



Smart choices for life's most important decisions

Frequently Asked Questions for the Long-Term Care ServicesSM Rider

This brochure is for use with IUL Protect and BrightLife[®] Grow with LTCSR or for any VUL policies with LTCSR being issued in California or New York.



EQUITABLE

Table of contents

Rider features

- 3** Which products offer the LTCSR?
 - What are the maximum issue ages for the LTCSR?
 - What is the Long-Term Care Specified Amount?
 - What is the Acceleration Percentage?
 - What is the Monthly Benefit Percentage?
 - I thought the previous version of the LTCSR was available with Death Benefit Option B policies. What is different about the availability of the LTCSR and Death Benefit Option B policies?
- 4** Should my potential clients consider electing the Nonforfeiture Benefit Option available with the LTCSR? (Nonforfeiture Benefit is not available in NY)
 - How does the company underwrite the LTCSR?
 - Which policy changes are restricted if LTCSR is elected?
 - Does the pre-qualification form need to be submitted with the application?
 - In which situations is the LTCSR not available?
- 5** Is the LTCSR available with a policy issued as the result of a term conversion?

Rider and policy administration

- 6** Can the allocation percentage of the Long-Term Care Specified Amount be changed?
 - How are benefits paid under the LTCSR?
 - What is the Accumulated Benefit Lien?
 - How does it impact the policy?
- 7** How is the policy's cash value determined if benefits are paid out under the LTCSR?
 - How is the benefit payment amount determined?
- 8** What happens to a life insurance policy when benefits are being paid under the LTCSR?
 - If the policy is in corridor, is there any impact on the LTCSR benefit available to the policyowner?
 - What happens to the policy cash surrender value when the policy is in corridor and benefits are being paid under the LTCSR?
 - How do a DDW/DPW (Disability Waiver of Monthly Deductions/Disability Premium Waiver) claim and an LTCSR claim differ?
 - Can the rates on the LTCSR ever be increased?

- 9** Can a client ever withdraw or borrow funds from the policy?
 - What is the impact to the LTCSR?
 - Are premiums waived if a client is receiving LTCSR claim benefits?
 - Are withdrawals and policy loans for a policy with the LTCSR illustrated in AEGIS?
 - Whom do we consider a licensed healthcare practitioner?

Planning and LTCSR claims

- 10** How are the benefits taxed? Can any portion of the benefits be subject to income taxation?
 - What is the impact of a policy that is a modified endowment contract (MEC) on LTCSR benefit payments?
 - What is the impact of a policy that is a MEC on LTCSR charges deducted from the life insurance policy account?
 - Can my client's life insurance be owned by an Irrevocable Life Insurance Trust (ILIT)? Can an ILIT purchase a policy with the LTCSR included?
- 11** If the insured is not the policyowner, is it possible for LTCSR payments to be paid over to the insured to cover the actual long-term care expenses?
 - Will benefits be retroactively paid once the elimination period has been satisfied?
 - Are benefits under the rider payable if the insured goes overseas?
 - If the beneficiary is a trust, do they have to sign the claim forms for LTCSR benefits?
 - What documentation is required to receive benefit payment?
- 12** What are the requirements to satisfy the elimination period?
 - What documents are required for the Annual Recertification?
 - Can the insured's family members participate in caring for the insured?
 - What documents are required for the Annual Recertification?

Other

- 12** Are there any long-term care licensing requirements?
 - Where can I find more detailed information regarding the LTCSR?

The Long-Term Care ServicesSM Rider (LTCSR) is a flexible and convenient tool that can be added to eligible life insurance policies at issue.¹ The LTCSR is cost-efficient, offers some price protection, and most importantly, offers clients a “living” benefit by accelerating all or a portion of the policy’s death benefit if the insured becomes chronically ill and receives qualified long-term care services under a plan of care. Here are the answers to some frequently asked questions about the LTCSR in order to help you better understand this exciting optional policy rider.

Rider features

Which products offer the LTCSR?

Any of our single permanent life products.

What are the maximum issue ages for the LTCSR?

The maximum issue age available with the 1% and 2% benefits is 75. The maximum issue age with the 3% benefit is 70. In Florida, the maximum issue age is 70 for 1%, 2% and 3% benefits.

What is the Long-Term Care Specified Amount?

It is the maximum amount available for acceleration at issue under the terms of the LTCSR. At issue, it is equal to the initial face amount of the base policy multiplied by the Acceleration Percentage. For example, assume the base policy face amount is equal to \$1,000,000 and the policyowner has selected an Acceleration Percentage of 50% for a Death Benefit Option A policy. The Long-Term Care Specified Amount is equal to \$500,000 (i.e., \$1,000,000 x 50%).

