



# SOLUTIONS FOR CHRONIC ILLNESS

Protection for your tomorrow

Not FDIC/NCUA Insured	Not Bank or Credit Union Guaranteed	Not a Deposit
Not Insured By Any Federal Government Agency		May Lose Value

Protective refers to Protective Life Insurance Company.



## The risk

No one likes to think about becoming unhealthy or developing a chronic illness. Yet the odds of developing a chronic illness are daunting and the impact is overwhelming.

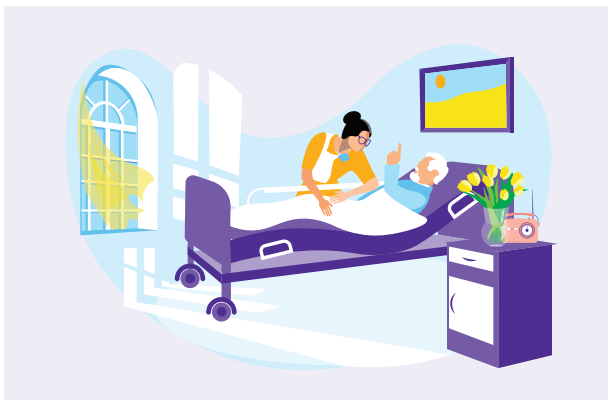


## 1/2 of those turning 65

will need some type of long-term care services in their lifetime.<sup>1</sup>



The average annual cost of a nursing home private room is **\$102,200.**<sup>2</sup>



In 2015, long-term care expenditures in the U.S. totaled **\$225 billion.**<sup>2</sup>

There's not just a financial cost to chronic illness — it can also take a serious emotional toll on you and your loved ones. That's why it's important to start preparing now so life can stay on track when a chronic illness arises.

<sup>1</sup> 75 Must-Know Statistics About Long-Term Care, Morningstar.com, 2018

<sup>2</sup> Costs of Care, LongTermCare.gov

## The Options

Traditionally, there are four primary ways that people think they can pay for chronic illness care.



### Medicare

Medicare is a health program that guarantees health insurance access for Americans who are 65 and older. On average though, Medicare covers about half of health care costs for enrollees — they must cover the rest. These out-of-pocket costs can vary depending upon the amount of health care needed, but chronic illness care expenses are not covered.



### Medicaid

Medicaid is a health program for certain people and families with low incomes and a lack of resources. Unlike Medicare, Medicaid will pay for both skilled and custodial care, but in most cases, it is limited to care in a nursing home.



### Long-Term Care insurance

Long-term care insurance, or LTCi, is a form of medical insurance where the person pays premiums in exchange for certain benefits related to long-term care. The benefits vary from policy to policy, and rates aren't guaranteed — meaning rates can increase in the future.



### Self-insuring

Self-insuring is exactly what it sounds like: if you need chronic illness care, you pay for it yourself using your own assets. Because chronic illness care can be very expensive, the costs might exceed the amount of money you are able to save. And when you take inflation into account, it's easy to see that a significant amount of money would need to be saved to cover your own chronic illness expenses.

However, these traditional options for paying for chronic illness care may not work for everyone. That's where a blended solution comes into play.

### What is a blended solution?

A blended solution combines the benefits of a life insurance policy with a chronic illness rider, giving you an opportunity for early death benefit payouts if you are contending with a chronic illness.

That means a blended product can protect two needs with one solution:

