A **Reference Guide**
for Financial Professionals

LTCAccess℠ Rider

Insurance that fits for life

Helping your clients prepare for their long term care needs

Insurance Strategies

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Adding the LTCAccess℠ Rider (LTCR) to a Massachusetts Mutual Life Insurance Company (MassMutual) Whole Life Legacy 100℠ insurance policy can help your clients address both their life insurance and long term care protection needs with a single policy.

Contents:

The benefits of the LTCAccess Rider available through a Legacy 100 policy could be appropriate for a policy owner who needs life insurance protection and is also looking for the flexibility to access the policy's death benefit to pay for long term care needs. If their only purpose for purchasing the policy with LTCAccess Rider is to pay for long term care expenses, they may wish to consider other options.

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Rider overview

The LTCAccess℠ Rider (LTCR), available with MassMutual's Whole Life Legacy 100℠ (Legacy 100) policy, allows policy owners to accelerate the payment of a portion of their policy death benefit during their lifetime to help pay for covered long term care services[1]. The rider is available for an affordable additional premium. The LTCR is a valuable additional living benefit and another important reason to own MassMutual whole life insurance. This rider may play an important role in your clients' overall long term care planning.

About this guide

This guide was developed to provide the information that you will need to sell the LTCR attached to a Legacy 100 policy, including:

- How to help clients understand the importance of preparing for their future long term care needs, and the advantages of starting earlier in life;
- How to position a Legacy 100 policy with LTCR as an additional way for clients to address their future long term care needs;
- The mechanics of how the rider works and how it impacts the Legacy 100 policy that it is attached to;
- The role that the LTCR may play as an important part of your clients' overall long term care planning; and
- What you need to consider when designing cases with the LTCR for different types of prospects.

The importance of planning

Americans are living longer today than ever before[2]. As our population ages, the demand for long term care services is increasing. Long term care refers to a variety of services to help meet personal care needs over an extended period of time. This often involves non-skilled personal care assistance in performing what are called the Activities of Daily Living (ADLs)[3].

Long term care may take place in a nursing home, assisted living facility or adult day care center. However, people often want to receive care at home for as long as possible, allowing them to remain connected to their family and community. This is often the primary reason why people make financial preparations for their long term care needs – they want to ensure that they will get the care they need in the setting of their choice.

Your clients' awareness and understanding of the issues surrounding long term care may be limited. However, most people know someone, possibly a parent or grandparent, who has needed long term care services. As a result, they recognize that there can be both an emotional and financial impact on a person who needs care, as well as on his or her family members.

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[1] Accelerating benefits under the LTCR will reduce the policy's death benefit and cash surrender value.

[2] National Vital Statics Reports - Volume 59, Number 4, Centers for Disease Control and Prevention, March 16, 2011.

[3] Activities of Daily Living include: bathing, dressing, using the toilet, transferring (to or from bed or a chair), caring for incontinence and eating.

The cost of long term care

Long term care services are expensive and the costs continue to rise. Although the rates vary depending on region, the 2010 national average annual cost for a private room in a nursing home was $82,125, and the rate for a full-time Home Health Aide was $21 per hour[4]. As the demand for long term care increases, the cost of these services may increase significantly.

Paying for long term care

There is no single best way to prepare for the cost of long term care. In fact, most people will depend on multiple financial resources to help pay for these services. Traditional sources of funding include:

Personal savings – Your clients may set aside funds dedicated to provide for their future long term care needs. However, many clients are unable to save enough to provide for extended care that could end up costing hundreds of thousands of dollars.

Long term care insurance – Traditional long term care insurance policies offer a cost effective way to provide a reliable source of funds to help pay long term care expenses. Your clients may want to consider addressing their long term care needs, in whole or in part, by purchasing traditional long term care insurance coverage.

Medicare or Medicaid – Clients planning to rely on government programs such as Medicare or Medicaid to help provide for their long term care needs should recognize the limitations of these programs. For example, Medicare will only provide coverage for long term care that is part of a rehabilitative plan or skilled care. Medicaid will pay for care only after certain eligibility requirements are met, including significant restrictions on income and assets.

The advantages of planning ahead

Preparing for their long term care needs may not be forefront in the minds of young and middle-aged clients who often have other financial priorities. However, what they may not realize is that starting a plan earlier in life may help them to be better prepared by the time they retire. This may help reduce the financial burden of providing for their long term care needs later in life, and ultimately allow them to enjoy a more secure and comfortable retirement.

