

# LEGACY AND ASSET PROTECTION

PL Promise GUL with the Chronic Illness Rider



**Goal:** Secure affordable life insurance protection with chronic illness financial protection

## Scenario

Bob and Bonnie Murray, each 50 years old, are married with one adult daughter. They have accumulated substantial savings through disciplined investing and years of professional success. Although financially comfortable, the Murrays recognize their wealth could be quickly diminished by unexpected health challenges or a premature death. They want to protect their lifestyle, preserve assets for their daughter, and ensure financial flexibility in the event of a serious illness.



## Approach

Following their financial professional's recommendation, they each purchase a \$750,000 PL Promise GUL<sup>1</sup> policy and elect the PL Promise Chronic Illness Rider (CIR).<sup>2,3</sup> Since they both had an annual physical and labs within the last 12 months, no medical examinations were required.

In addition to receiving guaranteed death benefit protection to age 100 for the living spouse,<sup>4</sup> if Bob or Bonnie develops a chronic illness, a portion of their policy's death benefit can be accelerated as monthly benefit payments to help cover any medical or personal care expenses without depleting other savings. These indemnity (cash) benefits may be used for any reason—medical or non-medical—and do not require receipts. Any remaining death benefit proceeds would be paid to their daughter.

## Hypothetical Example: Projected Policy Premiums and CIR Benefits

	Annual Premium with CIR	Maximum Monthly CIR Benefit at Policy Issue <sup>5</sup>	Death Benefit
Bob	\$9,080	\$12,775	\$750,000
Bonnie	\$8,342	\$12,775	\$750,000

**Assumptions:** PL Promise GUL, male and female, age 50, \$750K death benefit, Preferred Non Tobacco risk class, Lifetime No-Lapse Guarantee Rider to age 100, 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. Showing the PL Promise Chronic Illness Rider with 4% maximum monthly benefits and couples discount.

<sup>1</sup>PL Promise GUL No-Lapse Guarantee Universal Life Insurance. Form series P18PRUL, S18PRUL, varies based on state of policy issue.

<sup>2</sup>PL Promise Chronic Illness Care Rider is an accelerated death benefit rider for chronic illness (Form #R18LYCHR, varies based on state of policy issue). Currently not available in California. 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.

<sup>3</sup>Eligible insureds are age 18 through 75, subject to additional underwriting requirements beyond the life insurance policy's requirements and a one chronic illness rider per insured issue limit.

<sup>4</sup>The Lifetime No-Lapse Guarantee Rider (form series R17LYFNL, varies based on state of policy issue) is included in the policy at no additional charge. The no-lapse guarantee, depending on how you structure your policy, has a maximum duration of the insured's lifetime, subject to certain limits. If your net no-lapse guarantee value is zero, the no-lapse feature terminates. If the no-lapse feature terminates, additional premiums would be required to resume the no-lapse guarantee. If policy performance is such that your policy is being maintained solely by the no-lapse guarantee, your policy will not build cash value.

<sup>5</sup>Rider benefit payments will reduce policy values, including death benefit, cash surrender value, and policy debt, and may adversely affect the benefits under other riders. 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. Tax treatment may depend on factors such as the amount of benefits, the amount of qualified expenses incurred, or if similar benefits are being received under other contracts. These amounts may also be in relation to certain IRS limitation (referred to as "per diem" limits). Tax laws relating to accelerated death benefits are complex. Receipt of accelerated death benefits may affect eligibility for public assistance such as Medicaid. When benefits are received from multiple policies providing chronic illness benefits for a given insured, including policies with different owners, all of those benefits must be aggregated to determine their taxability. Pacific Life cannot determine whether the benefits are taxable. If there are any questions concerning the tax implications of these riders, qualified and independent legal and tax advisors should be consulted.

The Lifetime Benefit Amount is elected at policy issue and it is the lesser of the policy's initial death benefit or \$3 million (2% monthly election), \$1.5 million (4% monthly election, issue ages 18-64), or \$750,000 (4% monthly election, issue ages 65-75). The Lifetime Benefit Amount is reduced by any withdrawals or face amount decreases. If the policy's 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 limit.

**No bank guarantee • Not a deposit • May lose value**

**Not FDIC/NCUA insured • Not insured by any federal government agency**

## Considerations

- At policy issue, the Murrays can choose between a 2% or 4% monthly chronic illness benefit percentage.<sup>4</sup>
- Regardless of the monthly election chosen, benefit payments may not exceed 100% of the IRS per diem limit (\$430 a day in 2026).
- The Lifetime Death Benefit Amount is reduced by any withdrawals or face amount decreases. If the policy's entire death benefit is accelerated, the policy will terminate.
- The Couples Discount applies for insureds in state-sanctioned marriages, civil unions, or domestic partnerships.

**Result:** PL Promise GUL with the PL Promise Chronic Illness Rider helps the Murrays protect their family's future, providing both affordable life insurance protection and a safety net for potential health issues.

**For questions or more ideas on how to use PL Promise products,  
reach out to your PL Promise Team at  
(888) 900-9777 or at [LynInternalSales@PacificLife.com](mailto:LynInternalSales@PacificLife.com).**

***Pacific Life is a product provider. It is not a fiduciary and therefore does not give advice or make recommendations 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.

The primary purpose of life insurance is protection against premature death of the insured.

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

Universal Life Insurance generally requires additional premium payments after the initial premium. If either no premiums are paid, or subsequent premiums are insufficient to continue coverage, it is possible that coverage will expire.

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 Home Office is located in Omaha, NE.

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