EQUITABLE

Long-Term Care Services℠ Rider* Product Guide

LTCSR 2012 Form ICC12-R12-10, R12-10 or State Variations

* In California, the rider is called "**Comprehensive Long-Term Care Rider**"
In Florida, the rider is called "**Long-Term Care Insurance Rider**"

Other versions of the Long-Term Care Services℠ Rider (LTCSR) have separate technical guides as follows:

- LTCSR 2020 Technical Guide Catalog #161395
  (Rider Form ICC19-R19-LTCSR, R19-LTCSR or state variations)
- LTCSR 2006 Technical Guide Catalog #154309
  (Rider Form R06-90 or state variations)

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An Overview of the Long-Term Care Services[SM] Rider (LTCSR)

Equitable's Long-Term Care Services[SM] Rider (LTCSR) (in Florida, the rider is called "Long-Term Care Insurance Rider". In California, the rider is called "Comprehensive Long-Term Care Rider") is available in all jurisdictions with new sales of indexed universal life policies* issued by Equitable Financial Life Insurance Company (Equitable Financial or EFLIC) and Equitable Financial Life Insurance Company of America (Equitable America or EFLOA) as applicable. The rider cannot be added to an inforce policy. LTCSR provides, as a monthly benefit, an acceleration of the policy's Death Benefit to pay for qualified long-term care expenses if the insured is chronically ill and receiving qualified long-term care services in accordance with a Plan of Care.

* The LTCSR 2020 is available with new sales of certain universal life policies, in all jurisdictions except (CA & NY) but with varied LTCSR features. For more details, see the LTCSR Technical Guide, Catalog #161395.

The LTCSR is an affordable strategy for clients who are purchasing life insurance to help protect their families and heirs but may also be concerned about providing funds to cover the long- term care services they may need at some point in their lives. Any unloaned portion of the Death Benefit not accelerated for qualified long-term care services will be paid to the policy's beneficiaries at the death of the Insured.

LTCSR is available at issue for ages 20-75 (20-70 in FL) for 1% and 2% monthly benefit percentages and ages 20-70 in all states for 3% monthly benefit percentage.

Monthly Benefit Percentage	Available Issue Ages
1%	20-75 (20-70 in FL)
2%	20-75 (20-70 in FL)
3%	20-70

The Acceleration Percentage allows policy owners to use all or a portion of the policy's death benefit for coverage under the LTCSR, for Death Benefit Option A policies. Policy owners can specify the percentage of the Initial Face Amount of the policy that they want to accelerate (between 20% and 100%) with Death Benefit Option A.

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

With the Acceleration Percentage, policy owners have the opportunity to leave a portion of the death benefit to their beneficiaries regardless of whether the insured goes on LTC claim or not. Further, the policy owner in larger sales may not need to split the policy into two policies as may occur today.

For example, a policy owner can purchase a $5,000,000 policy and specify a 20% Acceleration Percentage because he or she doesn't think the LTC costs for the insured will exceed $1,000,000.

Acceleration Percentage	×	Initial Base Policy Face Amount	=	Initial LTC Specified Amount
20%	×	$5,000,000	=	$1,000,000

By doing this, the policy owner pays LTC COIs on only $1,000,000.

LTCSR provides an LTC benefit that can reflect the selection of “true” Death Benefit Option B. With this additional flexibility, if the policy account increases in the future, the LTC benefit provided under the rider may also increase in the future which would produce a higher death benefit and more LTC coverage at the time of claim. While LTCSR does not provide an inflation benefit, and there can be no guarantee that the policy account value and Option B death benefit will increase (and they could even decrease), an increasing death benefit if it occurs may provide an increasing Maximum Total Benefit that could help to offset some of the rising costs of future LTC benefits.

Also, LTCSR permits a one-time death benefit option change from B to A that can be helpful if supplemental retirement income from the insurance policy is desired or in some other circumstances.

The LTCSR is also tax-qualified and benefits paid under the rider are to be treated as an acceleration of the death benefit under Section 7702B of the Internal Revenue Code. In competitive situations, a prospect may be more impressed by the term “tax-qualified”, which sounds superior to “non-tax qualified,” even though the difference in taxation to the policy owner is minimal in most situations. One situation where a tax-qualified rider is more beneficial is when the life insurance policy is a MEC since there is no current taxation of the rider charges, although basis is reduced by the LTC COIs. With a non-tax qualified rider, the LTC COIs are taxable as distributions each year if there is gain in the policy. The rider in NY is a non-tax qualified rider under Section 101(g) of the Internal Revenue Code.

Administrative Enhancements to the LTCSR

Equitable is committed to maintaining the Long-Term Care Services℠ Rider as an industry leader. As part of this effort, the following administrative improvements are introduced. The improvements are effective with written notice of claim received by the Life Operations Center on July 9, 2018 and later. They also apply to policies currently completing the elimination period as of July 9, 2018 and later.

- **60/90 Day Elimination Period**: To enhance customer service, the 90-day elimination period may be deemed satisfied by Equitable and its affiliates if the insured provides proof of care from a licensed provider for at least 60 service days (approximately five days per week) within 90 calendar days.
- **Optional Retroactive Payment**: Once the Elimination Period has been satisfied, Equitable and its affiliates will provide an additional optional "retroactive payment," which may help cover expenses incurred during the Elimination Period, if the U.S. licensed Health Care Practitioner provides written certification that the insured meets the definition of "chronically ill" and is expected to need long-term care services for the rest of the insured's life. In New York, qualified long-term care (LTC) expenses are reimbursed retroactively automatically
- **Annual Recertification Requirements Clarified**: Once the Elimination Period has been satisfied, we will look to ensure an ongoing LTC need as part of the annual recertification. While we will review medical records as part of this process, we will not request information regarding providers.

Long-Term Care Services^{SM} Rider At-A-Glance

Marketing Name	• **Long-Term Care Services^{SM} Rider** (**LTCSR**) • In FL, the rider is called **Long-Term Care Insurance Rider** • In CA, the rider is called **Comprehensive Long-Term Care Rider**
Generic Name	• Accelerated Death Benefit for Long-Term Care Services Rider or state variation
Policy Forms	• LTCSR Form: ICC12-R12-10, R12-10 or state variation • LTCSR Application Questionnaire: Section C and state variations • LTCSR Simplified Issue (SI)/Guaranteed Issue (GI) Questionnaire: Section C and state variations • LTCSR Term Conversion Plus Questionnaire: Section C and state variations
Product Availability	• LTCSR is available in all jurisdictions with new sales of indexed universal life policies as well as some VUL policies in California and New York • The rider cannot be added to an inforce policy
Issuing Companies	• Equitable Financial Life Insurance Company (Equitable Financial or EFLIC) • Equitable Financial Life Insurance Company of America (Equitable America or EFLOA)
LTCSR 30-Day Free Look Provision	• LTCSR may be returned within 30 days from date of signed delivery receipt and rider charges will be reversed • If base policy is free-looked, rider is free-looked
Issue Ages	• 20–75* (20-70 in FL), based on age nearest birthday • No back dating to save maximum issue age if LTCSR is requested * 20-65 on Guaranteed Issue cases. LTCSR with G.I. is n/a in NY. See Guaranteed Issue Guidelines for more information on Life Guaranteed Issue with the LTCSR
Sex	• Male, Female, Unisex. Unisex is available for Montana only
Underwriting Classes	• Substandard Table D or better • Not available with substandard ratings of medical flat extras • Insureds age 60 or older who apply for the LTCSR on VUL Legacy®, Series 160 or request term conversions with this product/rider combination are not eligible for the Preferred Elite or Preferred Non-tobacco u/w classes. Preferred Tobacco and Standard Plus are the most favorable u/w classes for insureds age 60+ who apply for the LTCSR on VUL Legacy, Series 160.
Term Conversions	• Full underwriting to add LTCSR to a new contract on a current basis • Streamlined underwriting if adding LTCSR within five years of policy register date • Term Conversion Plus Program ○ within five years of policy register date for policies issued between Sept 1, 2017 – Dec 31, 2018

