineligible for the monthly LTC benefits, and there is a remaining Death Benefit value, the company will reduce the premium due for the plan, reflecting the lower value of the remaining Death Benefit.

## I LONG TERM CARE EXCLUSIONS

### The plan will not pay LTC benefits for care that is received or loss incurred as a result of:

- An intentionally self-inflicted injury, or attempted suicide; or
- War or any act of war, declared or undeclared, or service in the armed forces of any country; or
- Treatment of the insured's alcohol, drug, or other chemical dependence, except if the drug dependency was sustained or acquired at the hands of a physician, or except while under treatment for an injury or sickness; or
- The insured's participation in a riot or insurrection, or the commission of, or attempt to commit a felony.

### The plan will not pay Long Term Care benefits if the confinement, home health care services, or Adult Day Care service:

- Is received outside the United States and its territories.
- Is provided by ineligible providers:

The insured's spouse, child, brother, sister, parent, grandparent, or grandchild

Any member of the insured's immediate family or anyone who normally resides in the insured's home or residence.

The purpose of this communication is for licensed agents ONLY. It is a brief description of the LBT with LTC rider plan. It is intended for training purposes only. The certificate and filed forms provide detailed and complete information. NOT for use with prospective members/clients.