What is the Acceleration Percentage?

The Acceleration Percentage is used to determine the maximum amount available for acceleration at issue under the terms of the LTCSR. It must be specified at issue on the application and may not be changed once it has been specified. The maximum benefit amount available at issue under the terms of the LTCSR is called the Long-Term Care Specified Amount.

Acceleration Percentage

Acceleration Percentage	Death Benefit Option
20%-100%	A
100%	B

Through the use of the Acceleration Percentage, the policyowner has the opportunity to determine what portion of the death benefit (assuming the policyowner has selected Death Benefit Option A) will be available for coverage under the LTCSR, allowing for the remaining amount of the insurance benefit to be passed to the beneficiaries.

Further, policies with larger face amounts may be issued with the LTCSR (assuming the necessary underwriting requirements have been satisfied) without exceeding the company’s maximum limits, preventing the need to split a large policy into two smaller policies.

Monthly Benefit Percentage

Monthly Benefit Percentage	Available Issue Ages ²
1%	20-75
2%	20-75
3%	20-70

What is the Monthly Benefit Percentage?

The Monthly Benefit Percentage is used to determine the Maximum Monthly Benefit Amount that is available when the insured qualifies for benefits payable under the terms of the LTCSR. The policyowner can choose a Monthly Benefit Percentage of 1%, 2% or 3% on the LTCSR application questionnaire at issue. If the policyholder does not elect a Monthly Benefit Percentage on the application at issue, the default is 2%. The availability of the Monthly Benefit Percentage is dependent on the issue age of the insured. Once selected, the Monthly Benefit Percentage cannot be changed after the policy is issued.

What is different about the availability of the LTCSR and Death Benefit Option B policies?

The LTC benefit is linked to the death benefit option so that any increase (or decrease) in the policy account prior to going on claim will provide a corresponding increase (or decrease) in the LTC Maximum Total Benefit. In other words, a policyowner’s benefit under the rider has the potential to increase (or decrease) provided the death benefit option selected at issue is option B.

Note: The LTC Specified Amount is always based on an Acceleration Percentage of 100% for Death Benefit Option B policies.

¹ In Florida, this rider is called the Long-Term Care Insurance Rider. In California, this rider is called the Comprehensive Long-Term Care Rider.

² In Florida, the maximum issue age is 70 for 1%, 2% and 3% benefits.

Should my potential clients consider electing the Nonforfeiture Benefit Option available with the LTCSR?³

It depends on the type of benefits your client wants and how much your client would like to pay for those benefits. The Nonforfeiture Benefit Option must be elected at issue with the LTCSR, and includes a charge in addition to the charges for the base policy and the LTCSR that will make the LTCSR charge considerably more expensive (20% to 50% depending on the issue age of the insured) than a policy including the LTCSR without the Nonforfeiture Benefit. It is also a contingent benefit in that there are a number of scenarios where no Nonforfeiture Benefit would be paid even though a higher premium was paid for several years. The Nonforfeiture Benefit cannot be added to the LTCSR after a policy has been issued, nor can it be removed from the LTCSR after a policy has been issued.

How does the company underwrite the LTCSR?

The LTCSR is subject to full underwriting, which includes a morbidity risk evaluation. Certain illnesses, impairments and conditions relating to morbidity may impact the proposed insured's ability to qualify for the LTCSR regardless of the mortality risk or rating, so it is possible the proposed insured might qualify for the base policy and not qualify for the rider. There is a prescription drug check required for all applicants, regardless of age, and applicants ages 70 and above are subject to cognitive testing. In addition, financial underwriting will be used to ensure appropriate LTCSR limits are not exceeded.

Prior to taking an application for a policy including the LTCSR, financial professionals are encouraged to complete the pre-qualification form to determine whether a proposed insured is a good candidate to apply for the LTCSR. Note that the pre-qualification form should not be submitted to Equitable. The LTC supplement (ICC21-LTC-Supp, LTC-Supp-2021 or state variation) is required to be completed and submitted with the application for the base policy. In order to qualify for the LTCSR, the insured must be approved for the equivalent of a Substandard to Table D or better underwriting class with no medical flat extra charges. If the proposed insured is eligible for Medicaid (Question 5D of the application questionnaire), the LTCSR will not be issued and the base policy will be issued subject to policy amendment. If the owner has assets of less than \$30,000, the LTCSR application will be subject to suitability.

Which policy changes are restricted if LTCSR is elected?

Changes not available are face increase, Death Benefit Option change from A to B and partial withdrawal combined with a request to hold face amount (except guideline force-outs).

Does the pre-qualification form need to be submitted with the application?

