Long-Term Care Services℠ Rider

flexible and affordable

Many of your clients have the need for life insurance to protect their loved ones. Adding the Long-Term Care Services℠ Rider (LTCSR) to a life insurance policy can be an affordable way to protect your client from potentially devastating long-term care costs.

Long-Term Care Services℠ Rider[1]

AXA Equitable offers a Long-Term Care Services℠ Rider with most fixed and variable life insurance policies. In order for a client to qualify, he or she must have a need for life insurance.

Clients may need life insurance for:

- Death benefit protection
- Personal and family needs
- Income replacement
- Mortgage protection
- Elderly parent care
- Cash accumulation potential
- Special needs funding

Why long-term care coverage?

- 70% of people over age 65 may need long-term care services.[2]
- Long-term care costs can easily climb to over $84,000 annually.[3]
- Medicare and private health insurance programs do not pay for the majority of long-term care services.[2]

key selling points

- Establish a need for life insurance.
- Evaluate potential long-term care needs. Cite statistics.
- Explain how the Long-Term Care Services℠ Rider works – and available options.
- Educate about the difference between life insurance & stand-alone Long-Term Care insurance vs. life insurance & the Long-Term Care Services℠ Rider.
- Run an illustration with and without the Long-Term Care Services℠ Rider.

1. In Florida, this rider is called the Long-Term Care Insurance Rider.
2. www.longtermcare.gov.
3. *New York Times,* 04/09/2013, "Long-Term Care Costs Rising."

Why Life Insurance with the Long-Term Care Services[SM] Rider?

Combining the benefits of life insurance and long-term care through a life insurance policy allows you to differentiate your value proposition with clients by meeting both their life insurance and long-term care needs.

This guide provides information to help you sell life insurance with the Long-Term Care Services[SM] Rider.[3] It covers:

- Facts about the need for long-term care services, and the associated high annual cost.
- Example of how the AXA Equitable's Long-Term Care Services[SM] Rider works — and the options available.
- The key differences between an insurance policy with a stand-alone long-term care policy vs. an insurance policy with a Long-Term Care Services[SM] Rider.
- Illustration examples with four products (IL Optimizer® II, BrightLife[SM] Grow, BrightLife[SM] Protect, IL Legacy® II) to demonstrate how adding the Long-Term Care Services[SM] Rider may affect premium costs and death benefits.

Long-Term Care Services[SM] Rider – Flexible Options

The Long-Term Care Services[SM] Rider allows the policyowner the flexibility to accelerate all or some of a policy's death benefit to help pay for qualified long-term care services.

Death Benefit Option	Acceleration Percentage
A[4]	20–100%
B[5]	100%

The rider also allows the Insured the flexibility to choose the Monthly Benefit Percentage that determines the maximum monthly benefit amount. The Monthly Benefit Percentage choices are 1%, 2% or 3%.[6]

3 The redesigned rider is available in approved jurisdictions.
4 For Death Benefit Option A policies, the Maximum Total Benefit is equal to the current Long-Term Care Specified Amount on the date the Long-Term Care Services[SM] Rider claim is approved. The policyholder may select an Accelerated Benefit Percentage between 20% and 100%. Once selected, the Acceleration Percentage may not be changed.
5 For Death Benefit Option B, the Acceleration Percentage must be 100% and the Maximum Total Benefit is equal to the current Long-Term Care Specified Amount plus the Policy Account Value on the date the Long-Term Care Services[SM] Rider claim is approved.
6 Minimum and maximum rider issue ages are 20–75 for 1% and 2% Benefit Amount percentages, and issues age 20–70 for 3% Benefit Amount percentage. In Florida, maximum rider issue age is 67 for 1% and 2% Benefit Percentage; and 65 for 3% Benefit Percentage. Maximum Monthly Benefit Amount is $50,000.

How the Long-Term Care Services℠ Rider Works

Jennifer owns a $2M life insurance policy with the Long-Term Care Services℠ Rider.

