Chronic Illness Rider
Optional living benefits

Manage chronic illness costs with your life insurance policy.
Chronic Illness Rider - an extra layer of protection

Adding the Chronic Illness Rider when your policy is issued can help minimize the financial burden of a chronic illness if your health deteriorates. That's because the rider lets you access the death benefit for qualifying conditions.

This additional coverage goes beyond the protection of the Accelerated Benefit Rider (added automatically when your policy is issued at no charge).

The definition of chronic illness

Chronic illnesses are conditions that can be treated but not cured. Chronic illnesses account for 70% of deaths and are the leading cause of disability in America according to the Centers for Disease Control. Some examples are:

- Heart disease
- Malignant cancers
- Diabetes
- Alzheimer’s disease
- Dementia
- Mental illness
- Arthritis
- Asthma and COPD
- Kidney disease

As chronic illnesses progress, they can impact the health and safety of the afflicted, making it difficult to perform activities of daily living.

Cost of care

The cost to care for chronic illnesses can be absolutely staggering.

<table>
<thead>
<tr>
<th>Type of care</th>
<th>National average</th>
<th>Total cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nursing home – private room²</td>
<td>28 months</td>
<td>$207,080</td>
</tr>
<tr>
<td>Nursing home – semi private room²</td>
<td>28 months</td>
<td>$185,370</td>
</tr>
<tr>
<td>Assisted living facility</td>
<td>22 months³</td>
<td>$72,446⁴</td>
</tr>
</tbody>
</table>

³ Median assisted living facility stay: 2014 Resident Profile, National Center for Assisted Living.
⁴ Administration on Aging, 2010.
Use of Chronic Illness Rider benefits
When you become eligible for benefits, they can be used for any purpose. No evidence of expenses incurred is necessary. The benefits can help pay for any of the following:

- Nursing and assisted care
- Home health care
- Adult day care
- Other medical expenses
- Non-medical services (shopping, cleaning, etc.)
- Hospice care
- Home modification
- Other personal use

Qualifying for benefits
There are two ways you can qualify for benefits from the Chronic Illness Rider, but eligibility may vary by state. A licensed health care practitioner must confirm that without substantial assistance from another individual, you are expected to be permanently:

1. Unable to perform at least two of these six activities of daily living for at least 90 days:
   - Bathing
   - Getting dressed
   - Eating
   - Continence
   - Toileting
   - Transferring

2. At risk to your health and safety due to severe cognitive impairment.
   (No 90-day eligibility period.)

Chronic Illness Rider benefit payment
If eligible, you may accelerate monthly or annual portions of the death benefit that are the lesser of:

- 24% of the eligible death benefit per year or 2% monthly
- $10,800/month or $129,600/year (Based on 2017 IRS limits, which change annually)

- Maximum lifetime benefit = $2 million ($25,000 residual death benefit required).
- The insured must submit annual proof of claims eligibility and pay an administrative charge of up to $300/year (may vary by state).

The cost of the Chronic Illness Rider
The cost of insurance for the Rider is based on the insured’s gender, risk class, and age. Monthly costs increase annually and are deducted from the policy’s account value. We charge a $200 administrative fee (guaranteed not to exceed $300 – may vary by state) annually to process a claim.

Policy and Rider impacts when taking chronic illness benefits
- The Chronic Illness Rider is only available when you apply for your policy.
- Each Chronic Illness Rider benefit payment reduces the policy’s values by an acceleration percentage that is calculated at the time of each benefit payment.
- In effect, the death benefit and all other policy values, including policy loans, are reduced by the same percentage by which the benefit payment reduced the death benefit.
- A portion of each benefit payment will go towards repaying any outstanding loan amount, thus reducing the Chronic Illness Rider benefit proceeds paid.
- Cost of insurance charges and any required minimum monthly premiums under the policy will be adjusted to reflect the reduction in the policy’s values.
- If benefits are being provided under the Chronic Illness Rider, any death benefit increase or decrease, new loan or partial withdrawal will terminate the rider.
Premium requirement once rider benefits begin
While rider benefits are being paid, the rider’s monthly cost of insurance charge will be waived. However, the premiums required to keep the policy and any other riders in force will still be due. Policy charges will be waived if policy values are insufficient to cover them. Any loan interest will continue to accrue and be added to the loan amount if not paid, which may cause the policy to lapse.

Example
The table below shows the impact of annual Chronic Illness Rider claims on a hypothetical policy.

| Initial death benefit: | $500,000 |
| Claim frequency:       | Maximum annual claim at age 80+ |

<table>
<thead>
<tr>
<th>Age</th>
<th>Death benefit before claim</th>
<th>Chronic Illness rider benefit</th>
<th>Death benefit after claim</th>
<th>% Death benefit, cash value and loan reduction</th>
</tr>
</thead>
<tbody>
<tr>
<td>80</td>
<td>500,000</td>
<td>120,000</td>
<td>380,000</td>
<td>24.0%</td>
</tr>
<tr>
<td>81</td>
<td>380,000</td>
<td>120,000</td>
<td>260,000</td>
<td>31.6%</td>
</tr>
<tr>
<td>82</td>
<td>260,000</td>
<td>120,000</td>
<td>140,000</td>
<td>46.2%</td>
</tr>
<tr>
<td>83</td>
<td>140,000</td>
<td>115,000</td>
<td>25,000</td>
<td>82.1%</td>
</tr>
</tbody>
</table>

After three years of payments at the maximum level, the 4th year benefit is reduced so that a $25,000 residual death benefit remains.
# Two riders for living benefits

The Chronic Illness Rider may provide more complete coverage for chronic illnesses than the Accelerated Benefit Rider, which will be automatically issued with your policy. Both riders provide access to the death benefit while the insured is alive as shown below.