Monthly Benefit Percentage	• 1% or 2% Issue Ages 20-75 (20-70 in FL) • 3% Issue Ages 20-70
Acceleration Percentage	• For Death Benefit Option A only, the LTCSR face amount may be accelerated from 20% up to 100% subject to a $100,000 minimum at issue
Long-Term Care Maximum Total Benefit	• For Death Benefit Option A, Long-Term Care Specified Amount on the date the LTCSR claim is approved • For Death Benefit Option B, Long-Term Care Specified Amount plus the policy account value on the date the LTCSR claim is approved
Long-Term Care Specified Amount	• For Death Benefit Option A, base policy face amount at issue adjusted by the acceleration percentage • For Death Benefit Option B, base policy face amount at issue • The Long-Term Care Specified Amount may change due to policy transactions
Minimum Long-Term Care Specified Amount at Issue	• $100,000
Maximum Long-Term Care Specified Amount	• Amount that would result in $50,000 of Maximum long-term monthly benefit on any one life. All long-term care benefit amounts inforce and applied for with Equitable, its affiliates and other companies will count toward this limit
Minimum Monthly Benefit Payment	• $500
Maximum Monthly Benefit Payment	• Maximum Monthly Benefit Payment is the lesser of: (1) the Benefit Percentage times the Long-Term Care Maximum Total Benefit, and (2) 200% (100% in NY) of the applicable daily HIPAA limit times 30. • If the policy has a loan, a proportionate part of each Benefit Payment will be used to reduce the loan
Extension of Benefits (n/a in NY)	**Criteria** • Confinement in an LTC facility prior to policy lapse and before LTC benefits are paid out • Confinement continues without interruption after rider termination • Elimination period is satisfied
Death Benefit Options	• Option A – Level Death Benefit. • Option B – Face Amount plus the Policy Account Value. • DBO changes from A to B are not allowed if LTCSR is on policy • A single DBO change from B to A is allowed subject to the same rules as the base policy if it would not cause a current or future guideline premium force-out

LTCSR Restrictions

LTCSR in **NOT AVAILABLE** in the following situations:

- Substandard underwriting worse than the equivalent of Table D
- Insureds age 60 and older who apply for the LTCSR on VUL Legacy®, Series 160* or request term conversions with this product/rider combination are not eligible for the Preferred Elite or Preferred Non-tobacco u/w classes. Preferred Tobacco and Standard Plus are most favorable u/w classes for insureds age 60+ who apply for the LTCSR on VUL Legacy, Series 160.
- Substandard ratings of medical flat extras
- DDW/DPW is elected and rated (in this case policy may have LTCSR or DDW/DPW, but not both.) Note, per underwriting rules:
  - if policy is rated C or D, DDW/DPW is automatically rated 2X
  - If policy is rated Standard or B, DDW/DPW may or may not be rated at the discretion of the underwriter depending on case specifics
- DDW or DPW 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 and Preferred Client Program. (LTCSR with Guaranteed Issue is not available in New York)
- International Underwriting Program
- Foreign nationals residing in the U.S. unless a strong U.S. nexus is demonstrated and there is proof of permanent ties or intent to remain in the U.S. permanently
- Policy issued as a result of exercising an Option to Purchase Additional Insurance (OPAI) Rider
- Qualified Plan or otherwise subject to ERISA
- Policy is reinsured, except ARC and reinsured Equitable America policies which have the option to convert to an Equitable America policy
- CV Plus Rider is elected (except in BrightLife® Grow, Series 159; VUL Optimizer℠, Series 160; and IUL Protect, Series 160)
- Return of Premium Rider elected
- Insured eligible for Medicaid
- Policies with face amounts under $100,000

Rider will TERMINATE in the following situations:

- Policy owner requests termination
- LTC Total Maximum Benefit is paid out
- Termination or surrender of the base policy
- Death of the insured
- Paid Up Death Benefit Guarantee is exercised
- Living Benefits Rider (Terminal Illness) is exercised
- Policy is put on Loan Extension
- Substitution of Insured is exercised (cannot keep rider on new insured even with underwriting)

Other Restrictions

- Only available at issue, rider cannot be added to an inforce policy
- Face Amount increases are not available when the LTCSR has been elected

Acceleration of LTCSR benefit if fixed paid-up benefit is exercised on the base policy (NY Only)	• There is a reduced paid-up LTCSR benefit available if the policyowner exercises the Fixed Paid-Up Option on the base policy. See the rider for details
Optional Nonforfeiture Benefit (n/a in New York)	• Elected at issue and has a higher charge than if the LTCSR without the Nonforfeiture Benefit is elected. If the rider with this option terminates after the policy has been inforce for 3 or more policy years (in California, 4 or more policy years), coverage on the insured may be continued in a reduced benefit amount without further charges. • If a policy owner with LTCSR with the Nonforfeiture Benefit exercises the Loan Extension Endorsement or the Substitution of Insured rider, there are no benefits extended under the Nonforfeiture Benefit
Tax Qualified Status	• LTCSR is intended to be a qualified long-term care insurance contract under IRS Section 7702B. • In New York, the LTCSR benefit amounts received are intended to be treated as accelerated death benefits for Federal income tax purposes under Section 101(g) of the Internal Revenue Code (the Code)
Tax Reporting Format	• 1099R – LTCSR charges. Charges reduce Basis • 1099LTC – LTCSR benefit payments. All benefit payments will be reported. They are taxable to the extent they (together with any other long-term care benefits relating to the same insured) exceed the greater of the actual expenses incurred or the HIPAA limit • 8853 – Required for policy owners if LTCSR benefits were attributed to them **In New York** • 1099R – LTCSR charges. Charges reduce Basis and once Basis = 0 are taxable, if non-MEC. If MEC, charges are taxable if there is gain in the policy • 1099LTC – LTCSR benefit payments. All benefit payments will be reported. They are taxable to the extent they (together with any other long-term care benefits relating to the same insured) exceed the greater of the expenses incurred or the HIPAA limit • 8853 – Required for policyowners if LTCSR benefits were attributed to them
Benefit Eligibility	• Written certification from a U.S. Licensed Health Care Practitioner that the insured is a chronically ill individual and is receiving qualified long-term care services in accordance with a plan of care • In CA, the plan of care may be prescribed by a Licensed Health Care Practitioner or a multidisciplinary team under medical direction • In NY, it must be certified that continuous care will be required for the remainder of the insured person's life • Written notice of claim and satisfactory proof of claim
Chronically Ill Individual (Activities of Daily Living - ADLs)	**Certification for person who is**: • Unable to perform two **Activities of Daily Living (ADLs)** for a period of at least 90 days – bathing, continence, dressing, eating, toileting, transferring • In New York, it must be certified that continuous care will be required for the remainder of the insured person's life OR • **Requires "Substantial Supervision**" to protect from threats to health and safety due to **Cognitive Impairment** (severe deficiency in memory, orientation, reasoning, judgment)

Limitations & Exclusions	• Rider does not cover pre-existing conditions for which the insured person received medical advice or treatment from a provider of health care services (or a condition for which treatment was recommended to the insured person by a health care provider) within six months preceding the effective date of this rider.
	• Rider does not cover services provided by a facility or an agency that does not meet the rider definition of such and does not cover care or treatment:
	  ○ From a facility that primarily treats drug addicts or alcoholics
	  ○ From a facility that primarily provides domiciliary, residency or retirement care
	  ○ From a facility that is owned or operated by a member of the Insured's immediate family
	• Rider does not cover anyone under suspension from Medicare or Medicaid
	• Rider does not cover conditions resulting from an attempted suicide or intentionally self-inflicted injuries
	• Rider does not cover conditions resulting from alcoholism or drug abuse (unless drug-abuse was a result of the administration of drugs as a part of treatment by a Physician)
	• Due to war (declared or undeclared) or any act of war, or service in the armed forces or auxiliary units
	• Due to committing or attempting to commit or participating in a felony, riot or insurrection
	• Received outside the United States unless the initial and annual renewal certifications are completed by a U.S. Licensed Health Care Physician. For purpose of this exclusion, United States shall mean the 50 states, District of Columbia, Puerto Rico, and the U.S. Virgin Islands

Elimination Period*	• **90 Days** - 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 ○ In FL, there is no 24-month time frame to satisfy the Elimination Period • 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 within 90 calendar days** from a licensed provider (approximately 5 days per week) • 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 elimination period needs to be satisfied only once while rider is in effect * In New York the "Elimination Period" is referred to as the "Eligibility Period"
Optional Retroactive Payment for the Elimination Period	• Optional Retroactive Payment for the Elimination Period* - Once the elimination period has been satisfied and a 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 Financial or Equitable America will provide an optional retroactive payment for the elimination period, which may cover expenses incurred during the elimination period *In New York, qualified LTC expenses are reimbursed retroactively automatically for the eligibility period

Annual Recertification Requirements	• Once the Elimination Period is satisfied, Equitable Financial or Equitable America will look to ensure an ongoing LTC need as part of the annual recertification process. While Equitable Financial or Equitable America will review medical records as part of the process, we will not request information regarding providers
Claims Administration	• Equitable Life Operations Claims Unit at (800) 777-6510
Prospectus	• The current VL prospectus and the Long-Term Care Services℠ Rider prospectus supplements, if applicable, must be given to the applicant whether or not they plan to elect LTCSR
Marketing Materials	• Please see current listing of LTCSR marketing materials at equitable.com/ltc
AEGIS Reports	• The LTCSR Highlights report is automatically produced with illustrations when the LTCSR is selected • The LTCSR Benefit Example Report is automatically produced with the illustration when LTCSR is selected

How the LTCSR Works

Prequalifying LTCSR Considerations Form

Before completing the LTCSR questionnaire or any other LTCSR requirements, the Financial Professional should complete the Prequalifying LTCSR Considerations Form to determine a proposed insured's eligibility for the LTCSR. The Financial Professional is not required to submit this form with the application papers. Pre-qualification does not represent approval of LTCSR. The purpose of the form is to screen eligible clients, who will be subject to underwriting. If there are any questions about potential eligibility for the rider, FPs should contact the underwriters.