No, the pre-qualification form should not be submitted to Equitable. It is a tool that financial professionals are encouraged to use in order to determine if the LTCSR is a good fit for a proposed insured, given his or her medical history. While financial professionals are not required to complete or submit the pre-qualification form with the application, it will help determine the proposed insured's eligibility for the LTCSR and provide for a more efficient underwriting experience for financial professionals and clients. It is important to note that pre-qualification does not represent approval of the LTCSR. It is a means to screen eligible clients who will be subject to underwriting. If a proposed insured is considering applying for the LTCSR, he or she should be able to answer "No" to all of the questions included in the pre-qualification form.

In which situations is the LTCSR not available?

The LTCSR is not available in the following situations:

- Proposed insured above attained age 75 (in Florida, age 70) or below attained age 20.
- Proposed insured does not qualify for the equivalent underwriting class of Substandard Table D or better.
- Proposed insured is subject to a medical flat extra charge.
- Disability Waiver of Monthly Deductions or Disability Premium Waiver is elected and rated (in this case, policy may have LTC or DDW/DPW, but not both).
- Disability Waiver of Monthly Deductions or Disability Premium Waiver is elected and is declined for certain impairments.
- Certain illnesses, impairments or conditions relating to morbidity, regardless of the mortality risk or rating.
- Simplified Underwriting, except for LTCSR on Guaranteed Issue cases.
- With an international underwriting program (available with Equitable Advisors only).
- Foreign nationals residing in the United States, unless a strong U.S. nexus is demonstrated and there is proof of permanent ties or intent to remain in the United States permanently.
- Qualified plan or otherwise subject to ERISA.
- Policy is reinsured (excluding ARC for Equitable Advisors, and reinsured Equitable Financial Life Insurance Company of America (Equitable America) policies with the option to convert to an Equitable America policy).
- Return of Premium Rider is elected. Policy has a face value under \$100,000.
- Policy issued as a result of a rider conversion.
- Policy issued as a result of exercising an Option to Purchase Additional Insurance (OPAI) Rider.
- If the proposed insured is eligible for Medicaid.

Please check state availability of the rider by contacting the Life Insurance Sales Desk. There are state variations of the rider.

³ The optional Nonforfeiture Benefit is not available in NY.

Is the LTCSR available with a policy issued as the result of a term conversion?

Yes. Term conversions generally do not require underwriting unless there is a request for additional coverage or riders, or a request for a better rate or underwriting class. However, the conversion guidelines were recently modified to allow for streamlined underwriting requirements on certain early period term conversions to a permanent product with the LTCSR.

To comply with the new guidelines, the client needs to complete the application requirements as shown below. If the underwriting review is satisfactory, and the decision is the equivalent of a Standard or better, there are no added laboratory or paramedical exam requirements.

Application requirements

New life application and questionnaires					Certifications
Part 1	Section B VUL Investment Options Supplement	Section C Term rider conversion and purchase option questionnaire	Section C Accelerated DB for LTCSR questionnaire	Medical information questionnaire	Financial professional certifications
ICC20-LIFE-App, ICC19-COIL-App or state variation	ICC19-VUL-SUPP	ICC19-VUL-SUPP	ICC21-LTC-Supp or state variation and other LTCSR state requirements	AXA-Med-2011 or state variation	FPCert_WS-2020 or state variation

Term conversions to a permanent product with the LTCSR with streamlined underwriting requirements are available within 1-to-5 years from the register date of the term policy based on age restrictions (issue date for backdated policies). Thereafter, conversion requests with the LTCSR will be subject to full underwriting.

Currently, there is the Term Conversion Plus program that permits the addition of the LTCSR on single-life permanent policies if the term policy being converted is within 5 years of the policy register date, and is rated the equivalent of Standard Plus or better. Eligible register dates are September 15, 2017-December 31, 2018. For details regarding the Term Conversion Plus program, please call the Life Insurance Sales Desk. Note that this program is not a contractual right. Equitable will periodically review results and may discontinue this program at any time.



Can the allocation percentage of the Long-Term Care Specified Amount be changed?

No. Not after the policy has been issued.

How are benefits paid under the LTCSR?

LTCSR benefits are disbursed from the policy under an “indemnity-style” benefit. That means benefit payments are made directly to the policyowner without the policyowner having to submit bills and keep track of receipts as would be the case under a “reimbursement-style” benefit. In addition, a policyowner may choose to take the full amount of the benefit available under the LTCSR, even if the insured’s expenses are less than the full benefit amount, providing the policyowner with convenience and flexibility when it comes to managing the LTCSR benefits.⁴

Reimbursement-style plans are common among linked-benefit products and stand-alone long-term care insurance policies, but tend to be more restrictive and burdensome for the policyowner to manage. With a reimbursement-style benefit, the policyowner is required to submit bills to the insurance company, which then reviews the bills and reimburses the policyowner for the exact amount of the bill, limited by the amount of benefit the insured qualifies for.

