



# The Long-Term Care Services<sup>SM</sup> Rider with life insurance

## Business planning

### A smart addition to any business plan

#### The problem

Businesses use life insurance to protect themselves against the loss of a key person or to help fund a buy-sell agreement when an owner dies. But what strategies are available when you experience increased expenses, loss in revenue or need a lifetime buyout because an owner or key employee becomes long-term care impaired?

#### A possible strategy

A permanent life insurance policy from Equitable Financial or Equitable Financial Life Insurance Company of America with its indemnity-style Long-Term Care Services<sup>SM</sup> Rider (LTCSR) can be an ideal strategy.<sup>1</sup> A business can obtain a needed death benefit while building cash value that may be used for a living buyout or supplemental retirement benefit. The LTCSR provides a long-term care benefit that allows the plan to be put into place without waiting for an impaired key person or owner to die. Where can such a policy help?

- **Cross-purchase buy-sell** — Each owner purchases a policy on their co-owners to complete a buy-sell in the event of death and provide a living buyout through the LTCSR, accelerating the death benefit in the event of a qualifying impairment.
- **Retirement buy-sell** — Each owner purchases a policy on their own life, and endorses a portion of the death benefit to their co-owners to execute the buy-sell in the event of death or a long-term care impairment. Under this structure, an economic benefit cost is associated with the portion of the death benefit temporarily owned by the other business owners (given they have the ability to collect the death proceeds). At retirement, each owner terminates the agreement and retains their personal policy for death benefits, supplemental retirement or LTC needs.



#### Ideal business clients:

- Owners who need to fund a business continuation plan or cover key person costs if there is a premature death or a long-term care event
- Owners who recognize that long-term care can potentially be a serious problem for employees
- **Entity/Redemption buy-sell** — In some cases, a redemption by the business makes more sense than a cross-purchase arrangement. A business purchases a policy on its owners and uses the proceeds to complete a buy-sell in the event of death or provide a living buyout through the LTCSR in the event of a qualifying impairment.
- **Key person protection**
  - Protect the business against the loss of one of its most valuable assets — the earning power or specific skills of a key person. The LTCSR and accelerated death benefit can help pay for the costs of finding a qualified successor, carry the business while experiencing losses and protect against calls in credit lines, etc.
  - The same policy and rider can serve a dual purpose; providing a “Golden Handcuff Executive Benefit” for the key person in the form of family protection, supplemental retirement income and LTC benefits.
- **Where the key person has retired** — A policy with its Cash Surrender Value (CSV) and LTCSR can be transferred to the departing executive as a nonqualified retirement benefit.

## The indemnity nature of the rider makes it work

Our LTCSR is an indemnity-style rider, qualified under Tax Code Section 7702B, and can be used in a business. Indemnity riders run to the status of the insured. As a result, if the insured has an LTC-qualifying event, the business or co-owner can accelerate the death benefit based on whatever portion of the death benefit it elects to accelerate. There's no need to incur the actual LTC expenses with an indemnity rider. And, because the LTCSR is a Section 7702B rider, the accelerated benefits might be able to be received income tax-free by the business. That isn't the case with a Section 101(g) rider, where the benefits are taxed. In effect, our rider offers an added benefit.<sup>2</sup>

## See how cost-efficient the VUL Incentive Life Protect<sup>SM</sup> with the LTCSR can be<sup>3,4</sup>

VUL Incentive Life Protect <sup>SM</sup> — \$2,000,000 face amount — 2% LTCSR offers a maximum monthly benefit of \$40,000 <sup>5</sup>			
Amounts based on a Male, Preferred Non-Smoker			
	Age 35	Age 45	Age 55
Insurance premium without LTCSR	\$7,800	\$13,300	\$23,700
Insurance premium with 2% LTC benefit <sup>6</sup>	\$8,600	\$14,700	\$25,900
Incremental cost	\$800	\$1,400	\$2,200
Incremental cost percentage	11%	10%	9%

These policies, which target endow at age 121, were run using 7% and the GPT definition of life insurance with a level death benefit in all years.

## Why Equitable?

### To help protect the financial security of our clients and their families, we offer:

- Strength and stability. For 160 years, we've been working with clients across generations, building on what's proven and pursuing what's possible.<sup>7</sup>
- A range of products and riders allow clients to customize policies to their exact needs and risk tolerance.
- A Long-Term Care Services<sup>SM</sup> Rider with industry-leading features, including the ability for home health coverage, a true Option B feature to help keep pace with cost-of-living changes, the ability to preserve a portion of the death benefit, the ability to file foreign claims and the ability to receive up to two times HIPAA daily limits.<sup>8</sup>
- An indemnity LTCSR and treatment under IRC §7702B offer added benefits.

1 In Florida, this rider is called the Long-Term Care Insurance Rider, and in California, this rider is called the Comprehensive Long-Term Care Rider. Insureds age 60 and older who elect this rider on VUL Incentive Life Protect<sup>SM</sup> will not be eligible for the preferred elite or preferred non-tobacco underwriting classes. As of publication date, the VUL Incentive Life Protect<sup>SM</sup> is not available in California, South Carolina or New York.

2 The business should consult with its own tax advisor for how they will treat the benefit. Also see Equitable Financial's Planning Perspective on the taxation of LTC riders.

3 NLG premium must be satisfied to get the rider.

4 Note that the insured should be aware the benefit will be paid to the business. The business can separately elect to pay a portion to the insured as an independent benefit plan.

5 See product guide for details. The current limit is two times HIPAA (current max is \$25,800/month in 2026 and in New York, one times HIPAA limit or 12,900/month).

6 Benefits paid under the Long-Term Care Services<sup>SM</sup> Rider are an advance of the life insurance death benefit and will reduce the death benefit otherwise payable at the insured's death.

7 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 with an administrative office located in Charlotte, NC; and Equitable Distributors, LLC. Equitable Advisors is the brand name of Equitable Advisors, LLC (member FINRA, SIPC) (Equitable Financial Advisors in MI & TN). The 160-year history reference applies exclusively to Equitable Financial Life Insurance Company.

8 Benefit payments are subject to taxation to the extent they (together with any other long-term care benefits relating to the same insured) exceed the greater of actual expenses incurred or the HIPAA daily limit.

**For more information, please contact Equitable Advanced Markets at (860) 409-1290 or [EquitableAdvancedMarkets@equitable.com](mailto:EquitableAdvancedMarkets@equitable.com).**

A life insurance policy is backed solely by the claims-paying ability of the issuing life insurance company. It is not backed by the broker/dealer or insurance agency through which the life insurance policy is purchased or by any affiliates of those entities, and none makes any representations or guarantees regarding the claims-paying ability of the issuing life insurance company.

VUL Incentive Life Protect<sup>SM</sup> is issued in New York and Puerto Rico by Equitable Financial Life Insurance Company (NY, NY); and in all other jurisdictions by Equitable Financial Life Insurance Company of America, an Arizona stock company with an administrative office located in Charlotte, NC. Distributed by Equitable Advisors, LLC (member FINRA, SIPC) (Equitable Financial Advisors in MI & TN) and Equitable Distributors, LLC (NY, NY). When sold by New York state-based (i.e., domiciled) Equitable Advisors Financial Professionals, VUL Incentive Life Protect<sup>SM</sup> is issued by Equitable Financial Life Insurance Company, 1345 Avenue of the Americas, NY, NY 10105.

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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 • Variable Life Insurance May Go Down in Value

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