Application

The Long-Term Care Specified Amount applied for is the initial face amount of the base policy multiplied by the Acceleration Percentage selected by the policy owner. The Long-Term Care Acceleration Percentage is chosen on the LTCSR application questionnaire. Acceleration of 100% is available for both Death Benefit option A and B. Acceleration percentage between 20% and 100 % is available for Death Benefit option A only. The Acceleration Percentage selected multiplied by the base policy face amount must equal a $100,000 minimum Long-Term Care Specified Amount and cannot be changed after the policy is issued.

The Monthly Benefit Percentage (1%, 2% or 3%) is selected on the LTCSR application questionnaire. The Monthly Benefit Percentage selected cannot be changed after the policy is issued. 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.

The Optional Nonforfeiture Benefit is chosen on the LTCSR application questionnaire (n/a in NY). The cost of the LTCSR with the Nonforfeiture Benefit is greater than it would be if this option is not selected. If the rider with this option terminates after the policy has been inforce for 3 or more policy years (4 years in California), coverage may be continued in a reduced benefit amount without additional charges unless monthly benefit payments (including loan repayments) exceed the total charges deducted for the rider. The Nonforfeiture Benefit cannot be added or cancelled after issue. If a policy owner with LTCSR with the Nonforfeiture Benefit exercises the Loan Extension Endorsement or the Substitution of Insured rider, there are no benefits extended under the Nonforfeiture Benefit.

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 Health Insurance Portability and Accountability Act (HIPAA) daily limit, regardless of the amount of Maximum Monthly Benefit Amount purchased.

Example

Acceleration Percentage	×	**Initial Base Policy Face Amount**	=	**Initial LTC Specified Amount**	×	**Monthly Benefit Percentage**	=	**Maximum Monthly Benefit Amount**
80%	×	**$1,000,000**	=	**$800,000**	×	**2%**	=	**$16,000**

Actual claim payments are limited to 200% (100% in NY) of the monthly equivalent of the HIPAA daily limit for the applicable calendar year. For 2023, the daily HIPAA limit is $420, resulting in a maximum monthly benefit of $25,200 ($12,600 in NY) ($420 x 200% = $840 per day x 30 days = $25,200). The client can request an amount less than the monthly limit so his or her LTC benefit may last longer. The minimum Monthly Benefit Amount is $500.

With LTCSR, if **Death Benefit Option B** is selected, the LTC benefit is linked to the death benefit at the time claim is approved such that any increase (or decrease) in the Option B death benefit (face amount plus policy account value) will provide a corresponding increase (or decrease) in the LTC Maximum Total Benefit. The LTC Maximum Total Benefit is always based on an Acceleration Percentage of 100% for death benefit Option B policies.

Availability of the Long-Term Care Services[SM] Rider

- LTCSR is available at only for issue ages 20 – 75 (20 - 70 in Florida. For Guaranteed Issue policies, ages 20-65. (LTCSR with Guaranteed Issue is not available in New York.) It will not be available if the policy was backdated to save the maximum issue age for the policy

Monthly Benefit Percentage	Available Issue Ages
1%	20-75 (20-70 in FL)
2%	20-75 (20-70 in FL)
3%	20-70

- LTCSR is available for underwriting classes Table D or better. The LTCSR is not available if policy has substandard ratings of medical flat extras. However, insureds age 60 or older who apply for the LTCSR on VUL Legacy®, Series 160 or request term conversions with this product/rider combination, Preferred Tobacco and Standard Plus will be the most favorable underwriting classes.
- The rider is not available to individuals age 65 or older who do not receive or have not had a physician consultation within the past 18 months.
- LTCSR is not available if the policy is any form of Simplified Underwriting, except on Guaranteed Issue or Preferred Client Program cases (LTCSR with Guaranteed Issue is not available in New York). It is not available on policies that are issued on Foreign Nationals residing in the U.S. unless a strong U.S. nexus is demonstrated and there is proof of permanent ties or intent to remain in the U.S. permanently. It is not available on policies that are issued under the International Underwriting Program.
- The rider is not available for policies issued in a Qualified Plan or otherwise subject to ERISA.
- LTCSR is not available if the policy is reinsured (excluding ARC and reinsured Equitable America policies which have the option to convert to an Equitable America policy).
- LTCSR is not available if the Cash Value Plus Rider is elected (except in BrightLife® Grow, Series 159; IUL Protect, Series 160; and VUL Optimizer[SM], Series 160).
- LTCSR is not available if Return of Premium Rider (ROPR) is elected.
- LTCSR is not available if the policy is being issued as a result of exercising an Option to Purchase Additional Insurance (OPAI) Rider.

- LTCSR is not available to be added after issue when requesting a Face Amount increases as a result of exercising an OPAI Rider.
- LTCSR is not available if the Proposed Insured is eligible for Medicaid.
- LTCSR is not available if DDW or DPW is elected and rated (in this case the policy may have LTCSR or DDW/DPW, but not both) or if DDW/DPW is elected and declined for certain impairments.
- LTCSR is not available on policies with Face Amounts less than $100,000. The maximum Face Amount available for issue with the rider is the amount that would result in $50,000 of monthly benefit for all long-term care coverage issued by Equitable Financial and all affiliated companies.
- LTCSR is not available on policies issued with exclusion riders.
- LTCSR is available in all jurisdictions with new sales of indexed universal life policies in all states and jurisdictions where it has been approved. LTCSR is available in all jurisdictions with new sales of indexed universal life policies as well as some VUL policies in California and New York.

Situations That Will Terminate the LTCSR

- There is a LTCSR Free Look Provision. If the client is not completely satisfied with the LTCSR for any reason, they may return it within 30 days from the date of the signed delivery receipt. We will reverse any charges applicable to the rider and the policy will be treated as if the rider had never been issued.
- Written request from policy owner to terminate the LTCSR, will result in termination. This is only available after the first policy year except for in Florida.
- Termination or surrender of the base policy will terminate the LTCSR.
- Death of the insured will terminate the LTCSR.
- If the entire Long-Term Care Services Rider Benefit has been paid out, the LTCSR will terminate.
- If a payment under the Living Benefits Rider for terminal illness is made, the LTCSR will terminate.
- If the policy is put on Loan Extension, the LTCSR will terminate.
- Election of the Paid-Up Death Benefit Guarantee will terminate the LTCSR.
- If the Substitution of Insured Rider is exercised, the LTCSR will terminate.

Policy Changes That Are NOT Available When the LTCSR is Elected

- Face Amount increases are not available when the LTCSR has been elected.
- Death Benefit Option change from Option A to B is not allowed when the LTCSR has been elected.
- If a partial withdrawal is made on a policy with the LTCSR, the Face Amount of the policy and the LTC Specified Amount for DBO A only will generally be reduced. There is no reduction for DBO B policies. Requests to hold the Face Amount will not be allowed even with underwriting.
- Other Restrictions
- The LTCSR is only available at issue. The LTCSR cannot be added after issue.
- The Long-term care monthly benefit or acceleration percentage cannot be changed after issue.

Optional Nonforfeiture Benefit (NFB)

To offer LTCSR as a tax qualified rider and given that Equitable's LTCSR cost of insurance (COI) rates are level, the Company needs to offer a LTCSR Nonforfeiture Benefit (NFB) as an option to our policy owners. The qualified status of the LTCSR does not depend on whether the Nonforfeiture Benefit is elected.

LTCSR COIs for the Nonforfeiture Benefit are more expensive than LTCSR COIs without the Nonforfeiture Benefit.

- Ages 50-64 – Nonforfeiture Benefit rates are approximately 30%-50% higher
- Ages 65+ – Nonforfeiture Benefit rates are approximately 20%-30% higher

*The NFB is not available in New York.