What is the Accumulated Benefit Lien? How does it impact the policy?

When benefits are paid to the policyowner under the LTCSR, a lien is established against the policy’s death benefit. The amount of the Accumulated Benefit Lien will equal the cumulative amount of benefits paid under the LTCSR, including any loan repayments during the period of time in which the insured receives services covered under the rider, accumulated at 0% interest. If the insured dies before the end of a period of coverage, the Accumulated Benefit Lien is deducted from the base policy death benefit. The policy’s cash value is also reduced as described in the examples on the next page.

For example, based on the information in this chart, this policy’s death benefit would be reduced by the Accumulated Benefit Lien amount of \$250,000, leaving the policyowner with a \$750,000 insurance benefit. In addition, the LTC Specified Amount would have been reduced to \$250,000 by the Accumulated Benefit Lien amount.

Accumulated Benefit Lien

Initial Base Policy Face Amount	\$1,000,000
--	-------------

Death Benefit Option	A
-----------------------------	---

Acceleration Percentage⁵	50%
--	-----

Initial LTC Specified Amount	\$500,000
-------------------------------------	-----------

Accumulated Benefit Lien	\$250,000
---------------------------------	-----------

⁴ Taking the full benefit amount may mean fewer benefits available in the future even if the insured’s expenses increase. Benefits exceeding the excludable amount will generally be taxable. The minimum monthly benefit payment amount is \$500.

⁵ For Death Benefit Option B policies, the Acceleration Percentage is required to be 100%.

How is a policy’s cash value determined if benefits are paid out under the LTCSR?

When benefits are paid under the LTCSR, the base policy face amount and unloaned policy value will be subject to a percentage reduction for the purposes of determining a policy’s cash value. The percentage reduction is determined differently depending on what death benefit option the policyowner has selected, and is reflected in the policy’s cash value when the insured comes off claim, a policy loan is requested or if the policy is surrendered.

For a Death Benefit Option A policy, the percentage reduction will be equal to the Accumulated Benefit Lien Amount divided by the base policy face amount. For example 1, the percentage reduction in the policy’s cash value would be equal to 7.5% ($\$75,000/\$1,000,000$).

For a Death Benefit Option B policy, the percentage reduction will be equal to the Accumulated Benefit Lien Amount divided by the base policy face amount plus the unloaned policy value. For example 2, the percentage reduction in the policy’s cash value would be equal to 10% ($\$75,000 (\$500,000 + \$250,000)$).

Death Benefit Option A - example 1

Initial Base Policy Face Amount	\$1,000,000
Acceleration Percentage⁵	75%
Initial LTC Specified Amount	\$750,000
Accumulated Benefit Lien	\$75,000

Death Benefit Option B - example 2

Initial Base Policy Face Amount	\$500,000
Unloaned Policy Value	\$250,000
Acceleration Percentage⁵	100%
Initial LTC Specified Amount	\$500,000
Accumulated Benefit Lien	\$75,000

How is the benefit payment amount determined?

The policyowner elects the monthly benefit percentage (1%, 2% or 3%) at issue. This is used to determine the rider rate band and the maximum level of monthly benefit that is available when the insured qualifies for monthly benefits under the terms of the LTCSR. Regardless of the amount of the Maximum Monthly Benefit Amount purchased, actual benefit payments are limited to the lesser of the Maximum Monthly Benefit Amount or the monthly equivalent of 200% (100% in NY) of the HIPAA daily limit then in effect. When on claim, the policyowner can request any monthly benefit payment between \$500 and the lesser of the Maximum Monthly Benefit Amount and the monthly equivalent of 200% (100% in NY) of the daily HIPAA limit then in effect. Note that any requested face amount reductions or partial withdrawals for Death Benefit Option A only may decrease the Long-Term Care Specified Amount, which in turn will decrease the Maximum Monthly Benefit Amount prior to the first period of coverage. If the policy has a loan, a portion of each benefit payment will be used to reduce the loan.

⁵ For Death Benefit Option B policies, the Acceleration Percentage is required to be 100%.

What happens to a life insurance policy when benefits are being paid under the LTCSR?

The exact mechanics, once a payment is made, would work as follows: Benefits accelerated under this rider result in a lien (Accumulated Benefit Lien Amount) being set up against policy values. The lien increases with each benefit payment. The Accumulated Benefit Lien Amount will not accrue interest.

