

## Case Study

Financial Professional

# AGREEMENT

With baby boomers aging, life expectancies increasing and health care costs rising – the demand for chronic illness coverage has never been greater. In addition to providing your clients with a death benefit, you can help protect their lifestyles, financial stability and families with our Accelerated Death Benefit for Chronic Illness Agreement (CIA).

Unlike stand-alone long-term care products, our CIA provides benefits to help with expenses while chronically ill, while still maintaining life insurance coverage, as long as the full death benefit is not accelerated. That means **your clients get benefits no matter what – regardless of whether they become chronically ill.**





## Subject:

**Judy, age 55**  
**Recent widow**  
**Good health; non-smoker**

## Background

- Judy has approximately \$350,000 in liquid assets. Over the years, she's invested in a variety of conservative vehicles.
- Judy has social security and other assets to cover her daily needs.

## Challenges

- Before she passed away, Judy's mother suffered from Alzheimer's disease.
- Judy lives alone and worries that if her health fails, she'll deplete her assets paying for care or be forced to rely heavily on her daughter.
- Judy is concerned she will not be able to leave a legacy to her family or a charity she supports when she passes away.
- Judy has researched stand-alone long-term care insurance, but she doesn't feel comfortable with the premium amount. She's also afraid of 'losing money' if she doesn't end up requiring care.

## Proposed solution 1

### **Eclipse Protector with CIA and Premium Deposit Account Agreement**

- Judy purchases an Eclipse Protector Indexed Universal Life policy with the Chronic Illness Agreement and Premium Deposit Account Agreement.
- Judy's social security and income from her other assets continue to cover her everyday needs.
- Judy uses \$100,000 of her liquid assets as a single payment for the life insurance policy with the Chronic Illness Agreement and Premium Deposit Account Agreement. Her remaining assets can be reallocated into appropriate investment vehicles based on her risk tolerance.
- This results in a base life insurance face amount of \$369,786.<sup>1</sup>
- Judy selects 100 percent of her face amount to be available in the event she becomes chronically ill.
- In addition, Judy selects the 4 percent Monthly Chronic Illness Amount. This will provide a monthly CIA benefit of \$14,791.44<sup>2</sup>

<sup>1</sup> Illustrated at a 5.81 percent net illustration rate. Both the life insurance policy and a Chronic Illness Agreement are illustrated at Preferred with the 5-year PDA option earning 2.75%.

<sup>2</sup> This benefit amount is subject to the current IRS per diem rules at the time of care.

This is a hypothetical example for illustrative purposes only.



## Proposed solution 2

### Eclipse Protector with CIA only

- Judy purchases an Eclipse Protector Indexed Universal Life policy with the Chronic Illness Agreement.
- Judy's social security and income from her other assets continue to cover her everyday needs.
- Judy pays the yearly annual premium of \$5,702.
- This results in a base life insurance face amount of \$368,000.<sup>1</sup>
- Judy selects 100 percent of her face amount to be available in the event she becomes chronically ill.
- In addition, Judy selects the 4 percent Monthly Chronic Illness Amount. This will provide a monthly CIA benefit of \$14,720.<sup>2</sup>



### Future outcome

- Twenty-five years later, Judy becomes chronically ill.
- Judy is now 80 and qualifies for her CIA benefits.
- Judy is eligible for a monthly benefit of \$14,720.<sup>2</sup>
- The first month of care is provided in her home by Judy's daughter. Judy's monthly care expenses are \$8,000. Judy can use her CIA benefits for any purpose, including covering care expenses, paying for other financial needs or saving them.
- After a month, Judy moves to an assisted care facility. She continues to receive \$14,720 per month from her CIA.
- After a total of five months of care in the assisted care facility, Judy passes away. She leaves her family a \$279,680 life insurance death benefit.

**Judy was able to leave a death benefit for her family, helping them cover her final expenses and taxes. In addition, the CIA helped cover her care expenses so her family didn't have to deal with the financial burden.**

**TO LEARN HOW** you can help clients protect their family, preserve their assets and provide benefits for chronic illness, contact your Life Sales Support Team today:

- 1-877-696-6654 (Securian and Broker-Dealer)
- 1-888-413-7860, option 1 (Independent Brokerage)

The Accelerated Death Benefit for Chronic Illness Agreement is a life insurance policy agreement that provides an option to accelerate the death benefit in the event that the insured becomes chronically ill. Other terms and conditions apply.

The Accelerated Death Benefit for Chronic Illness Agreement may not cover all of the costs associated with chronic illness. The Agreement is generally not subject to health insurance requirements and does not provide long-term care insurance subject to state long-term care insurance law. This Agreement is not a state-approved Partnership for Long Term Care Program Agreement, and is not a Medicare supplement policy. Receipt of Chronic Illness Benefit payments under this agreement may adversely affect eligibility for Medicaid or other government benefits or entitlements.

The Indexed Universal Life Series is designed first and foremost to provide life insurance protection. While the interest crediting options are attractive for cash accumulation, the product should always be promoted to first meet the death benefit needs of families and businesses with cash accumulation as a secondary benefit.

Additional agreements may be available. Agreements may be subject to additional costs and restrictions. Agreements may not exist in all states or may exist under different names in various states. Product features, including limitations and exclusions, vary by state.

These values assume that the currently illustrated non-guaranteed elements will continue unchanged for all years shown. This is not likely to occur and actual results may be more or less favorable than those shown. Not valid without a compliance illustration of Policy values which includes values based on guaranteed mortality and expense assumptions.

Due to uncertainty in the tax law, chronic illness benefits paid from a life insurance contract may be taxable. Please ensure that your clients consult a tax advisor regarding chronic illness care benefit payments from a life insurance contract.

Life insurance products contain fees, such as mortality and expense charges (which may increase over time), and may contain restrictions, such as surrender charges. One could lose money in these products. Administrative and insurance charges are deducted every month regardless of whether premium outlays are made. Depending upon actual policy experience, the Owner may need to increase premium payments. Guarantees are based on the claims-paying ability of the issuing insurance company. Please keep in mind that the primary reason to purchase a life insurance product is the death benefit.

The accumulation value, surrender value, loan value and death benefit will be reduced by a chronic illness benefit payment under this agreement.

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**Securian Financial Group, Inc.**  
www.securian.com

Insurance products are issued by Minnesota Life Insurance Company in all states except New York. In New York, products are issued by Securian Life Insurance Company, a New York authorized insurer. Minnesota Life is not an authorized New York insurer and does not do insurance business in New York. Both companies are headquartered in Saint Paul, MN. Product availability and features may vary by state. Each insurer is solely responsible for the financial obligations under the policies or contracts it issues. 400 Robert Street North, St. Paul, MN 55101-2098 • 1-800-820-4205  
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