How the NFB Works

After the LTCSR with the Nonforfeiture Benefit has been inforce for 3 policy years (In CA for 4 policy years), the Nonforfeiture Benefit will cover claims with the same eligibility requirements and elimination period as did the LTCSR up to Nonforfeiture Benefit's limitations with a reduced benefit amount unless monthly payments (including loan repayments) already exceed the total charges deducted for the LTCSR. If a policy owner with the LTCSR and Nonforfeiture Benefit exercises the Loan Extension Endorsement or the Substitution of Insured Rider, there are no benefits extended under the Nonforfeiture Benefit.

NFB's benefit period begins when the LTCSR with Nonforfeiture Benefit has terminated, such as:

- Upon requested termination of the LTCSR
- Upon policy surrender
- Upon termination without value at the end of a grace period
- Election of the Paid-Up Death Benefit Guarantee

The Nonforfeiture Benefit may provide long-term care coverage on the insured in a reduced benefit amount without additional charges. This coverage would be in effect until the earlier of the death of the insured or the date the Maximum Total Nonforfeiture Benefit has been paid out. The Maximum Total Nonforfeiture Benefit will be the greater of one month's (in CA, three month's) maximum Monthly LTCSR Benefit in effect as of the date the LTCSR would otherwise terminate and the sum of all paid LTCSR rider charges less any monthly benefit payments already made (including any loan repayments). Maximum benefits paid under the Nonforfeiture Benefit would not exceed the maximum benefits available under LTCSR at the time it would otherwise terminate.

Underwriting the LTCSR

The rider will be fully underwritten along with life death benefit and is subject to age and amount requirements or additional information as deemed appropriate by Underwriting. Initial underwriting requirements and forms for the LTCSR include the following and must be submitted in good order:

- Application
- LTCSR Questionnaire
- Signed and dated HIPAA authorization
- Personal Worksheet is required in the following states when LTCSR is requested: Florida, Michigan, Minnesota, Missouri, Pennsylvania, Puerto Rico, South Dakota, Texas, Utah, and Wisconsin
- Usual age and amount underwriting requirements

Other sources of information secured by underwriting include the MIB report, a prescription check report, and any other information required, depending upon the proposed insured's age and health history. Underwriting reserves the right to request additional information or evidence in circumstances where our normal evidence does not provide sufficient details to assess the LTCSR risk.

The Underwriting approval of the rider is separate and distinct from the approval of the life policy but the LTCSR is only available if the life coverage is approved.

The LTCSR is underwritten based on morbidity rather than mortality and, therefore, in some cases the proposed insured may not qualify for this rider even if they are Standard or better mortality risks. The underwriting of this rider involves consideration of several factors, including the application information, the medical evidence, and the functional and cognitive capability of the proposed insured.

Functional performance and cognition include an independent ability to perform **Activities of Daily Living (ADL)** such as bathing, continence, eating, dressing, toileting and transferring. Also, Instrumental Activities of Daily Living (IADL) including managing finances, shopping, handling transportation, preparing meals, managing medications, using communication devices and completing housework and basic home maintenance activities. These are important factors taken into consideration when underwriting LTCSR. Cognitive impairment is usually progressive and may be indicative of dementia and loss of ADL's.

Currently, cognitive and mobility tests are required on every proposed insured age 70 or older. Limitations in the ability to perform ADL's, the loss of ADL's or high risk for loss of ADL's are strong predictors of long-term care needs.

Financial underwriting will be used to ensure that appropriate LTCSR limits are not exceeded. Generally due to the cost of the benefit, the amounts requested are appropriate, but we must ensure maximum monthly benefit amounts are not exceeded. The basic philosophy of determining an appropriate amount of long-term care coverage is similar to determining the appropriate amount of life insurance. We want to ensure the individual has enough funds to cover the need while also keeping the amount in proportion with the financial circumstances of the proposed insured. There could be some cases where the life insurance amount is appropriate based on our traditional life insurance underwriting guidelines but the LTCSR amount is not. We will consider other LTC coverage the proposed insured may currently have in force with Equitable Financial or Equitable America and any other carrier, excluding any LTC to be replaced. If other LTC rider coverage is currently in force, the amount applied for may be adjusted so as not to exceed the maximum monthly limit (the lesser of 2 times the HIPAA limit (1 time in NY) or the maximum monthly benefit of $50,000.

A **Prequalifying LTCSR Considerations form**, Catalog #161397, is available with this rider. Before completing the LTCSR Section C questionnaire or any other requirements, the Financial Professionals should complete this form to determine a proposed insured's eligibility for the LTCSR (Form ICC12-R12-10, R12-10 or state variation). The Financial Professional is not required to submit this form with the application. Pre-qualification does not represent approval of LTCSR. The purpose of this form is to screen eligible clients, who will be subject to underwriting. To be eligible for LTCSR, the proposed insured should be able to answer "NO" to all Pre-qualifying health questions on the Prequalifying LTCSR Considerations form.

The following sections provide information that will help the Financial Professional determine if his/her client could be considered and approved for the LTCSR based on some general considerations and medical conditions.

Favorable factors for LTCSR consideration may include:

- Working full time or part time
- Active healthy lifestyle
- Frequent social activities, participation in hobbies, volunteering or other extracurricular activities
- Current ability to travel
- Exercising several times each week
- Regular medical care for health maintenance and monitoring control of current medical conditions

Unfavorable factors for LTCSR consideration may include:

- Multiple impairments or co-morbidity
- Deficits in ADL's or IADL's
- Deficit in cognitive or functional capacity
- Current use of any long-term care services or nursing/home health care
- Current recipient of disability or Medicaid benefits
- Current use of any assistive devices
- Limited mobility or frailty or recurrent falls

Other medical conditions are considered on a case by case basis or "Individual Consideration" (IC). The Underwriter will consider specific details of the proposed insured's medical history to determine eligibility for the LTCSR. It is not always possible to include all the variations of a given impairment, but factors considered include the severity and duration of the medical condition, the quality of recovery, proper control and the level of stability. In general, the more favorable factors present, the more favorable the outcome. The following is a list of some more frequently encountered impairments that are evaluated as IC. Please note this list is not all inclusive.

- Diabetes, Type II
- Heart Valve Disease
- Hypertension
- Inflammatory Bowel Disease (Crohn's & Ulcerative Colitis)
- Neuropathy/Neuritis/Neuralgia
- Obesity
- Peripheral Artery Disease/Peripheral
- Vascular Disease
- Sleep Apnea
- TIA/Transient Global Amnesia
- Underweight

Some specific medical conditions are considered high risk for loss of ADL's and will automatically exclude consideration for the LTCSR. The following list includes uninsurable conditions for LTCSR. Please note this list is not all-inclusive. **Although both lists are extensive, they do not include all possible conditions that may be encountered**.

- Acromegaly
- ADL limitation
- Adult Day Care
- Alcoholic Hepatitis
- Aphasia
- Aplastic Anemia
- Apraxia
- Assisted living/Continuing Care/Nursing home (current or within 6 months)
- Assistive Devices (wheelchair, walker, four-pronged cane, chair/stair/Hoyer lift, scooter, hospital bed, etc.)
- Ataxia, Cerebellar
- Autoimmune Hepatitis
- Autonomic Insufficiency/ Shy-Drager Syndrome
- Bone Marrow or Stem Cell Transplant
- Buerger's Disease
- Biliary Cirrhosis
- Binswanger's Disease
- Catheter, Urinary, Indwelling
- Charcot Marie Tooth Syndrome
- Chronic Inflammatory Demyelination Polyneuropathy
- Cirrhosis
- Cushing Syndrome Present
- Decubitus Ulcer (current or within 2 years)
- Delayed Word Recall < 5 (of 10 DWR test)
- Dermatomyositis
- Diabetes, Type I
- Ehlers Danlos Syndrome
- Feeding Tube
- Frailty
- Fuchs Corneal Dystrophy
- Home Care Services (within 12 months)
- Hydrocephalus/Brain Shunt
- Incontinence, Bowel
- Korsakoff Psychosis
- Lambert Eaton
- Leukemia
- Long-Term Care Usage (current or within past 6 months)
- Lymphoma
- Marfan's Syndrome
- Memory Loss
- Mental Retardation or Intellectual Disability including Down's Syndrome
- Mixed Connective Tissue Disease
- Multiple Sclerosis
- Muscular Dystrophy
- Nephrosclerosis
- Neurofibromatosis
- Neurogenic Bladder
- Organic Brain Syndrome
- Osteomalacia
- Oxygen Use
- Paralysis
- Paraplegia
- Parkinson's Disease
- Polyarteritis Nodosa
- Polycystic Kidney Disease
- Pressure Sores (current or within the past 2 years)
- Progressive Muscular Atrophy
- Pulmonary Hypertension
- Psychosis
- Quadriplegia
- Retinal Artery Occlusion
- Retinitis Pigmentosa
- Schizophrenia
- Scleroderma
- Senility
- Sickle Cell Anemia
- Social Security Disability Recipient
- Stroke/CVA
- Subclavian Steal Syndrome
- Systemic Lupus Erythematosus (SLE)
- Surgery-pending
- Total Parenteral Nutrition (TPN)
- Vertebrobasilar Insufficiency
- Waldenstrom's Disease
- Whipple's Disease
- Wilson's Disease
- Worker's Compensation (current)

Monthly Deductions for the LTCSR

On a current, non-guaranteed basis, the LTCSR charge is deducted from the Policy Account Value each month until the policy anniversary nearest the insured's 100th birthday unless the policy is on LTCSR claim.