<table>
<thead>
<tr>
<th></th>
<th>Chronic Illness Rider</th>
<th>Accelerated Benefit Rider</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Benefits provided</strong></td>
<td>Pays benefits if the insured becomes chronically ill.</td>
<td>Pays benefits for terminal or critical illness or a permanent confinement in a licensed health care facility.</td>
</tr>
<tr>
<td><strong>Eligibility</strong></td>
<td>Subject to underwriting approval.</td>
<td>Automatically issued with the policy.</td>
</tr>
<tr>
<td><strong>Cost</strong></td>
<td>Cost of insurance charges apply. Annual administrative charges apply if claims are paid.</td>
<td>No additional premium or cost of insurance charge. Refer to Accelerated Benefit Rider for administrative charges.</td>
</tr>
</tbody>
</table>
| **Benefit eligibility** | Without substantial assistance, the insured is certified by a licensed health care provider to be chronically ill and expected to be permanently:  
  - Unable to perform at least two activities of daily living for at least 90 days — bathing, continence, dressing, eating, transferring or toileting.  
  - At risk to personal health and safety due to severe cognitive impairment.  
  Eligibility may vary by state. Benefits under this rider are not available after an Accelerated Benefit Rider benefit has been paid on the same policy. | Benefits are paid for:  
  - Illness expected to cause death within 12 months; or  
  - Critical illness expected to result in death or a significantly shortened lifespan if not treated; or  
  - Permanent confinement in a licensed facility  
  Benefits paid from the Chronic Illness Rider will reduce the amount of benefit available under this rider (if provided under the same policy). |
| **Benefit payments**  | If the insured becomes eligible, benefits are paid regardless of the amount of expenses incurred and may be used for any purpose. | Same as Chronic Illness Rider.                                                             |
| **Benefit amounts**   | Based on lesser of IRS per diem amount or 24% of eligible death benefit per year. Required $25,000 residual target death benefit. $2 million lifetime maximum for all policies eligible for this rider. | Lump sum of up to 50% of eligible death benefit. $1 million lifetime maximum. Any outstanding loan balance will be deducted from any benefit payable. |
| **Elimination/eligibility period** | Eligibility period of 90 days for activities of daily living. None for cognitive impairment. | None.                                                                                     |
| **Policy impact if benefits paid** | Benefits paid reduce the death benefit, policy and loan values. Policy values are reduced by the proportion of the benefit paid to the total eligible amount before the payment. Policy loans will also be repaid by the same proportion from the requested benefit. | Accelerated benefit becomes an interest-bearing lien that reduces the death benefit and policy values. |
| **Income tax treatment** | Benefits are not expected to be taxed. Rider charges are not a deductible medical expense. See your tax or legal advisor for more information. | Benefits are not expected to be taxed. See your tax or legal advisor for more information. |

You should consult your tax or legal advisor before deciding to file a claim under either rider.
### Comparing Chronic Illness Rider to long-term care insurance

The Chronic Illness Rider does not provide long-term care insurance. Although the benefits received from the Chronic Illness Rider can help pay for care for health conditions similar to those covered by long-term care insurance, there are material differences between the two types of coverage. Here is a comparison of the two types of coverage.

<table>
<thead>
<tr>
<th>Benefit type</th>
<th>Chronic Illness Rider</th>
<th>Typical long-term care policies &amp; riders</th>
</tr>
</thead>
<tbody>
<tr>
<td>An optional accelerated death benefit that advances a portion of the eligible death benefit if the insured becomes chronically ill.</td>
<td>Optional long-term care riders on life insurance policies may pay accelerated death benefits or they may pay in addition to the underlying life insurance policy, depending on contractual terms. Stand-alone long-term care policy benefits do not affect life insurance policy values and benefits.</td>
<td></td>
</tr>
</tbody>
</table>

| Cost | Cost of insurance charges apply. Annual administrative charge applied if claims are paid. | Long-term care policy premiums are often higher than for chronic illness and long-term care riders based on contractual terms. Cost of insurance charges apply to riders. |

| Benefit eligibility | Without substantial assistance, the insured is certified by a licensed health care provider to be chronically ill and expected to be permanently:  
- Unable to perform at least two activities of daily living for at least 90 days.  
- At risk to personal health and safety due to severe cognitive impairment.  
Eligibility may vary by state. Benefits are not available after an Accelerated Benefit Rider benefit is paid on the same policy. | Without substantial assistance, the insured is certified by a licensed health care provider to be chronically ill by being:  
- Unable to perform at least two activities of daily living.  
- At risk to personal health and safety due to severe cognitive impairment. |