In summary, you should help your clients recognize that:

- Many people will need long term care services at some point in their lives;
- If they need long term care, it could have a significant financial impact on both them and their families;
- They may need to depend upon multiple financial resources to pay for long term care;
- There are steps that they can take to help prepare financially for their future long term care needs; and
- Starting earlier in life may help them be better prepared, which can help reduce the financial burden on their spouse or family, and give them care options that they might not otherwise have.

[4] 2011 Cost of Care Survey, American Association for Long Term Care Insurance.

An additional reason to own MassMutual whole life insurance

People generally buy whole life insurance to help address multiple financial needs. Invariably, they will have a need for the permanent life insurance protection that their policy provides, which may include:

- Helping protect the value of what they provide for their family or business;
- Providing additional financial security for their spouse during retirement; and
- Helping to ensure that they leave a financial legacy for the next generation.

They also buy whole life insurance as a way to accumulate cash value. The cash value that a whole life policy provides is often referred to as a "living benefit[5]" of the policy that they may use in different ways, including:

- As a potential source of cash or credit for emergencies; and/or
- To provide supplemental income during retirement.

An additional living benefit

The LTCR provides an additional living benefit[1] – the ability to accelerate the payment of a portion of the policy death benefit during life to help pay for long term care expenses. A Legacy 100 policy with the LTCR provides a pool of funds that can be accessed to help pay for long term care – up to a maximum amount each month. This is a valuable option that adds a new dimension to a Legacy 100 policy and another important reason to own a MassMutual whole life insurance policy.

The key features and benefits of adding the LTCR to their Legacy 100 policy include:

- It is a valuable and affordable additional benefit;
- It provides a source of funds to help pay for covered long term care expenses that is in addition to their other financial resources;
- The LTCR benefits may be an effective way to supplement the benefits provided by a traditional long term care policy that they currently own or that they purchase in the future; and
- The rider benefits may help them protect their other income and assets, such as pension benefits, retirement accounts or the value of their home.

[5] Distributions under the policy (including cash dividends and partial/full surrenders) are not subject to taxation up to the amount paid into the policy (cost basis). If the policy is a Modified Endowment Contract, policy loans and/or distributions are taxable to the extent of gain and may be subject to a 10% tax penalty.

Access to cash values through borrowing or partial surrenders will reduce the policy's cash value and death benefit, increase the chance the policy will lapse, and may result in a tax liability if the policy terminates before the death of the insured.

Rider specifications

Summary

The LTCR is only available at issue with new Legacy 100 policies. It allows the policy owners to accelerate the payment of a portion of their policy death benefit to help pay expenses for covered long term care services received by the insured. The rider provides coverage for both home and facility care. Policy owners may accelerate both a portion of their basic Legacy 100 policy face amount and, if elected, the face amount of paid-up additions purchased by base policy dividends they earn and any dividends on those additions[6].

Producers selling the LTCR with Legacy 100 policies must hold Life & Health insurance licenses and must complete any statutory training required to sell long term care insurance in the jurisdiction. They must also complete a MassMutual training module on the LTCR.

A Legacy 100 policy with the LTCR will not qualify for state partnership programs.

Issuer:	Massachusetts Mutual Life Insurance Company (MassMutual)
Markets:	Non-qualified. This rider is not available for sale in qualified plans.
Issue Ages/Gender:	Ages 18-65 The rider is issued on a gender-distinct basis in all states except Montana, where it is issued unisex.

Underwriting & Issue Classes

A supplemental application must be completed for the LTCR and the rider will be underwritten separately from the Legacy 100 policy.

The LTCR underwriting class is independent of the base policy underwriting class. Two risk classes are available:

- Standard Non-Tobacco
- Standard Tobacco

There are no restrictions on the base policy underwriting class or rating. However, if there are multiple base segments at issue, all segments must have the same issue class. There are no substandard ratings available for the LTCR.

Other existing or applied for LTC coverage will not impact the rider benefit limits.

Base Benefit Pool

The Base Benefit Pool is the portion of the base policy face amount that is available for acceleration. This amount is selected at issue, and is subject to certain limits. It is always equal to the base policy face amount less a Residual Face Amount.

Residual Face Amount

The Residual Face Amount is the portion of the base policy face amount that will not be included in the Base Benefit Pool, and will not be available for acceleration. The Residual Face Amount must be at least the greater of $25,000 or 10% of the base policy face amount, and may not be changed after issue.

[6] Dividends are not guaranteed.