When monthly benefits are being paid under the LTCSR we will waive the monthly LTCSR COI charge.

LTCSR Cost of Insurance (COI) Rates

There are both current and guaranteed COI rates (there are different guaranteed rates for FL that can be viewed in the FL Outline of Coverage). The current LTCSR COI rates vary by sex, Nonforfeiture Benefit, if elected, underwriting class, Tobacco User Status, Issue Age and Monthly Benefit Percentage (1%, 2% or 3%) selected for Death Benefit Options A &B. The guaranteed LTCSR COI rates vary by sex, Nonforfeiture Benefit, if elected, Tobacco User Status, and Issue Age for Death Benefit Options A&B. The current and guaranteed rates are included with the Outline of Coverage.

Calculation of LTCSR Monthly Charges

The monthly LTCSR charge is calculated by applying the monthly LTCSR COI rate to the Long-Term Care Net Amount at Risk. The Net Amount at Risk for Death Benefit Option A is the minimum of the LTC SA and the base policy face amount minus the Policy Account Value at the beginning of the policy month and the Long-Term Care Specified Amount. The Net Amount at Risk for Death Benefit Option B is the LTC SA at the beginning of the policy month. Current basis LTCSR charges are shown on the optional Annual Calculation Summary report found in the AEGIS new business proposal system, if elected.

Guaranteed LTCSR Values on the Policy Pages

The LTCSR guaranteed basis COI rate, the Initial LTC Specified Amount, the Monthly Benefit Percentage, the LTC Acceleration Percentage and the Initial Maximum Monthly Benefit Amount are shown on the Policy Pages of the policy.

Taxation of LTCSR Monthly Charges

Monthly charges for the LTCSR coverage are not considered to be distributions from the policy for federal income tax purposes even if the base policy is a modified endowment contract (MEC) but will reduce the owner's tax basis in the policy. LTCSR monthly charges reduce the policy owner's investment in the policy (but not below zero), for example, for purposes of determining the taxation of a surrender or distribution under the policy. Even though the rider charge is not taxable, tax reporting is still required on a 1099R.

- **In New York: Taxation of LTCSR Monthly Charges** - Monthly charges for LTCSR coverage are considered to be distributions from the policy for federal income tax purposes.
- **Policy is not a Modified Endowment Contract (MEC) –** The monthly charge reduces Cost Basis. When Cost Basis is zero, the monthly charges are reported as taxable income on Internal Revenue Service (IRS) Form 1099R. See example in Appendix B
- **Policy is a MEC – The monthly charge is reportable on IRS Form 1099R** to the extent of the gain in the policy at the time the charge is deducted. If there is no gain in the policy at the time the charge is taken, the Cost Basis of the policy will be reduced by the amount of the rider charge. See example in Appendix C

Taxation When Benefits are Paid Under the LTCSR - Long-Term Care Services Rider benefits received under life insurance policies are intended to be treated for federal income tax purposes as an accelerated death benefit under Section 7702B of the Internal Revenue Code and are generally excluded from income taxation subject to the greater of per diem tax maximum limits or actual expenses paid.

In New York: Taxation When Benefits are Paid Under the LTCSR

- The LTCSR benefit amounts received are intended to be treated as accelerated death benefits for Federal income tax purposes under Section 101(g) of the Internal Revenue Code (the Code). The Code provides special tax treatments for such payments on the life of a chronically ill insured person receiving qualified long- term care services within the meaning of Section 7702B of the Code.
- For income tax purposes, payment of benefits will be reported to the policy owner on Form 1099-LTC
- The policy owner must then complete Form 8853 to determine the amounts to be included or excluded from income for the applicable tax year.

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

- The HIPAA per diem limit (currently $420 per day for 2023)
- The actual costs incurred for qualified long-term care services by the policy owner on behalf of the insured person

If there is more than one policy on the insured, benefit payments must be aggregated to determine taxability. To the extent aggregate benefit for an insured received by all owners from all sources exceeds the tax law limits, the excess benefit amount will be taxable as ordinary income to the recipient.

Income exclusion under this rule applies even if the life insurance policy is considered to be a MEC under the tax law.

Impact on Policy Premiums of the LTCSR

- The LTCSR is reflected in the **Extended No Lapse Guarantee** (**ENLG**), the **Enhanced No Lapse Guarantee** (**EnhNLG**), **Commissionable Target Premium** (**CTP**), **Minimum Initial Premium** (**MIP**) and **No Lapse Guarantee Premium** (**NLG**), if applicable. CTP rates for the rider vary by Issue Age, Sex, and Tobacco User Status. CTP rates for the rider do not vary by the Monthly Benefit Percentage or by Underwriting Class
- The **7-Pay Premium**, **Guideline Single Premium**, and **Guideline Level Premium** are not affected by the LTCSR. This is because the LTCSR is not currently considered a **Qualified Additional Benefit** (**QAB**)
- The monthly LTCSR charge will reduce the **sum of premiums paid toward the 7-Pay limit**, if applicable (i.e. if the policy is not a MEC and is within a 7-Pay testing period)
- The monthly LTC rider charge will reduce the **sum of premiums paid toward the guideline premium limit**
- Premium payments are not allowed if a policy is on LTCSR claim

Receiving Benefits Under the LTCSR

The Insured must be considered chronically ill and have received qualified long-term care services in accordance with a plan of care for a 90-day Elimination Period. Actual payment of benefits will begin following our receipt of all documentation required under the rider, including written certification from a U.S. Licensed Health Care Practitioner that the insured is chronically ill and is receiving qualified long-term care services in accordance with a Plan of Care. Upon claim approval, receipts for expenses are not needed. Recertification by a U.S. certified licensed healthcare practitioner is required every 12 months from the date of the initial or subsequent certification to continue receipt of benefits.

Elimination Period

The Elimination Period[1] is the number of days that must elapse while the insured is receiving qualified long-term care before any benefit is payable under the Long-Term Care Services Rider. The LTCSR has an Elimination Period of 90 days. The insured must receive 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.[2] 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 Financial or Equitable America if the insured provides proof of care (care logs) from a licensed provider for at least 60 service days (approximately five days per week) within 90 calendar days. A service day is any day that service is provided by a licensed professional for a type of required care 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.

1. In New York the "Elimination Period" is referred to as the "Eligibility Period
2. In Florida, there is no 24-month time frame to satisfy the Elimination Period

Optional Retroactive Payment

Once the Elimination Period has been satisfied and a 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, EFLIC or EFLOA will provide an "optional retroactive payment[3]," which may help cover expenses incurred during the Elimination Period.

3. In New York, qualified LTC expenses are reimbursed retroactively automatically for the eligibility period

Definition of 'Chronically Ill'

The Insured is considered Chronically Ill when he or she is certified by a Licensed Health Care Practitioner as:

- Being unable to perform (without Substantial Assistance from another person) at least two **Activities of Daily Living** (**ADL**) due to a loss of functional capacity for a period of at least 90 days) ADLs include bathing, continence, dressing, eating, toileting, and transferring; (In NY, it must be certified that continuous care will be required for the remainder of the insured person's life
- Requiring Substantial Supervision to protect such individual from threats to health and safety due to Cognitive Impairment

Documentation Required to Receive Long-Term Care Services® Rider Benefits

We must receive the following documentation before any benefits under the LTCSR are payable:

A. Written certification from a U.S. Licensed Health Care Practitioner that the insured is a Chronically Ill individual and is receiving qualified long-term care services in accordance with a Plan of Care
   - In California, the plan of care may be prescribed by a Licensed Health Care Practitioner or a multidisciplinary team under medical direction
   - In New York, it must be certified that continuous care will be required for the remainder of the insured person's life

B. Written notice of claim and satisfactory proof of claim

C. Proof that the Elimination Period has been satisfied

Care Provided by Non-Licensed Persons

Non-licensed persons, including the insured's family, may provide care if permitted by the Plan of Care. However, during the Elimination Period, qualified long-term care services must be provided solely by a licensed professional.