She has elected Option A, the fixed death benefit option, and chooses an acceleration benefit of 50% of the Face Amount.

If Jennifer does not need the rider
A $2M death benefit goes to beneficiaries (assuming no loans or withdrawals and premium paid).

If Jennifer needs long-term care
Once the certification is received and the Elimination Period has been satisfied, Jennifer can access the rider benefit based on the rate elected when she took out the policy, which is 1-3% of the Face Amount monthly. At 1%, with a 50% acceleration rate, her $2 million policy will generally allow her to receive $10,000/month for 100 months. (subject to HIPAA limits).

Also, because the benefits are considered an accelerated death benefit, they may be received income-tax-free (subject to HIPAA limits).

However, there are other ways clients can be protected against long-term care costs. One of the most prominently discussed is a stand-alone long-term care policy. Both types of protection have upsides and downsides.

Here is a comparison of some key features of our Life Insurance Policies with the Long-Term Care Services℠ Rider versus a stand-alone long-term care policy and a separate life insurance policy:

Features	Stand-Alone Policy and Separate Life Insurance Policy	Long-Term Care Services℠ Rider with an AXA Equitable Permanent Life Insurance Policy
Investment Objective	Provides long-term care benefits if needed. Separate life insurance policy would need to be purchased to provide a death benefit.	Provides long-term care benefits if needed by accelerating all or a portion of the death benefit. Provides income-tax-free death benefit (if properly structured).
Expenses	Significant cost for premiums. A client would have to pay two separate premiums, which could have different underwriting parameters.	Significant cost for policy charges for life insurance and long-term care benefit. For example, on a 55-year-old man with a $2M Face Amount, solved for $1K of cash value at age 121, the difference in premium with the rider is 4.82% more than without the rider.
Liquidity	Long-term care policy has no cash value. A paid-up non-forfeiture benefit may be available in some cases. A separate life insurance policy may have cash value depending on the structure of the policy. Note: Generally, life insurance policy surrender charges typically last 15–20 years.	Some liquidity in the long term but not in the short term. Withdrawals and long-term care benefits reduce policy cash value and death benefit. Note: Generally, life insurance policy surrender charges typically last 15–20 years.
Safety	Long-term care policy may lapse if premiums are not paid. Life insurance policy can lapse, depending on performance, premium payments, loans and withdrawals or other factors.	Life insurance policy can lapse, depending on performance, premium payments, loans and withdrawals or other factors.

