

# Why consider the Chronic Illness Conversion Agreement (CICA)?

Planning to convert your Advantage Elite Select term life insurance to permanent coverage down the road? Interested in chronic illness protection? The Chronic Illness Conversion Agreement (CICA) is designed for you and your family.

The CICA guarantees you the right to add the Accelerated Death Benefit for Chronic Illness Agreement (ADB-CIA). And you don't need to provide evidence of insurability at the time of conversion.

## Agreement highlights

- When added to a term policy, the minimum CICA amount is \$100,000 and the maximum is \$5 million
- Issue ages 16-60
- Must have the Extended Conversion Agreement (ECA), which allows for the conversion period to be extended to the policy's full duration of the policy or to age 75
- CICA conversion period is the lesser of age 65 or the end of the ECA period (may differ from base life policy)

## How it works

- Upon adding the CICA to an Advantage Elite Select term policy, you can choose the maximum chronic illness death benefit amount that will be available upon conversion, up to the maximum of \$5 million.
- When converting to a permanent policy, you may convert any percentage of the CICA amount (within the parameters noted below) for chronic illness benefits with the addition of the ADB-CIA on the policy.
  - If you add the ADB-CIA at the time of conversion, a minimum of \$100,000 of the CICA amount must be converted. No more than the new permanent base face amount may be converted.
  - If the policy has the Benefit Distribution Agreement,<sup>1</sup> the CICA maximum is the base face amount.

1. The Benefit Distribution Agreement provides beneficiaries a guaranteed income stream where the policy owner designates all or a portion of the total benefit amount to be received as installment payments. The beneficiary of the policy will not be able to change the installment portion of the death benefit after the death of the insured. A portion of the benefit that is paid out in installments will be taxable as income. This taxable portion represents the amount of the benefit that exceeds the policy's face amount.

## Example 1

**A 60-year-old man purchases a 20-year term policy for \$500,000 with a CICA amount of \$250,000.**

- At age 65, he converts \$250,000 to a permanent policy with a \$250,000 ADB-CIA.
- This leaves \$250,000 of term insurance he can keep, convert later or cancel, with a CICA amount of \$0 because the entire CICA amount was converted.



### Learn more

Is the CICA right for you?

Contact your financial professional.

Additional agreements may be available. Agreements may be subject to additional costs and restrictions. Agreements may not be available in all states, may exist under a different name in various states and may not be available in combination with other agreements.

The Accelerated Death Benefit for Chronic Illness Agreement is a life insurance policy agreement that provides an option to accelerate the death benefit in the event that the insured becomes chronically ill. The accumulation value, surrender value, loan value, and death benefit will be reduced by a chronic illness benefit payment under this agreement.

The Accelerated Death Benefit for Chronic Illness Agreement may not cover all of the costs associated with chronic illness. The Agreement is generally not subject to health insurance requirements and does not provide long-term care insurance subject to state long-term care insurance law. This Agreement is not a state-approved Partnership for Long Term Care Program Agreement, and is not a Medicare supplement policy. Receipt of Chronic Illness Benefit payments under this agreement may adversely affect eligibility for Medicaid or other government benefits or entitlements. Based on current federal tax law, there is uncertainty as to whether some or all benefit payments from life insurance Chronic Illness Agreements are taxed when received. We cannot assure you that Chronic Illness Agreement benefit payments will be treated as tax-free death benefits. Please consult a tax advisor before purchasing a Chronic Illness Agreement.

Life insurance products contain charges, such as Cost of Insurance Charge, Cash Extra Charge, and Additional Agreements Charge (which we refer to as mortality charges), and Premium Charge, Monthly Policy Charge, Policy Issue Charge, Transaction Charge, and Surrender Charge (which we refer to as expense charges). This policy may contain restrictions, such as surrender periods.

## Example 2

**A 40-year-old woman purchases a 20-year term policy for \$1 million with a CICA amount of \$1 million.**

- At age 50, she converts \$500,000 to a permanent policy and decides not to exercise her CICA.
- This leaves \$500,000 of term insurance she can keep, convert later or cancel, and a CICA amount of \$500,000.
- The CICA amount decreased to match the new term face amount, since the CICA amount cannot be greater than the new term face amount.

These are hypothetical examples for illustrative purposes only. Your particular circumstances may be different than those shown. You should ask your financial professional to run a personalized illustration for you.

Please keep in mind that the primary reason to purchase a life insurance product is the death benefit.

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Policy Form Numbers: ICC16-20074, 16-20074, ICC14-20000, 14-20000, ICC16-20063, 16-20063; 15-20026, 16-20068, ICC12-920, SL-12-920, state variations apply.

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