

PACIFIC LIFE INSURANCE COMPANY

WAYS TO PLAN FOR THE CHRONIC ILLNESS RISK

Using Life Insurance

Is Your Client’s Retirement Portfolio Protected Against This Risk?

Knowing the national averages can help you start the conversation and help your client plan ahead.



More than 1 in 2 Americans over age 65 will develop a chronic illness and need long-term care.¹



Most benefit claims begin at age 80 and over, typically 15 years or more into retirement.²

¹“When Should You Start Investing in Long-Term Care Insurance?,” National Council on Aging (NCO), Aug. 8, 2024.
²“Age When LTC Insurance Claims Begin,” American Association for Long-Term Care Insurance, 2024, www.aaltci.org, May 10, 2024.



Using Life Insurance Can Help Address the Risk

Your clients buy life insurance to protect the policy’s beneficiaries from the financial impact of the insured’s death. And through optional riders, life insurance may also provide financial protection for chronic illness by accelerating a portion of the death benefit as annual or monthly payments.

Comparing Riders

The table below compares Pacific Life Insurance Company’s PL Promise Chronic Illness Care Rider³ available with certain PL Promise life insurance products to the general features of typical chronic illness and long-term care (LTC) riders commonly available with other life insurance products. With the exclusion of PL Promise Chronic Illness Care Rider, features are not intended to describe any particular product or carrier.

Feature	PL Promise Chronic Illness Care Rider	Typical Chronic Illness Rider	Typical Long-Term Care Rider
Benefit Type	Indemnity	Indemnity	Reimbursement or indemnity
Cost	Monthly rider charge	Varies from monthly rider charge to no cost if never used	Monthly rider charge
Chronic Illness Requirement	No permanence requirement	Many have no permanence requirement	No permanence requirement
Couples Discount	Yes	No	Varies
Elimination Period	90-day ⁴	0 or 90 days	90-day
Services Covered	Benefits may be used for any reason	Benefits may be used for any reason	Proof of a qualified LTC service may be required
Long-Term Care Licensing Requirement	No	No	Yes—Varies by state
Tax Treatment	101g	101g	7702b

Long-term care insurance and riders are designed to help cover the costs of long-term care. On the other hand, chronic illness riders are a life insurance component that enhances the flexibility of a life insurance policy to provide benefits if the insured develops a chronic illness. Chronic illness riders do not qualify and do not intend to qualify as long-term care insurance and are not intended to replace the need for long-term care insurance.

Please see reverse for important disclosures.

Investment and insurance products: Not a deposit • Not insured by any federal government agency
Not FDIC insured • No bank guarantee • May lose value

³Pacific Life Insurance Company's PL Promise Chronic Illness Care Rider is an accelerated death benefit rider for chronic illness. Policy Form #R18LYCHR or ICC18 R18LYCHR, based on state of policy issue. Rider will incur additional charges and is subject to availability, restrictions, and limitations. Clients should be shown policy quotes with and without riders to help show the rider's impact on the policy's value. Benefit payments reduce the policy's death benefit and other values under the policy. If the entire death benefit is accelerated, the policy will terminate. Regardless of the monthly election chosen, benefit payments may not exceed 100% of the IRS per diem. Benefits paid by accelerating the policy's death benefit are intended to qualify as death benefits under section 101(g) of the Internal Revenue Code and may be excludable from your income and may not be subject to federal taxation. However, federal, state, and/or local tax rules relating to the payment of accelerated death benefits are complex, will depend on your specific facts and circumstances, and benefits may or may not be taxable. In addition, these payments may affect eligibility for other benefits provided by federal, state, or local government including public assistance programs such as Medicaid. When benefits are received from multiple policies providing long-term care or chronic illness benefits for a given insured, including policies with different owners, all of those benefits must be aggregated to determine their taxability. Consequently, advice and guidance should be obtained from a personal tax advisor for more information. Pacific Life cannot determine whether the benefits are taxable.

⁴For the 90-day elimination period, all days must be consecutive and may be required more than once if timely annual recertification does not occur. The rider's lifetime maximum can never be more than the policy face amount and may be based on benefit payment % elected (2% or 4%) and issue age.

Pacific Life, its affiliates, their distributors and respective representatives do not provide tax, accounting or legal advice. Any taxpayer should seek advice based on the taxpayer's particular circumstances from an independent tax advisor or attorney.

Pacific Life is a product provider. It is not a fiduciary and therefore does not give advice or make recommendation regarding insurance or investment products.

Pacific Life Insurance Company is licensed to issue insurance products in all states except New York. Product/material availability and features may vary by state.

Insurance products and their guarantees, including optional benefits and any crediting rates, are backed by the financial strength and claims-paying ability of the issuing insurance company. Look to the strength of the insurance company with regard to such guarantees because these guarantees are not backed by the independent broker/dealers, insurance agencies, or their affiliates from which products are purchased. Neither these entities nor their representatives make any representation or assurance regarding the claims-paying ability of the issuing company.

Pacific Life Insurance Company's individual life insurance products are marketed exclusively through independent third-party life insurance producers, which may include bank affiliated entities. Some selling entities may limit availability of some optional riders based on their client's age and other factors. Your broker-dealer or firm can help you determine which optional riders are available and appropriate for your clients.

Life insurance is subject to underwriting and approval of the application and may incur monthly policy charges.

The home office for Pacific Life Insurance Company is located in Omaha, Nebraska.

For financial professional use only. Not for use with the public.