Selected Benefit Period

A Selected Benefit Period must be elected at time of application. The choices include 2, 3, 4, 5, 6 or 10 years. The Selected Benefit Period, along with the Base Benefit Pool, is used to determine the initial Maximum Monthly Benefit (MMB).

The Selected Benefit Period is only used to determine the initial MMB, or to recalculate the MMB in the event of a policy change after issue. However, the actual duration of LTCR benefits may be more or less than the Selected Benefit Period. Benefit payments may continue until the Total Benefit Pool (see page 8) has been accelerated.

Maximum Monthly Benefit (MMB)

The Maximum Monthly Benefit is the maximum amount that can be accelerated to pay expenses for covered services received by the insured in any one policy month. The MMB at issue equals the Base Benefit Pool divided by the Selected Benefit Period (in months).

The minimum MMB is $3,000. The maximum initial MMB is $30,000. There is no maximum daily benefit other than the MMB.

The MMB will not increase after issue, unless the Maximum Monthly Benefit Increase Option (see page 8) was selected at issue.

When a claim is processed, the MMB will be based on the policy month in which the covered services were received. If less than the MMB is accelerated, the excess MMB will not carry forward to increase the MMB in the following month. Instead, it will have the effect of increasing the minimum number of months that LTCR benefits will be available.

Dividends Benefit Pool

If policy owners elect to use their policy dividends[6] to purchase paid-up additions (PUAs), they may choose to include the face amount of these PUAs in the death benefit available for acceleration under the LTCR. This is called the Dividends Benefit Pool.

PUAs added to the Dividends Benefit Pool do not increase the MMB. Instead, they increase the total amount available for acceleration, and have the effect of increasing the minimum number of months over which rider benefits will be available. Only PUAs that are purchased with base policy dividends (and the dividends on those PUAs) may be included in the Dividends Benefit Pool. PUAs purchased by ALIR premiums (or the dividends on those PUAs) will not be included in the Dividends Benefit Pool.

While this option is in effect, each dividend payment applied to purchase PUAs will first be reduced by an LTCR rider charge (percentage). As a result, each dividend payment will purchase less PUA face amount when the Dividends Benefit Pool has been elected.

If the policy owner becomes eligible to receive benefits under the LTCR, the Base Benefit Pool will be accelerated before the Dividends Benefit Pool. No portion of the Dividends Benefit Pool will be accelerated until the Base Benefit Pool has been exhausted.

There is no limit to the number of times the policy owner can change the election to start or stop including future PUAs in the Dividends Benefit Pool. However, any PUAs that have already been added to the pool will remain there even if the election is changed.

We will stop adding PUAs to the Dividends Benefit Pool upon occurance of any of the following:

- The policy owner has elected to stop including PUA purchases in the Dividends Benefit Pool;
- The dividend option is changed to an option not involving the purchase of PUAs; or
- The entire Base Benefit Pool has been accelerated as benefits under the LTCR.

Total Benefit Pool

The Base Benefit Pool combined with the Dividends Benefit Pool (if elected) represents the Total Benefit Pool. This is referred to as the Maximum Lifetime Rider Benefit and it is the total amount that is available for acceleration as benefits under the rider.

Maximum Monthly Benefit Increase Option (MMBIO)

This option increases the MMB beginning on the insured's attained age 61 policy anniversary, or on the first anniversary for issue ages 61 and older. The MMB will increase by a flat amount equal to 4% of the MMB at issue each year for 25 years. These increases will continue even if the policy face amount is being accelerated as benefits.

Increases in the MMB increase the maximum amount that can be accelerated as benefits each month, and have the effect of reducing the minimum number of months over which the Total Benefit Pool may be accelerated to pay benefits. The MMBIO is not inflation protection. It does not increase the Total Benefit Pool available for acceleration as long term care benefits.

The MMBIO must be elected at issue. It cannot be added to or removed from a policy after issue. The LTCR premiums and charges will be higher if this option is elected.

The MMBIO is not available with the 2- or 3-year Selected Benefit Periods.

Rider Premiums & Charges

The LTCR premiums for the Base Benefit Pool are scheduled to be level and are payable to the insured's age 100. The rider premiums are based on the amount of the Base Benefit Pool. The rider premiums rates also vary based on issue age, gender, underwriting class, Selected Benefit Period and whether or not the MMBIO has been chosen.

The base policy modal adjustment factors will be used to calculate modal rider premiums.

If the Waiver of Premium Rider (WP) has been elected, the premiums for the WP will automatically include a charge to provide waiver coverage on the Base Benefit Pool rider premiums.