Features	Stand-Alone Policy and Separate Life Insurance Policy	Long-Term Care Services℠ Rider with an AXA Equitable Permanent Life Insurance Policy
Guarantees	Long-term care benefits backed by the claims-paying ability of the insurer. Cash value in variable life insurance policy investment options protected from insurance company creditors. Policyowner must meet certain requirements, as described in the contract offering documents or prospectus. Cash value in universal life insurance policies, guaranteed investment option of variable life insurance and death benefit are backed by claims-paying ability of insurer.	Cash value in variable life insurance policy investment options protected from insurance company creditors. Policyowner must meet certain requirements, as described in the contract offering documents or prospectus. Cash value in universal life insurance policies, guaranteed investment option of variable life insurance, death benefit and long-term care benefit are backed by claims-paying ability of insurer.
Fluctuation of Principal	For stand-alone long-term care policy: None, but no guarantee of premiums and no guarantee any benefit will be paid to policyowner. For life insurance policy: Variable life insurance performance is not guaranteed and will fluctuate, so there is a risk to principal invested based on performance of underlying investment objectives. Variable life insurance policies do guarantee maximum insurance charges. Universal life performance has some guarantees, such as maximum insurance charges. No guarantee of premiums except during no-lapse guarantee period if certain requirements are met.	Variable life insurance performance is not guaranteed and will fluctuate, so there is a risk to principal invested based on performance of underlying investment objectives. Variable life insurance policies do guarantee maximum insurance charges. Universal life performance has some guarantees, such as maximum insurance charges. No guarantee of premiums except during no-lapse guarantee period if certain requirements are met.
Tax Features	Long-term care benefits will typically be tax-free. Long-term care premiums may be tax-deductible in some situations. Life Insurance is a generally income- and estate-tax-free death benefit (if properly structured by giving up all incidents of ownership).	Long-term care benefits may be tax-free. Charges for Long-Term Care Services℠ Rider and life insurance are not tax-deductible. Generally income- and estate-tax-free death benefits (if properly structured by giving up all incidents of ownership).
Other	Premiums on stand-alone long-term care policy may be increased in the future. Long-term care benefits may never be received by anyone, so the policyowner may feel payments were wasted if benefits not triggered. If triggered, there will be two separate pools of money with the separate life insurance contract. If life insurance is also purchased, there will be a death benefit available as well as a potential cash value, depending on the type of policy purchased. Stand-alone long-term care policy provides certain features, such as inflation protection and spousal discounts that are not available on a life insurance policy with a long-term care rider. Separate life insurance policy can provide additional death benefit dollars. Generally uses "Reimbursement Method," meaning the policyowner has to collect, track, and submit receipts to receive benefits. Generally, policyowner is reimbursed for actual long-term care expenses up to policy limits.	Beneficiaries will receive entire life insurance policy death benefit if no long-term care benefits are ever paid but policy kept in force. Policyowner is paying for both life insurance and a long-term care benefit. "Indemnity Benefit," meaning no receipts need to be submitted to access long-term care benefits, eliminating the need to collect and submit receipts. Policy has flexibility in terms of the amount of long-term care benefits received, although there are minimum and maximum amounts per month.

Be sure to read and compare the Long-Term Care Services℠ Rider closely to the benefits provided in a stand-alone long-term care policy. Withdrawals or loans of cash value accumulated in the policy may result in a reduction in death benefit. Be certain that you understand the differences between the rider and the policy before making a selection.

Policy Comparisons with and without the Long-Term Care Services℠ Rider

Consider presenting illustrations with and without the Long-Term Care Services℠ Rider (LTCSR) to your client.

For both the IL Optimizer® II and BrightLife℠ Grow products, the impact of adding the LTCSR is virtually unchanged when comparing premiums, cash values, and death benefits. With the following two charts we are assuming the client is looking not only for death benefit protection, but is also funding the policy with higher premiums to build cash value as a potential source of supplemental retirement income.

IL Optimizer® II

$1 Million Face, Male, Preferred Non-Smoker, Maximum Non-MEC Level Annual Premium Funding to Age 65[7]

Age	LTCSR	Premium	Premium Difference	% Difference of Adding LTCSR	Net Cash Surrender Value @ Age 65	Difference	Death Benefit
45	With	$17,662	$533	3.11%	$608,195	-0.47%	$1,000,000
45	Without	$17,129			$611,037		$0
55	With	$31,562	$916	2.99%	$351,247	-0.45%	$1,000,000
55	Without	$30,646			$352,824		$0
65	With	$50,034	$1,662	3.44%	$532,423*	-0.55%	$1,000,000
65	Without	$48,372			$535,347*		$0

* **For age 65, the Net Cash Surrender Value is @ age 75**. These are supplemental illustrations and must be read in conjunction with the basic illustrations. The values represented here are for multiple Incentive Life Optimizer® II policies with level death benefit on a 45, 55, and 65 year old male with a LTCSR and without a LTCSR, preferred non-smoker at a 0% crediting rate and guaranteed charges. The values reflect the payment of the following annual premiums; 45 with LTCSR-$17,662, 45 without LTCSR-$17,129, 55 with LTCSR-$31,562, 55 without LTCSR-$30,646, 65 with LTCSR-$50,034, 65 without LTCSR-$48,372. Policy premiums are paid from the issue age listed until age 65. If the LTCSR is chosen at a 0% rate the policy would fail in year 21 for the 45 year old, year 11 for the 55 year old and year 11 for the 65 year old. If the LTCSR is not chosen at a 0% rate the policy would fail in year 27 for the 45 year old, Year 18 for the 55 year old and Year 14 for the 65 year old. Please refer to the basic illustration and prospectus for more information.