| Benefit payments | If the insured becomes eligible, benefits paid may be used for any purpose. | If the insured becomes eligible, proof of actual expenses incurred may or may not be required based on contractual terms. |

| Benefit amounts | Based on the lesser of the IRS per diem amount or .24% of eligible death benefit per year. Required $25,000 residual target death benefit. $2 million lifetime maximum for all policies eligible for this rider. | Long-term care coverage may be an accelerated death benefit, or it may have a specific benefit amount that is payable for a specified period or for life. It may also offer benefits that increase in the future. |

| Elimination/eligibility period | Eligibility period of 90 days for activities of daily living. None for cognitive impairment. | 0-365 days based on contractual terms. |

| Policy impact if benefits paid | Benefits reduce the death benefit, policy and loan values. Policy values are reduced by the proportion of the benefit paid to the total eligible amount before the payment. Policy loans will also be repaid by the same proportion from the requested benefit. | Long-term care policy benefits are separate from insurance death benefits. Long-term care rider benefits that are paid from life insurance policies generally have the same impact on policy values as a chronic illness rider. |

| Policy impact if benefits not used | Ongoing cost of insurance charges will reduce the policy values. | Long-term care policies must provide a non-forfeiture benefit. They may provide other benefits if the policy lapses or if the insured dies. Ongoing cost of insurance charges reduce the policy values for life insurance policies with long-term care riders. |

| Income tax treatment | Benefits are not expected to be taxed. Rider charges are not a deductible medical expense. See your tax or legal advisor for more information. | Benefits are not expected to be taxed. Some or all premiums for long-term care policies may be a deductible medical expense. See your tax or legal advisor for more information. |
Frequently asked questions

**Won’t Medicare and Medicaid cover chronic illness expenses?**
Health insurance and Medicare don’t offer long-term solutions for chronic illnesses. And contrary to popular opinion, Medicare only provides limited rehabilitation coverage for up to 100 days – and only if you are previously hospitalized. Medicaid only pays those who live at the poverty level after they’ve depleted their nest egg.

<table>
<thead>
<tr>
<th>Medicare benefits</th>
<th>Cost to patient</th>
</tr>
</thead>
<tbody>
<tr>
<td>Days 1-20</td>
<td>$0, after 3-day hospital stay</td>
</tr>
<tr>
<td>Days 21-100</td>
<td>$164.50/day x 80 days = $13,160 (2017)</td>
</tr>
<tr>
<td>Days 101+</td>
<td>Entire cost of care</td>
</tr>
</tbody>
</table>


**Will expenses for chronic illness care have to be tracked or reported to the insurer?**
If you are eligible for benefits, the money received can be used for any purpose. No evidence of expenses incurred is necessary, but you should discuss use of benefits with your tax advisor.

**What happens if I buy the rider and never use it?**
If you never need chronic illness benefits, and the policy is in force, the full current death benefit can be paid to your beneficiaries.

**How will Voya report benefit payments under the rider?**
Voya will report all rider distributions on a Form 1099-LTC. Policy owners or other recipients of rider distributions are responsible for properly reporting those distributions on their own tax returns.
Your universal life insurance policy with the Chronic Illness Rider can provide flexibility in case you need:

1. Life insurance protection to secure your loved ones’ future, or
2. Potential to build funds that could possibly supplement retirement income, or
3. Access to funds for potential chronic illness expenses in case your health deteriorates.

Help minimize the financial and emotional impact a chronic illness can cause for you.

Contact your financial professional today to learn more about Voya’s Chronic Illness Rider.

This is a life insurance benefit that gives you the option to accelerate some or all of the death benefit in the event that you meet the criteria for a qualifying event described in the rider. This rider does not provide long term care insurance subject to state long term care insurance law. This rider is not a Partnership for Long Term Care program policy. This rider is not a Medicare supplement policy.

Receipt of Chronic Illness Accelerated Death Benefit proceeds under this rider may adversely affect eligibility for Medicaid or other government benefits or entitlements.

You should consult your personal tax or legal advisor to assess the impact of benefits provided by this rider.

The Chronic Illness Rider pays proceeds that are intended to receive favorable tax treatment under Section 101(g) of the Internal Revenue Code. Payment of benefits assumes that the insured is not expected to recover from the chronic illness.

These materials are not intended to be used to avoid tax penalties and were prepared to support the promotion or marketing of the matters addressed in this e-mail. Taxpayers should always seek advice from their own independent tax advisors.

The Accelerated Benefit Rider, form #R2030, and the Chronic Illness Rider, form series R1387-12/14 may not be available in all states, may differ by name in some states, may vary by state and are issued by Security Life of Denver Insurance Company (Denver, CO).

Life insurance products are issued by Security Life of Denver Insurance Company (Denver, CO). Security Life of Denver Insurance Company is a member of the Voya family of companies. All guarantees are based on the financial strength and claims-paying ability of the issuing insurance company who is solely responsible for the obligations under its own policies.

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