Monthly Benefit Payment

Determining the Actual Monthly Benefit Payment - When on claim, client 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 LTC SA which in turn will decrease the Maximum Monthly Benefit Amount prior to the first period of coverage. If the policy has a loan, a proportionate part of each Benefit Payment will be used to reduce the loan.

Changing the Actual Monthly Benefit Payment – Upon request, the amount of the Monthly Benefit Payment may be changed if the payment requested is not lower than $500 or higher than the maximum amount allowed

Period of Monthly Benefits – Monthly Benefits will be paid during a Period of Coverage, or the period during which the insured receives services covered under the LTCSR. A Period of Coverage begins on the first day of covered services received after the end of the Elimination Period and terminates at the earliest date any of the following occur:

1. The date we receive the Notice of Release which must be sent to us when the insured is no longer receiving qualified long-term care services
2. The date we determine that the insured is no longer receiving qualified long-term care services in accordance with the plan of care written for that period of coverage
3. The date the policy owner requests termination of monthly benefit payments
4. The date the accumulated Benefit Lien Amount equals the Maximum Total Benefit
5. The date of surrender of the policy
6. The date a payment is made under the Accelerated Death Benefit Rider for terminal illness
7. The date of death of the insured

Payment of the First Benefit – The First Benefit will be paid in the month following the end of the 90-day Elimination Period or the date we approve claim (if later). Once the elimination period has been satisfied, EFLIC or EFLOA will provide an optional retroactive payment for permanent claims, which may help cover expenses incurred during the elimination period. In NY, qualified long-term care expenses incurred during the elimination period are reimbursed retroactively automatically.

Notice of Release – The policy owner must submit immediate notice to the Equitable's Special Claims Division when the insured's confinement in a long-term care facility or home health care is no longer required. In California, there is no notice of release provision in the Rider.

Contact Information – By phone at 800-777-6510 or 704-341-7000 (if calling form outside of the US). Equitable's Customer Service Team is available Monday-Thursday, from 8:00 a.m. to 7:00 p.m. and Friday 8:00 a.m. to 5:30 p.m. Eastern Time. By mail at Equitable, Special Claims Division, P.O. Box 1047, Charlotte NC 28201-1047.

Claim Payment Mechanics with the LTCSR

Benefits accelerated under this rider are treated as a lien (Accumulated Benefit Lien Amount) against the death benefit and reduce the cash surrender value. The lien increases with each LTCSR Benefit Payment. The Accumulated Benefit Lien Amount will not accrue interest.

Death Benefit and Policy Surrender Before End of a Period of Coverage

For purposes of determining the cash surrender value, the base policy face amount and unloaned Policy Account Value will each be reduced by a percentage. Such percentage will be equal to the Accumulated Benefit Lien Amount divided by (1) for death benefit Option A, the base policy face amount; (2) for death benefit Option B, the base policy face amount plus the unloaned Policy Account Value. However, such percentage will not be more than 100%, and the unloaned Policy Account Value will not be reduced by more than the Accumulated Benefit Lien Amount.

For a policy surrender, the Surrender Charge, if applicable, is reduced corresponding to the reduction in the base policy face amount.

Example 1 – Death Benefit Option A	
Base Policy Face Amount	$1,000,000 (not in corridor)
Monthly Benefit Percentage	1%
Acceleration Percentage*	100%
Outstanding loans against the policy	$0
Total Accumulated Benefit Lien Amount	$200,000
Percent Reduction	20%

**For Death Benefit Option A policies, the Acceleration Percentage must be between 20% – 100%.*

Example 1 – Death Benefit Option A

- the Total Accumulated Benefit Lien Amount is $200,000 (monthly benefits of $10,000 have been paid out for 20 months; 20% of the Face Amount has been accelerated to date)
- 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
- The percentage reduction in the policy's cash value would be equal to 20% ($200,000/$1,000,000)
- If policy is surrendered prior to the next monthly benefit payment, the Cash Surrender Value at the time of surrender will be reduced by 20%. Assume the Net Cash Surrender Value is $400,000. When the surrender is processed, the Net Cash Surrender Value will be reduced by 20%, i.e. the policy will be surrendered for $320,000

If the insured dies during a period of coverage, the accumulated lien amount is deducted from the death benefit ($1,000,000 – $200,000 = $800,000)

Example 2 – Death Benefit Option B	
Base Policy Face Amount	$1,000,000 (not in corridor)
Monthly Benefit Percentage	1%
Acceleration Percentage*	100%
Outstanding loans against the policy	$0
Policy Account Value as of date policy goes on claim	$500,000
Policy Account Value as of date of death	$100,000
Policy Account Value as of date of surrender	$400,000
Total Accumulated Benefit Lien Amount	$300,000
Percent Reduction	21.4%

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

Example 2 – Death Benefit Option B

- Total Accumulated Lien Amount = $300,000 (monthly benefits of $15,000 have been paid out for 20 months; 20% of the Death Benefit at time of claim has been accelerated to date)
- For a death benefit Option B policy, the percentage will be equal to the Accumulated Benefit Lien amount divided by the base policy face amount plus the unloaned Policy Account Value
- Percent Reduction = $300,000/ ($1,000,000 + $400,000) = 21.4%
- If policy is surrendered prior to the next monthly benefit payment, the Cash Surrender Value at the time of surrender will be reduced by 21.4%. Assume the Net Cash Surrender Value is $400,000. When the surrender is processed, the Net Cash Surrender Value will be reduced by 21.4%, i.e. the policy will be surrendered for $314,400
- If the insured dies during a period of coverage, the death benefit is equal to the greater of the Option B death benefit when the policy went on claim and the Option B death benefit on the date of death
- DB = greater of [1,000,000 + 500,000 and 1,000,000 + 100,000] = 1,500,000
- the accumulated lien amount is deducted from the death benefit: DB of $1,500,00 minus $300,000 lien for a net death benefit of $1,200,000

Monthly Deductions while LTCSR Benefits Are Paid

Monthly charge for LTCSR is waived when on claim.

We will not lapse the policy if the Policy Account Value (or net cash surrender value for fixed products) is not sufficient to cover the monthly deduction for the policy and any riders. We will waive any monthly deductions for the policy and any riders that cannot be taken. However, loan interest will continue to be charged and deducted from the benefit payment (if not paid in cash).

Loans

A portion of each benefit payment is applied toward any outstanding loan and accrued loan interest.

For Example

Policy has a $100,000 Face Amount, $100,000 LTC SA, 2% Monthly Benefit Percentage and a policy loan of $5,000 at the time the LTCSR monthly benefit claim payments begin. Client elects the Maximum Benefit Payment of $2,000 per month and continues receiving monthly benefit payments for 50 months. Assume for this example that the client is paying any loan interest due in cash rather than adding it to the loan balance. Each monthly benefit payment will be reduced by the loan balance (outstanding loan plus accrued loan interest) multiplied by the LTC Benefit Payment divided by the LTC Maximum Total Benefit minus the Lien, applied as a loan repayment, and the balance sent to the client.

For Option A, the amount applied as a loan repayment, when you initially go on claim is:

5,000 * [2,000/ (100,000 – 0)] = $100. The balance is $2,000 - $100 = $1,900 is sent to the client.

For Option B, with a policy account of $10,000 when the insured goes on claim, the Maximum Benefit Payment is: (2%) ($100,000 + $10,000) = $2,200. The amount applied as a loan repayment, when the rider initially goes on claim is: 5,000 * [2,200/ (100,000 + 10,000 – 0] = $100. The balance is $2,200 – 100 = $2,100 and is sent to the policy owner.

Accessing Account Values for LTCSR Claims

Policy loans and withdrawals are two ways to access life insurance Account Values. Each reduces the amount that may be available for claims under the Long-Term Care Services Rider.

Withdrawals directly reduce the LTC SA on Death Benefit Option A, and as a result reduce the Maximum Monthly Benefit Amount if prior to the first period of coverage. We do not reduce the LTC SA for death benefit Option B. We will not allow 'hold' Face Amount for partial withdrawals on policies with LTCSR except if the partial withdrawal is the result of a guideline premium force out. Withdrawals are not allowed while the policy is on LTCSR claim.*

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

Policy Loans are available while the policy is on LTCSR claim. However, a portion of each Monthly Benefit payment is used to repay the loan. This amount is calculated to repay the total policy loan by the time the Death Benefit is fully accelerated. Policy loans are available while the policy is on claim, subject to the loan provisions of the base policy and reduce loan values (due to the effect of the Accumulated Benefit Lien Amount upon available cash surrender values and hence maximum loan values while the policy is on claim).

Application Materials & Submission Process with the LTCSR

The following state specific forms are available by selecting "Long-Term Care Services Rider" in e-forms for Life under the applicable base policy. E-forms for Life helps ensure that an application package will be accepted in good order, reduces handling delays due to errors and omissions and reduces the cycle time so producers get paid faster. See the **Clients Materials Checklist, Catalog #161399** for more information.