1. If there is a death claim before the end of a period of coverage, the Accumulated Benefit Lien Amount and any outstanding policy loan and accrued loan interest are subtracted from the base policy death benefit.
2. If there is a policy surrender before the end of a period of coverage, the unloaned policy value and surrender charge are reduced by a percentage. This percentage reduction in cash value is equal to the Accumulated Benefit Lien Amount divided by the base policy face amount for Death Benefit Option A policies, or the base policy face amount plus the unloaned policy value for Death Benefit Option B policies. The reduction in unloaned policy value cannot exceed the Accumulated Benefit Lien Amount.

If the policy is in corridor, is there any impact on the LTCSR benefit available to the policyowner?

No. Corridor has no impact on the LTCSR benefit available to the policyowner.

What happens to the policy cash surrender value when the policy is in corridor and benefits are being paid under the LTCSR?

While the policy is in corridor, the cash value could be higher than the face amount, and therefore the cash value and/or the death benefit could be higher than the total amount that can be accelerated under the LTCSR. Note, the death benefit will always be higher than the face amount under Death Benefit Option B.

While the policy is on LTCSR claim, the policy account value continues to earn investment results/interest, however, benefits accelerated under this rider are treated as a lien against policy values. We subtract the accumulated benefit lien amount from the base policy death benefit if the insured person dies before the end of the period of coverage. For the purposes of determining the cash surrender value of the policy, the unloaned policy account value, and surrender charge (if applicable) will be reduced pro rata for the portion of the policy face amount that we have accelerated to date. However, the unloaned policy account value will not be reduced by more than the accumulated benefit lien amount.

How do a DDW/DPW (Disability Waiver of Monthly Deductions/Disability Premium Waiver) claim and an LTCSR claim differ?

Waiver of premium claims are generally associated with the following:

Total disability must have existed for 6 months.

Occupational Disability (A representative of the firm for which the insured was working when disability began should complete the Disability Waiver of Premium claim form. If the insured was self-employed, the employer's statement is not necessary.)

LTCSR claims are handled differently. There is no employer involvement and LTCSR claims are based on activities of daily living (ADLs) (in most states) or cognitive impairment, not an occupational disability like DDW/DPW.

Can the rates on the LTCSR ever be increased?

The issuing company reserves the right to change the rate used to calculate the charge for this rider, not to exceed the guaranteed maximum rate shown in the Policy Information section of the policy.

Any rate change will be on a basis that is equitable to all policyholders of a given class and will be as described in the Changes in Policy Cost Factors provision of the policy.

Important note for those policies with No-Lapse Guarantee (NLG), Enhanced or Extended No-Lapse Guarantee (EnhNLG or ENLG) Coverage – While current (non-guaranteed) LTCSR charges can change at any time, NLG/ENLG/EnhNLG premium requirements are guaranteed never to increase. NLG/ENLG/EnhNLG coverage guarantees the policy will not terminate during the NLG/ENLG/EnhNLG period as long as the premium requirement for the NLG/ENLG/EnhNLG is met and any policy loan and accrued loan interest does not exceed the policy value. Therefore, the NLG/ENLG/EnhNLG provides cost certainty for LTCSR clients during the NLG/ENLG/EnhNLG period.

Note: The current (non-guaranteed) LTCSR charges can be increased during an NLG/ENLG/EnhNLG period, which reduces policy cash value. However, premiums cannot be increased during this period if the premium requirements are satisfied.

Can a client ever withdraw or borrow funds from the policy? What is the impact to the LTCSR?

Withdrawals or loans are both acceptable ways to access life insurance policy values. Each reduces the amount that may be available for claims under the LTCSR.

Withdrawals — Directly reduce the Long-Term Care Specified Amount and, as a result, reduce the Maximum Monthly Benefit Amount for Death Benefit Option A policies but not Death Benefit Option B policies. Withdrawals are not allowed while the policy is on claim.⁶

Policy Loans — Loans are allowed both prior to and while the policy is on LTCSR claim. While on claim, a portion of each Monthly Benefit Payment is used to repay the loan and accrued interest and cash values. Therefore, the maximum loan values will be reduced because of the outstanding Accumulated Benefit Lien.

Withdrawals and policy loans will lower the death benefit and increase the chance a policy may lapse.

Are premiums waived if a client is receiving LTCSR claim benefits?

While on long-term claim:

- Premiums will not be accepted into the policy.
- Base policy charges will continue to be deducted from the policy (COIs, per \$1,000 charge, policy fee, etc.) unless the policy includes DDW/DPW and policy charges are being waived under the DDW/DPW riders.
- LTCSR charges will be waived.
- As long as the policy is on LTCSR claim, the policy cannot lapse regardless of policy values.