BrightLife℠ Grow

$1 Million Face, Male, Preferred Non-Smoker, Maximum Non-MEC Level Annual Premium Funding to Age 65[8]

Age	LTCSR	Premium	Premium Difference	% Difference of Adding LTCSR	Net Cash Surrender Value @ Age 65	Difference	Death Benefit
45	With	$18,232	$534	3.01%	$632,853	-0.36%	$1,000,000
45	Without	$17,698			$635,145		$0
55	With	$33,559	$916	2.81%	$345,100	-0.57%	$1,000,000
55	Without	$32,643			$347,052		$0
65	With	$52,505	$1,683	3.31%	$512,827*	-0.71%	$1,000,000
65	Without	$50,822			$516,476*		$0

* **For age 65, the Net Cash Surrender Value is @ age 75**. These are supplemental illustrations and must be read in conjunction with the basic illustrations. The values represented here are for multiple BrightLife℠ Grow policies with level death benefit on a 45, 55, and 65 year old male with a LTCSR and without a LTCSR, preferred non-smoker at a 0% crediting rate and guaranteed charges. The values reflect the payment of the following annual premiums; 45 with LTCSR-$18,232, 45 without LTCSR-$17,698, 55 with LTCSR-$33,559, 55 without LTCSR-$32,643, 65 with LTCSR-$52,505, 65 without LTCSR-$50,822. Policy premiums are paid from the issue age listed until age 65. If the LTCSR is chosen at a 0% rate the policy would fail in year 17 for the 45 year old, year 12 for the 55 year old and year 11 for the 65 year old. If the LTCSR is not chosen at a 0% rate the policy would fail in year 29 for the 45 year old, Year 20 for the 55 year old and Year 15 for the 65 year old. Please refer to the basic illustration and prospectus for more information.

7 These illustrations were run with a 2% monthly benefit percentage Long-Term Care Services℠ Rider and Death Benefit Option A at 100%. The interest rate used is 8%.

8 These illustrations were run with a 2% monthly benefit percentage Long-Term Care Services℠ Rider and Death Benefit Option A at 100%. The interest rate used is 7%.

The next two charts showing BrightLife℠ Protect and IL Legacy® II products are funded paying level premiums in all years and a 50% long-term care acceleration. As a result, with a $2 million death benefit, $1 million can be accelerated for the long-term care services. These products primarily focus on death benefit protection. Adding the LTCSR to the policy increases the annual premium by 3–7%. The death benefit and LTCSR benefits are unchanged.

BrightLife℠ Protect

$2 Million Face, Male, Preferred Non-Smoker, Level Annual Premium Funding to Age 121, solving for $1000 at Age 121[9]

Age	LTCSR	Premium	Premium Difference	% Difference of Adding LTCSR	Death Benefit	LTCSR Max. Total Benefit
45	With	$18,186	$731	4.19%	$2,000,000	$1,000,000
45	Without	$17,455			$2,000,000	$0
55	With	$27,922	$1,248	4.68%	$2,000,000	$1,000,000
55	Without	$26,674			$2,000,000	$0
65	With	$44,952	$2,489	5.86%	$2,000,000	$1,000,000
65	Without	$42,463			$2,000,000	$0