Pre-Qualifying LTCSR Considerations Form, Catalog #161397

Before completing the LTCSR questionnaire or any other LTCSR requirements, the Financial Professional must complete the **Pre-Qualifying LTCSR Considerations form, catalog #161397** to determine a proposed insured's eligibility for the LTCSR. The Financial Professional is not required to submit this form with the application. Pre- qualification does not represent approval of LTCSR. The purpose of this form is to screen eligible clients, who will be subject to underwriting.

LTCSR Application Questionnaire (Section C and State Variations)

LTCSR Application Questionnaire - (Accelerated Death Benefit for Long-Term Care Services Rider Supplement **Section C and state variations**). The LTCSR questionnaire includes questions designed to elicit information as to whether, as of the date of the application, the applicant has other LTC coverage in force and whether the purchase of this rider is intended as a replacement. It also allows the applicant to designate one other party to receive copies of lapse and termination notices or to waive the right to designate another party. The questionnaire contains a disclosure statement that receipt of the LTC benefits may be taxable, and that assistance should be sought from a person's tax advisor. The questionnaire contains the acknowledgement that the applicant has received an Outline of Coverage and Shopper's Guide (if required by state). It also provides an acknowledgement that the applicant elects out of having any Federal income tax withheld for taxable distributions to pay the monthly cost for the LTCSR.

Outline of Coverage (Form ICC16-OLC-LTC, OLC-LTC or state variation)

Outline of Coverage (**Form ICC16-OLC-LTC, OLC-LTC or state variation**) – Required in all states, this form must be given to the client prior to taking the application. The Outline of Coverage document provides a description of the LTCSR coverage. It includes Appendix A, a chart of current and guaranteed LTCSR rates.

E-FORMS for Life Electronic Application (Equitable Advisors Only)

There are two levels of validation before the LTCSR questionnaire is generated to be completed.

1. FPs need to acknowledge that they delivered the Outline of Coverage to the client prior to application.
2. FPs need to complete the prequalifying Long-Term Care Considerations form to determine if the client can apply for the LTCSR.

Once this validation is completed, the LTCSR questions will be generated and the agent can complete the questionnaire.

Personal Worksheet (Form ICC-PWRID-LTC (2012) or state variation)

Personal Worksheet (**Form ICC-PWRID-LTC (2012) or state variation**) is required in certain states including FL, MI, MN, MO, PA, PR, SD, TX, UT & WI. Two copies will automatically print from eforms. Both copies must be completed and signed by the Financial Professional. One copy must be submitted along with the application. The other copy is to be given to the client. Refer to the state availability chart posted on the LTCSR rider page equitable.com/ltc.

Potential Rate Increase Disclosure Form – In states that require the Personal Worksheet. This form discloses that the current rate for the LTCSR may be increased in the future, but never higher than the guaranteed rate shown in the policy.

California Risk Disclosure (Form Riskdsclsr -CA2021)

Outline of Coverage (**Form ICC16-OLC-LTC, OLC-LTC or state variation**) – Required only in California, this form must be signed by both the owner and agent prior to taking the application. The CA Risk Disclosure document ensures the owner understands that the universal life insurance policy being applied for may lapse due to insufficient account value after an initial guarantee period specified in the policy, even if all scheduled premiums are paid on time and no loans or withdrawals are taken, and that if the life insurance policy lapses then the long-term care coverage will also be lost.

Senior Insurance Program Information, Catalog #161396

Senior Insurance Program Information – A document to be given to the applicant when the application is taken. It contains state specific contact information for questions regarding long-term care insurance. This document is required in certain states including AL, AR, AZ, CA, DE, HI, IA, ID, IL, IN, KS, KY, LA, MD, ME, MI, MO, MT, NC, ND, NE, NH, NJ, NM, NV, OH, OK, OR, PR, SD, TN and VA. Refer to the state availability chart posted on the LTCSR rider page on equitable.com/ltc.

Shopper's Guide to Long-Term Care (Catalog #136819 or state variation)

Shopper's Guide to Long-Term Care (catalog #136819 or state variation) – This document is required in every state. There are state variations in California (Catalog #136803), Wisconsin (Catalog #136802) and Wyoming (Catalog #136652). These can be found in eDOX and equitable.com/ltc.

Medigap Guide (Catalog #136694)

Choosing a Medigap Policy: A Guide to Health Insurance for People with Medicare (catalog # 136694) – This NAIC publication must be provided upon request for clients 65 and older in all jurisdictions (except CA). This can be found in eDOX and equitable.com/ltc.

Licensing, Appointment & Education for Financial Professionals

The following requirements must be completed before a producer can submit a LTCSR application:

- State-specific requirements must be met prior to the solicitation and/or sale of the LTCSR. In most states, the rider is considered long-term care insurance (these are called LTC states). Some of the LTC states also require completion of mandatory education prior to solicitation, along with continuing education, specific to long-term care insurance. More information on agent licensing and appointment is available by calling the Sales Desk.

Taxation of the LTCSR Benefit Payments

Tax Consequences when Benefits are Paid Under the LTCSR

The LTCSR benefit amounts received are intended to be treated for federal income tax purposes as accelerated death benefits under Section 7702B of the Internal Revenue Code (the Code). The Code provides special tax treatments for such payments on the life of a chronically ill insured person receiving qualified long-term care services within the meaning of Section 7702B of the Code. For income tax purposes, payment of benefits will be reported to the policy owner on Form 1099-LTC. The policy owner must then complete and file Form 8853 to determine the amounts to be included or excluded from income for the applicable taxable year.

New York Tax Consequences when Benefits are Paid Under the LTCSR

In **New York**, the LTCSR benefit amounts received are intended to be treated as accelerated death benefits for Federal income tax purposes under Section 101(g) of the Internal Revenue Code (the Code). The Code provides special tax treatments for such payments on the life of a chronically ill insured person receiving qualified long-term care services within the meaning of Section 101(g) of the Code.

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

- the Health Insurance Portability and Accountability Act (HIPAA) per diem limit* or
- the actual costs incurred by the taxpayer (policy owner) on behalf of the insured person

If there is more than one policy on the insured, receipt of benefit payments must be aggregated to determine taxability. To the extent aggregate benefits for an insured received by all owners from all sources exceed the tax law limits, the excess benefit amount will be taxable as ordinary income to the recipient.

Income exclusion under this rule applies even if the life insurance policy is considered a Modified Endowment Contract (MEC) under the tax law.

For additional information on LTCSR tax information, please consult the applicable state LTCSR Tax Planning Perspective brochure on equitable.com/ltc.

* For 2023, the daily HIPAA limit is $420 (www.irs.gov), and is subject to an annual cost-of-living adjustment (COLA) thereafter.

Appendix A – Glossary

Variations may apply for certain jurisdictions and if the Long-Term Care Services Rider with the Nonforfeiture Benefit is elected.

Activities of Daily Living (ADL) - Those activities that measure the insured person's ability for self- care. The Activities of Daily Living used in this rider to determine the level of care needed by the insured person are:

1. **Bathing**, which means washing oneself by sponge bath; or in either a tub or shower, including the task of getting in or out of the tub or shower.
2. **Continence**, which means the ability to maintain control of bowel and bladder function; or, when unable to maintain control of bowel or bladder function, the ability to perform associated personal hygiene, including caring for a catheter or colostomy bag.
3. **Dressing**, which means putting on and taking off all items of clothing and any necessary braces, fasteners, or artificial limbs.
4. **Eating**, which means feeding oneself by getting food into his or her body from a receptacle (such as a plate, cup, or table) or by a feeding tube or intravenously.
5. **Toileting**, which means getting to and from the toilet, getting on and off the toilet, and performing associated personal hygiene.
6. **Transferring**, which means moving into or out of a bed, chair, or wheelchair.

Chronically Ill Individual – An individual who has been certified by a Licensed Health Care Practitioner as:

A. Being unable to perform (without Substantial Assistance from another person) at least two Activities of Daily Living for a period of at least 90 days due to a loss of functional capacity); (In NY, it must be certified that continuous care will be required for the remainder of the insured person's life) or

B. Requiring Substantial Supervision to protect such individual from threats to health and safety due to Cognitive Impairment.

Cognitive Impairment – A severe deficiency in the insured person's short or long-term memory; orientation as to person, place, and time; deductive or abstract reasoning; or judgment as it relates to safety awareness; included in this definition are nervous or mental disorders of organic origin, including Alzheimer's Disease and senile dementia, which are determined by clinical diagnosis or tests.