Are withdrawals and policy loans for a policy with the LTCSR illustrated in AEGIS?

For both new business and inforce illustrations for a policy with the LTCSR, the Net LTCSR Maximum Total Benefit is shown on the ledger of the AEGIS illustration.

- When policy loans are being illustrated, the amounts in the Net LTCSR Maximum Total Benefit column reflect any illustrated outstanding loan balance or accrued loan interest. There is a footnote at the bottom of the ledger page explaining this.
- Since withdrawals reduce the Long-Term Care Specified Amount for policies with Death Benefit Option A, and reduce the policy account value for policies with Death Benefit Option B, they are reflected in the Maximum Total Benefit amount displayed on the Values and Benefits page.

When running an illustration for a policy with LTCSR and withdrawals and/or policy loans, it's a best practice to also run the LTCSR Benefit Example report. Withdrawals and policy loans are reflected in the policy values and net annualized monthly benefit payments shown on this report.⁷

Whom do we consider a U.S.-licensed healthcare practitioner?

A physician, registered nurse (R.N.), licensed social worker and any other individual who meets the requirements as prescribed by the U.S. Secretary of the Treasury. It does not include the policyowner, the insured person or the insured person's immediate family (as defined in the rider).

⁶ In California partial withdrawals are permitted if the policy is on Comprehensive Long-Term Care Rider claim for policies issued on or after January 1, 2021.

⁷ The LTCSR Benefit Example report is automatically produced for CA, CT and NY policies.



How are the benefits taxed? Can any portion of the benefits be subject to income taxation?

Benefit payments made from policies that provide qualified long-term care benefits will generally be excluded from income if payments are not more than the published IRS maximum amounts or actual expenses, whichever is greater.⁸

Generally, the income exclusion for all benefit payments from all sources with respect to an insured person will be limited to the higher of:

- The HIPAA per diem limit.
- Actual costs incurred for qualified long-term care services by the policyowner on behalf of the insured person (receipts of factual costs could be helpful in determining the amount of benefit payments to exclude).

Note: The policyowner can elect to take an amount as low as \$500 per month from the policy. The monthly amount we will pay is equal to the lesser of: (1) the maximum monthly benefit (or lesser amount requested by the policyowner); and (2) the monthly equivalent of 200% of the daily HIPAA (100% in NY). Thus, a policyowner residing outside of New York, who has requested 200% of the daily HIPAA limit (assuming that is less than the maximum monthly benefit), would have taxable income to the extent that actual expenses were less than this amount.

The LTCSR benefit payments are intended to be treated as “accelerated death benefits” for the purposes of the Code. Even if not taxable, payments will be reported to the IRS on form 1099-LTC. The policyowner must file tax Form 8853, which is used to compare all payments received by all persons from all sources that relate to the insured against the annual maximum and determine if any portion must be included in income.

Income exclusion under these rules must be aggregated and allocated for policy payments to trusts and other third-party owners, as well as an insured policyowner. The same rules also apply if the underlying life insurance policy is considered a modified endowment contract (MEC) under the law.

What is the impact of a policy that is a Modified Endowment Contract (MEC) on LTCSR benefit payments?

The income tax treatment of an accelerated death benefit for long-term care is the same whether the policy is a MEC or a non-MEC.

It is important to remember that MEC status affects the income tax treatment of values withdrawn from a policy’s cash value, but not the payment of the death benefit.

What is the impact of a policy that is a MEC on LTCSR charges deducted from the life insurance policy account?

The LTCSR is intended to be tax-qualified under IRC 7702B(b). This means that the LTCSR charges are not taxable. However, charges reduce the cost basis of the policy (but not below zero). When the life insurance policy is a MEC, there is no current taxation, although basis is reduced by the LTCSR cost of insurance (COI) charges.

Can my client’s life insurance be owned by an Irrevocable Life Insurance Trust (ILIT)? Can an ILIT purchase a policy with the LTCSR included?

Yes. The LTCSR can be included on a life insurance policy purchased by an ILIT. The insured should be advised to consult with his or her tax and legal advisor to be certain that there are no unanticipated consequences, such as the unavailability of funds to the insured, income taxes or any incidents of ownership that could raise estate tax issues.

As policyowner, the trust would be entitled to any benefits payable under the LTCSR. Generally, the funds might best be paid to the trust’s beneficiaries, who may find a way to help the insured. Please see the next question below.

Note: If LTCSR benefits are paid to an ILIT, but LTC expenses are not reimbursed, the estate of the insured is reduced by the payments he or she made. This, in its own right, can be viewed as a form of estate planning, with the “lost” wealth replaced by the ILIT holding the LTCSR payments, income, estate and gift tax-free.