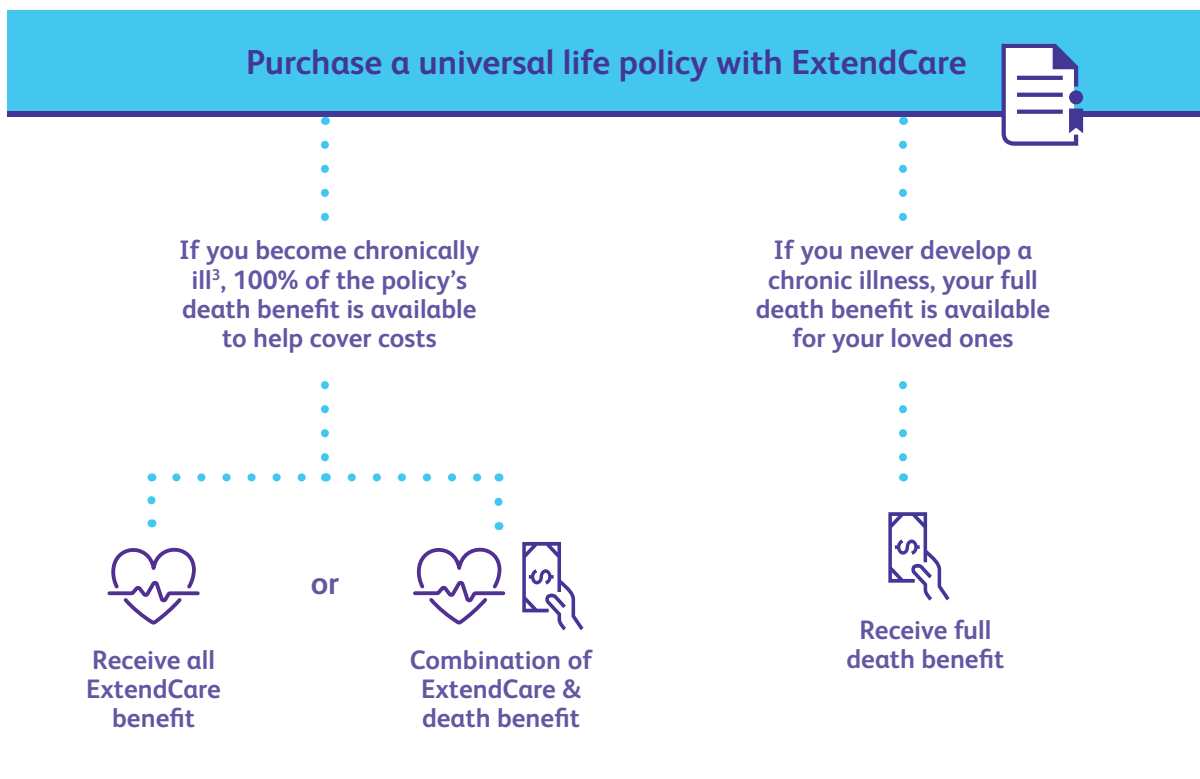
- Chronic illness protection if you experience or develop a chronic illness\*
- Death benefit protection for your family when you pass away

# ExtendCare<sup>SM</sup>

ExtendCare is an optional, lifelong chronic illness care rider available with certain Protective universal life insurance policies. The rider can help advance your policy's death benefit if you have been certified as chronically ill within the last 12 months.\*

ExtendCare allows you to use your death benefit coverage for chronic illness care — home health care, nursing home and assisted living costs, professional nursing care, hospice care, transportation and more — rather than dipping into your own savings.

## How it works



<sup>3</sup> As certified by a licensed physician.

Please remember that each ExtendCare payment will reduce your policy's death benefit.

## Eligibility requirements

### Insurability

This means that Protective can cover the risk associated with providing you coverage. An applicant's risk is assessed during the underwriting process.

### Certified as chronically ill

A licensed physician must certify that you are chronically ill. Chronically ill is defined as being unable to perform at least two of the six Activities of Daily Living (ADLs) without assistance for 90 days, or requiring supervision for protection against health and safety threats due to cognitive impairment.

#### Activities of Daily Living



Bathing



Dressing



Toileting



Transferring



Continence



Eating

### Length of condition

With ExtendCare, the chronic illness is expected to last for at least 90 days.