Elimination Period[1] – The Elimination Period is the number of days that must elapse while the insured is receiving qualified long-term care before any benefit is payable under the LTCSR. The LTCSR has an Elimination Period of 90 days. The insured must receive 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.[2] 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 (care logs) from a licensed provider for at least 60 service days (approximately five days per week) within 90 calendar days. A service day is any day that service is provided by a licensed professional for a type of required care 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.

1. In New York the "Elimination Period" is referred to as the "Eligibility Period"
2. In Florida, there is no 24-month time frame to satisfy the Elimination Period

Elimination Period Optional Retroactive Payment* – Once the Elimination Period has been satisfied and a 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," which may help cover expenses incurred during the Elimination Period.

* In New York, qualified LTC expenses are reimbursed retroactively automatically for the eligibility period

U.S. Licensed Health Care Practitioner – A Physician, a registered nurse (R.N.), a licensed social worker, or any other individual who meets the requirements as may be prescribed by the U.S. Secretary of the Treasury. A Licensed Health Care Practitioner does not include the policy owner, insured person, a member of the policy owner or insured person's Immediate Family, anyone who is under suspension from Medicare or Medicaid. In CA, a Physician, a registered nurse (R.N.), a licensed social worker, or any other individual who meets the requirements as may be prescribed by the U.S. Secretary of the Treasury by regulation.

Long-Term Care Net Amount at Risk – For death benefit Option A, the LTC net amount at risk at any time is the minimum of the Long-Term Care Specified Amount minus the amount in the policy account (but not less than zero) at the beginning of the month and the Long-Term Care Specified Amount. For death benefit Option B, the LTC net amount at risk at any time is the Long-Term Care Specified Amount at the beginning of the month.

Long-Term Care Specified Amount – The initial Long-Term Care Specified Amount is equal to the face amount of the base policy at issue times the Acceleration Percentage. This amount may change due to subsequent policy transactions, except when the policy is in corridor, the policy is DB Option B or the Cash Value is greater than the LTC SA and will be reduced at the end of a Period of Coverage to reflect benefits paid during that Period of Coverage.

Maximum Monthly Benefit Amount – The maximum amount that will be paid in a month for qualified long-term care services for the insured person. The initial Maximum Monthly Benefit at issue is equal to the Long –Term Care Specified Amount multiplied by the monthly benefit percentage selected. Subsequently, the maximum monthly benefit is equal to the maximum total benefit determined on the first day of the coverage period multiplied by the benefit percentage.

Maximum Total Benefit – For death benefit option A, the maximum total benefit is equal to the current Long-Term Care Specified Amount. For death benefit Option B, the Maximum Total Benefit is equal to the current Long-Term Care Specified Amount plus the Policy Account value. During any Period of Coverage, the Maximum Total Benefit is determined as of the first day of that Period of Coverage.

Monthly Benefit Payment – The amount we will pay in a month for qualified long-term care services equals the lesser of:

1. the Maximum Monthly Benefit (or lesser amount requested)
2. the monthly equivalent of 200% (100% in NY) of the daily limit allowed by the Health Insurance Portability and Accountability Act. We reserve the right to increase this percentage

We will pay a proportionate amount of the Monthly Benefit Payment for services rendered for less than a full month, (based on a 30-day month and a 360-day year). Income tax consequences may result if the aggregate payments received from all long-term care coverage on an insured person exceed the exclusion limits for benefits for Qualified Long-Term Care Services under applicable tax law. Policy owners should consult with a tax advisor regarding their circumstances.

Period of Coverage – The period of time during which the insured person receives services that are covered under this rider and for which benefits are payable. This begins on the first day of covered services received after the end of the Elimination Period. A Period of Coverage will end on the earliest of the following dates:

1. the date that we receive the Notice of Release which must be sent to us when the insured person is no longer receiving Qualified Long-Term Care Services;
2. the date we discover the insured person is no longer receiving qualified long-term care services in accordance with the plan of care written for that period of coverage;
3. the date when the policy owner requests that we terminate benefit payments under this rider;
4. the date when the Accumulated Benefit Lien Amount equals the Maximum Total Benefit;
5. the date that the policy owner surrenders the policy; the date we make a payment under the Accelerated Death Benefit Rider for terminal illness; and; the date of death of the insured person.

Qualified Long-Term Care Services – Necessary diagnostic, preventive, therapeutic, curing, mitigating, and rehabilitative services, and maintenance or personal care services. These services must be required by a Chronically Ill Individual and must be provided in accordance with a Plan of Care prescribed by a U.S. Licensed Health Care Practitioner. Provider includes, but is not limited to:

- Adult Day Care Center
- Assisted Living Facility
- Home Health Care Provider
- Hospice Care Facility
- Long-Term Care Facility and
- Nursing Home.
- A Provider also includes an employee of a licensed facility which renders services and who is qualified to provide such services.

A Provider does not include anyone who is under suspension from Medicare or Medicaid.

Appendix B – Policy Is Not A MEC: (Not on claim) - New York ONLY

The monthly LTC rider charge will reduce the cost basis of the policy each month but not below zero. When there is no longer any cost basis in the policy (i.e. cost basis = 0), the LTC monthly charge is reportable on a 1099R form as a taxable distribution, to the policy owner. The monthly LTC rider charge, to the extent it is a nontaxable charge, will also reduce the sum of premiums paid toward the 7-pay limit, if applicable (i.e., if the policy is not a MEC and is within a 7-pay testing period). Finally, the LTC rider charge will reduce the sum of premiums paid toward the guideline premium limit, if applicable.

Example: Beginning of policy year 4: Basis=1100, PREMSPD for Guidelines = 900 and PREMSPD for MEC = $800, monthly LTC rider charge = $200, premium payment on 9/22 =$500.

$800 will be reported on 1099R.

Before Rider Charge Taken After Rider Charge Taken

Monthaversary (15th of the month)	Basis	PREMSPD for Section 7702 Guideline	PREMSPD for MEC Testing	LTCSR charge taken on 15th of month	Taxable Distribution to be reported on 1099R	Nontaxable Distribution	Basis	PREMSPD for Section 7702 Guideline	PREMSPD for MEC Testing	Premium Payment
1	1100	900	800	200	0	200	900	700	600	0
2	900	700	600	200	0	200	700	500	400	0
3	700	500	400	200	0	200	500	300	200	0
4	500	300	200	200	0	200	300	100	0	0
5	300	100	0	200	0	200	100	0	-200	0
6	100	0	-200	200	100	100	0	0	-300	0
7	0	0	-300	200	200	0	0	0	-300	0
8	0	0	-300	200	200	0	0	0	-300	0
9	0	0	-300	200	200	0	0	0	-300	500
10	500	500	200	200	0	200	300	300	0	0
11	300	300	0	200	0	200	100	100	-200	0
12	100	100	-200	200	100	100	0	0	-300	0

Appendix C – Policy Is A MEC: (Not on claim) - New York ONLY

The monthly LTC rider charge is considered a taxable distribution to the extent there is gain in the policy. If there is no gain in the policy, the distribution is considered a nontaxable return of basis and reduces any remaining basis in the policy.

Nontaxable distributions reduce premiums paid for purposes of guideline premiums. Since the policy is a MEC, effect on MEC testing is not shown.

Example: Beginning of policy year 4

Basis= $1100, PAV=2100, monthly LTC rider charge =$200 Premium payment on 9/22 = $100.

Before Rider Charge Taken After Rider Charge Taken

Monthaversary (15th of the month)	Policy Account Value*	Basis	PREMSPD for Section 7702 Guideline Testing	Gain	LTCSR charge	Taxable Distribution to be reported on 1099R	Nontaxable Distribution	Basis	PREMSPD for Section 7702 Guideline Testing	Premium Payment
1	2100	1100	1100	1000	200	200	0	1100	1100	0
2	1900	1100	1100	800	200	200	0	1100	1100	0
3	1700	1100	1100	600	200	200	0	1100	1100	0
4	1500	1100	1100	400	200	200	0	1100	1100	0
5	1300	1100	1100	200	200	200	0	1100	1100	0
6	1100	1100	1100	0	200	0	200	900	900	0
7	900	900	900	0	200	0	200	700	700	0
8	700	700	700	0	200	0	200	500	500	0
9	500	500	500	0	200	0	200	300	300	100 (9/22)
10	800	400	400	400	200	200	0	400	400	0
11	500	400	400	100	200	100	100	300	300	0
12	300	300	300	0	200	0	200	100	100	0

1300 will be reported on 1099R. *Policy Account Values are hypothetical.

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Actual terms and conditions of the Long-Term Care Services℠ Rider are contained in Rider form #ICC12-R12-10, R12-10 and state variations. This rider has exclusions and limitations and may not be available in all jurisdictions or may vary.

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