⁸ The benefits paid under the rider are intended to be treated for federal income tax purposes as accelerated death benefits under the Internal Revenue Code (the Code) on the life of a chronically ill individual receiving qualified long-term care services within the meaning of section 7702B of the Code.

If the insured is not the policyowner, is it possible for LTCSR payments to be paid over to the insured to cover the actual long-term care expenses?

When policyowner receives payments under the LTCSR, they are not required to apply them to cover the actual long-term care expenses of the insured, but may do so.

The payments are made to a trust and become trust assets. The trust assets can be applied to any purpose for which the trust exists. Often, they may be paid out to a trust beneficiary, or they can be applied to premium payments to offset funds that the insured might otherwise gift to a trust in future years.

If payments are made to the trust beneficiaries and then directed to the insured, they may be treated as gifts to the insured. If payments are made directly as medical payments for the insured/non-owner, the payments are generally gifts, but may fall under an exception as a “qualified transfer” for medical care and thus not subject to gift taxes.⁹ When the insurance policy is owned by a trust, special care and planning must be taken by the client’s own tax and legal advisor to avoid an “incident of ownership” for the insured that might cause the death proceeds to be included in the insured’s estate.

Will benefits be retroactively paid once the elimination period has been satisfied?

Yes. Once a client satisfies the elimination period and the U.S.-licensed healthcare practitioner has provided written certification that the insured meets the definition of chronically ill and is expected to need services for the rest of the insured’s life, we will provide an optional retroactive payment for permanent claims. This may help cover expenses incurred during the elimination period. In New York, qualified LTC is reimbursed retroactively automatically.

Are benefits under the rider payable if the insured goes overseas?

If the insured is overseas, they may be paid benefits under the rider if the initial plan of care and any recertification is performed by a U.S.-licensed healthcare practitioner. In addition, the provider of the care must be appropriately licensed in the jurisdiction where the care is received.

If the beneficiary is a trust, do they have to sign the claim forms for LTCSR benefits?

No, it is the policyowner that is generally entitled to the long-term care benefit under our rider. Beneficiaries do not need to sign the claim form.

What documentation is required to receive benefit payment?

When a claim is made, a Long-Term Care ServicesSM Rider claims kit is sent to the policyowner. The kit includes the following forms. The completed forms should be returned to the Life Operations Center.

- Claimant’s statement
- Practitioner statement
- Plan of care
- Care provider assessment (The care provider must be appropriately licensed. A copy of the license will be requested.)
- Proof the 90-day elimination period has been satisfied.

Long-Term Care ServicesSM Rider claims kit return

Regular mail	Equitable Life Operations Special Claims Division P.O. Box 1047 Charlotte, NC 28201-1047
Express mail	Equitable Life Operations 8501 IBM Drive, Suite 150 Charlotte, NC 28262
Fax	(855) 268-6373

What are the requirements to satisfy the elimination period?

Proof of long-term care services will be required to satisfy the initial 90-day elimination period. The insured must have received qualified long-term care services for 90 days within a consecutive period of 24 months in order for benefits under the rider to be payable. The 90-day elimination period does not need to be 90 consecutive days. To enhance customer service, the 90-day elimination period may be deemed satisfied by Equitable if the insured provides proof of care for at least 60 service days from a licensed provider (approximately 5 days per week) within 90 calendar days. Otherwise, the insured must provide proof of 90 days of service. A service day is any day that service is provided by a licensed provider for a type of required service outlined in the plan of care. The 90-day clock begins with the first service day from a licensed professional. The elimination period needs to be satisfied only once while the rider is in effect. Once the insured satisfies the elimination period and the U.S.-licensed healthcare practitioner has provided written certification that the insured meets the definition of chronically ill and is expected to need services for the rest of the insured's life, Equitable will provide an optional retroactive payment. This may help cover expenses incurred during the elimination period. In New York, qualified LTC expenses are reimbursed retroactively automatically. Refer to your rider regarding other provisions.

Can the insured's family members participate in caring for the insured?

Yes. In order for the policyowner to receive monthly benefit payments under the Long-Term Care ServicesSM Rider, a licensed healthcare practitioner must certify the insured is chronically ill. The licensed healthcare practitioner must also establish a written plan of care that describes the insured's needs as a chronically ill individual and specifies the type, frequency and providers of all formal and informal qualified long-term care services the insured requires and the cost, if any.

During the elimination period, services identified in the plan of care must be provided by a licensed professional who is qualified to provide such services, but is not a member of the insured person's family. Potential licensed providers include, but are not limited to, an adult day care center, a residential care facility, home healthcare, a hospice services facility and a skilled nursing facility. A licensed provider identified in the plan of care also includes an employee of a licensed facility who renders services, and who is qualified to provide such services.