These are supplemental illustrations and must be read in conjunction with the basic illustrations. The values represented here are for multiple BrightLife℠ Protect policies with level death benefit on a 45, 55, and 65 year old male with a LTCSR and without a LTCSR, preferred non-smoker at a 0% crediting rate and guaranteed charges. The values reflect the payment of the following annual premiums; 45 with LTCSR-$18,186, 45 without LTCSR-$17,455, 55 with LTCSR-$27,922, 55 without LTCSR-$26,674, 65 with LTCSR-$44,952, 65 without LTCSR-$42,463. Policy premiums are paid from the issue age listed until age 65. If the LTCSR is chosen at a 0% rate the policy would fail in year 16 for the 45 year old, year 16 for the 55 year old and year 16 for the 65 year old. If the LTCSR is not chosen at a 0% rate the policy would fail in year 16 for the 45 year old, Year 16 for the 55 year old and Year 16 for the 65 year old. Please refer to the basic illustration and prospectus for more information.

IL Legacy® II

$2 Million Face, Male, Preferred Non-Smoker, Level Annual Premium Funding to Age 121, solving for $1000 at Age 121[10]

Age	LTCSR	Premium	Premium Difference	% Difference of Adding LTCSR	Death Benefit	LTCSR Max. Total Benefit
45	With	$17,124	$726	6.10%	$2,000,000	$1,000,000
45	Without	$16,578			$2,000,000	$0
55	With	$30,874	$1,207	5.62%	$2,000,000	$1,000,000
55	Without	$29,953			$2,000,000	$0
65	With	$48,996	$2,408	6.57%	$2,000,000	$1,000,000
65	Without	$47,324			$2,000,000	$0

These are supplemental illustrations and must be read in conjunction with the basic illustrations. The values represented here are for multiple IL Legacy® II policies with level death benefit on a 45, 55, and 65 year old male with a LTCSR and without a LTCSR, preferred non-smoker at a 0% crediting rate and guaranteed charges. The values reflect the payment of the following annual premiums; 45 with LTCSR-$17,124, 45 without LTCSR-$16,578, 55 with LTCSR-$30,874, 55 without LTCSR-$29,953, 65 with LTCSR-$48,996, 65 without LTCSR-$47,324. Policy premiums are paid from the issue age listed until age 65. If the LTCSR is chosen at a 0% rate the policy would fail in year 20 for the 45 year old, year 12 for the 55 year old and year 9 for the 65 year old. If the LTCSR is not chosen at a 0% rate the policy would fail in year 27 for the 45 year old, Year 17 for the 55 year old and Year 14 for the 65 year old. Please refer to the basic illustration and prospectus for more information.

9 These illustrations were run with a 2% monthly benefit percentage Long-Term Care Services℠ Rider and Death Benefit Option A at 50% acceleration. The interest rate used is 3.50%.

10 These illustrations were run with a 2% monthly benefit percentage Long-Term Care Services℠ Rider and Death Benefit Option A at 50% acceleration. The interest rate used is 7%.

IL Legacy(R) II and IL Optimizer(R) II numbers are valid as of 6/11/2014 and are subject to change after this date.
BrightLife℠ Protect and BrightLife℠ Grow numbers are valid as of 3/11/2014 and are subject to change after this date.

Long-Term Care Services℠ Rider Sales Suggestions

An AXA Equitable insurance policy with the Long-Term Care Services℠ Rider is an affordable and flexible way to protect your clients from the high expense of long-term care. Some points to consider:

1 Educate that there might be a need for long-term care, and what the annual cost may be.

2 Show how the AXA Equitable Long-Term Care Services℠ Rider works as an accelerated death benefit. Review the death benefit and monthly benefit percentage options.

3 Help your clients understand the difference between a "stand-alone long-term care policy and a separate life insurance policy" and an AXA Equitable permanent life insurance policy with the Long-Term Care Services℠ Rider.

4 Run illustrations to compare an AXA Equitable product with and without the Long-Term Care Services℠ Rider to demonstrate how affordable adding the Long-Term Care Services℠ Rider can be.

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Rider Form: ICC12-R12-10, R12-10 or state variation.

The Long-Term Care Services℠ Rider is not available in CA.

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