# What you should know about ExtendCare

<b>Availability</b>	Only at the time your policy is issued
<b>Issue ages</b>	Applicants between the ages of 20 and 80
<b>Indemnity model</b>	Receipts or proof of care do not need to be submitted to receive monthly benefit
<b>Waiting period</b>	90 days
<b>Benefit payment selection</b>	Before each 12-month benefit period, you will select the amount to be paid out each month of that period
<b>Benefit payment options</b>	Accelerated benefit payments can be made each month or in one annual lump-sum payout
<b>Face amount</b>	Minimum: \$100,000 Maximum: Varies, consult with your financial professional
<b>Monthly benefit amount</b>	Minimum: \$250 A \$3,000 minimum monthly benefit amount must be selected during the application process; this amount can be adjusted when a client becomes eligible for ExtendCare benefits. Maximum: 5% of the base policy's death benefit, limited to the current IRS per diem amount
<b>Eligibility</b>	Certified as chronically ill by a licensed physician <sup>4</sup> within the past 12 months

## Next steps

Learning and understanding your options is an important first step in being prepared for the unexpected.

And now that you've taken that step, stop and seriously consider the true costs — both financial and emotional — a chronic illness would have on you and your loved ones.



**There's no better time to talk to your financial professional and start creating a plan for protecting your tomorrow.**

<sup>4</sup> Certification means written documentation from a licensed physician that you are chronically ill and likely in need of services for at least 90 days. There is a monthly charge for ExtendCare which varies by sex, issue age, underwriting class, face amount, waiting period length, monthly benefit and policy year. ExtendCare benefits are intended to be received on a tax-favored basis. The rider falls under IRS Sec. 101(g) Accelerated Death Benefits, not under health care regulations.



## We're Protective

Protective provides protection that fits your life, because we believe everyone deserves a sense of security and protection. We've been protecting people for over 110 years, delivering on our promises and pushing to do more for more people.

Because we're all protectors.

[protective.com](https://protective.com)

\* Chronic illness is defined as the expectation of not being able to perform at least two activities of daily living without assistance for at least 90 days or requiring substantial supervision for protection from health and safety threats due to severe cognitive impairment.

ExtendCare (Form L652 and ICC20-L652) is available only at issue and at an additional cost. This is only a summary of Extendcare benefits, actual terms and conditions contained in the rider govern all benefits provided. Please see the rider for more detailed information. Assumes medical and financial underwriting qualifications at time of initial application.

ExtendCare falls under IRC Sec. 101(g) Accelerated Death Benefit guidelines and does not fall under health regulations. This differentiation could affect eligibility for public assistance programs such as Medicaid, Supplemental Income, or others. Purchasers should consult a qualified advisor along with legal or tax advisor to determine if the rider will affect their initial or continued eligibility for public assistance programs or other tax-related decisions.

**This is a life insurance benefit that also gives you the option to accelerate some or all of the death benefit in the event that you meet the criteria for a qualifying event described in the policy. This policy or certificate does not provide long-term care insurance subject to California long-term care insurance law. This policy or certificate is not a California Partnership for Long-Term Care program policy. This policy or certificate is not a Medicare supplement (policy or certificate).**

The tax treatment of life insurance is subject to change. Neither Protective Life nor its representatives offer legal or tax advice. Individuals should consult their attorney or tax advisor regarding their individual situation.

The ExtendCare benefits are intended to be received on a tax-favored basis under Section 101(g) of the Internal Revenue Code. Once eligible for the benefit, policyholders will receive a monthly payment (not exceeding 5% of the base policy's death benefit amount or the current per diem equivalent) accelerated from their policy's death benefit. The ExtendCare rider is intended as a non-medical supplement. While long-term care riders pay temporary and permanent claims, policyholders with the ExtendCare rider will qualify for accelerated monthly benefits after being certified by a licensed healthcare practitioner as chronically ill for a period that is expected to last 90 days. Additionally, if the benefits for a stand-alone long-term care policy are not used, the policy may end with no payment while the face amount of a life insurance policy with an accelerated death benefit rider will remain intact if the benefits are not used. Once you qualify for the benefit, payments continue every month during the benefit period regardless of whether expenses are actually incurred.

Insurance products issued by Protective Life Insurance Company (PLICO), Nashville, TN. Neither PLICO or its representatives render legal or tax advice. Information in this summary is based on current tax laws that are subject to change. Individuals should consult their attorney or tax advisor regarding their individual situation. All payments and all guarantees are subject to the claims-paying ability of Protective Life Insurance Company.

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