Once the elimination period has been satisfied, we will look to ensure an ongoing LTC need as part of the Annual Recertification (see question 11). While we will review medical records as part of this process, we will not request information regarding providers.

What documents are required for the Annual Recertification?

Annually, a Long-Term Care ServicesSM Rider recertification kit is sent to the policyowner. The kit includes the following forms to be completed and returned the Life Operations Center:

- Practitioner recertification statement by a U.S.-licensed practitioner must be provided that recertifies that the insured is still chronically ill and receiving services pursuant to a plan of care.
- Updated plan of care from a licensed practitioner.
- The insured agrees to provide a HIPAA statement giving permission to collect medical records.

Other

Are there any long-term care licensing requirements?

Yes, there are state-by-state licensing requirements. Please refer to equitable.com.

Where can I find more detailed information regarding the LTCSR?

Financial professionals are encouraged to refer to the LTCSR technical guide for a more detailed discussion of various concepts addressed in the FAQ. Financial professionals may also refer to the LTCSR specimen form. These items can be obtained by visiting equitable.com. You may also call the Life Insurance Sales Desk.

For more information, please contact the Life Insurance Sales Desk
or visit equitable.com/ltc.

This document is not intended as legal or tax advice. Accordingly, any tax information provided in this document is not intended or written to be used, and cannot be used, by any taxpayer for the purpose of avoiding penalties that may be imposed on the taxpayer. The tax information was written to support the promotion or marketing of the transaction(s) or matter(s) addressed, and you should inform your clients to seek advice based on their particular circumstances from an independent tax advisor.

Long-Term Care ServicesSM Rider benefits are triggered when Equitable receives certification that the insured person is chronically ill and receiving qualified long-term care services pursuant to a plan of care. There is a 90-day elimination period beginning the first day of any qualified long-term care services being provided. Only one complete elimination period needs to be met while the policy is inforce. The 90 days of the elimination period do not need to be consecutive; however, they must be satisfied within a 24-month period. For monthly benefits to continue, the insured must be recertified for eligibility at least every 12 months.

This rider may not cover all the expenses associated with the insured's long-term care needs. If the policy is subject to a loan, a portion of the monthly benefit payment will be applied to repay a portion of the outstanding policy loan.

Actual terms and conditions of the Long-Term Care ServicesSM Rider are contained in rider form #ICC 12-R12-10, R12-10 and state variations. This rider has exclusions and limitations under which the rider may be continued inforce or discontinued. It may not be available in all jurisdictions or may vary by jurisdiction. For more information, costs and complete

details of coverage, refer to the rider specimen, the *Long-Term Care ServicesSM Rider Technical Guide*, the outline of coverage, the policy with the LTCSR illustration and the prospectus or supplement for variable life insurance.

Life insurance products are issued by Equitable Financial Life Insurance Company (Equitable Financial) (New York, NY) or Equitable Financial Life Insurance Company of America (Equitable America) and co-distributed by affiliates Equitable Network, LLC (Equitable Network Insurance Agency of California in CA; Equitable Network Insurance Agency of Utah in UT; Equitable Network of Puerto Rico, Inc. in PR) and Equitable Distributors, LLC. For New York state-based (i.e., domiciled) Equitable Advisors Financial Professionals, life insurance products are issued by Equitable Financial Life Insurance Company (New York, NY). All companies are affiliated and directly or indirectly owned by Equitable Holdings, Inc., and do not provide tax or legal advice.

References to Equitable in this brochure represent both Equitable Financial Life Insurance Company and Equitable Financial Life Insurance Company of America, which are affiliated companies. Overall, Equitable is the brand name of the retirement and protection subsidiaries of Equitable Holdings, Inc., including Equitable Financial Life Insurance Company (NY, NY); Equitable Financial Life Insurance Company of America, an AZ stock company; and Equitable Distributors, LLC. Equitable Advisors is the brand name of Equitable Advisors, LLC (member FINRA, SIPC) (Equitable Financial Advisors in MI & TN). The obligations of Equitable Financial and Equitable America are backed solely by their claims-paying abilities.

Life Insurance: • Is Not a Deposit of Any Bank • Is Not FDIC Insured • Is Not Insured by Any Federal Government Agency
• Is Not Guaranteed by Any Bank or Savings Association • May Go Down in Value

For financial professional use only. Not for use with, or distribution to, the general public.

© 2022 Equitable Holdings, Inc. All rights reserved. IU-4861232.1 (10/22) (Exp. 10/24) | G1821245 | Cat. #144992 (10/22)



EQUITABLE