If the policy owner has elected to include PUAs in their Dividends Benefit Pool, each dividend payment will be reduced by a Dividends Benefit Pool rider charge before being applied to purchase PUAs. This charge is expressed as a percentage of the dividend payment applied in this manner. The percentage varies based on gender, underwriting class, Selected Benefit Period and whether or not the MMBIO was elected at issue.

The LTCR premiums and charges have a current and guaranteed rate structure. Rider premiums and charges are guaranteed at the current rates for the first policy year. They may increase after the first policy year, but will never be greater than the guaranteed rates.

The Impact of LTCR Benefit Payments on the Policy

Death Benefit: The base policy and PUA face amounts will not be reduced when an accelerated benefit payment is made. However, the death benefit will be reduced dollar for dollar by the amount of any LTCR benefits that have been paid. This is accomplished by applying a lien against the total policy death benefit equal to the amount that has been accelerated as benefits.

Cash Value: When an accelerated benefit payment is made and a lien is established against the policy death benefit, a corresponding lien will be applied against the cash value of the policy. The cash value lien will equal the cash value associated with the face amount of coverage that has been accelerated. This lien reduces the cash surrender value of the policy, and the amount of cash value that is available for a policy loan. Since the cash value lien always equals the cash value of the face amount that has been accelerated, it will increase as the cash value increases.

There is no interest expense or other charges associated with the LTCR liens on the face amount or cash value.

Dividends[6]: The payment of benefits under the LTCR will not impact policy dividends. Since the base policy and PUA face amounts are not reduced when benefit payments are made, the policy owner will continue to earn dividends based on the full base policy and PUA face amounts if LTCR benefits have been paid.

Premiums: The full policy premium (including the LTCR premium) will continue to be due while the policy owner is receiving rider benefits. However, there will be an Annual Premium Credit that will reduce the amount of premium that the policy owner needs to pay. This credit will equal the portion of base policy, LTCR and (if applicable) Waiver of Premium Rider premiums associated with the accelerated face amount. Additional substandard (table or flat extra) base policy premium amounts will not be included in the Annual Premium Credit.

The Annual Premium Credit is calculated two months prior to each policy anniversary based on the cumulative amount accelerated (LTCR claims paid) to date. The Modal Premium Credit will be the Annual Premium Credit multiplied by the modal adjustment factor.

The Annual Premium Credit may not exceed the sum of the annual base policy, LTCR and Waiver of Premium Rider premiums (if any) that are due. We will not credit premiums that are already being waived under the Waiver of Premium Rider.

Policy Loans: The policy owner may borrow against the policy cash value that is not subject to an LTCR cash value lien at any time, even while receiving LTCR benefits payments.

The impact of policy loans on LTCR benefit payments

If there is an outstanding loan on the policy, and LTCR rider benefits are being paid, a portion of each claim payment will be applied to reduce the loan. The loan reduction amount will be a pro rata allocation of the total outstanding loan based on the cash value associated with the face amount being accelerated.

Elimination Period

There is a 90-day Elimination Period that must be satisfied before we will begin paying LTCR benefits. This is the number of days that the insured must be chronically ill and receiving facility, home or community based services pursuant to a Plan of Care before the policy owner may begin receiving benefits.

For home care services, one or more days of services in a calendar week counts as seven days toward the Elimination Period for that week. The rider does not cover services received during the Elimination Period.

The Elimination Period only needs to be satisfied once.

Eligibility for Benefits

Once the Elimination Period has been satisfied, accelerated benefits will be payable under the LTCR if, within the last twelve months, a licensed health care practitioner has certified that the insured is chronically ill. Chronically ill is defined as:

- A loss of functional capacity, such that the insured is unable to perform at least two of the six Activities of Daily Living without substantial assistance, and this condition is expected to last for at least 90 days; or
- The insured has a severe cognitive impairment that requires continual supervision due to a deterioration or loss of intellectual capacity (such as Alzheimer's disease or irreversible dementia).

Covered Long Term Care Services

The LTCR provides benefits for certain long term care services that are part of a Plan of Care prescribed by a licensed health care practitioner. These are services that are necessary for the care and treatment of a chronically ill individual, and include facility, home, and community based care.

The insured will be covered for skilled, intermediate or custodial care in the setting of their choice: at home, in an assisted living facility, nursing facility, adult day care center, or a hospice facility.

The rider does not provide coverage for services received outside the U.S.

Claims Approval & Processing

The payment of LTCR benefits will be approved based on the date Covered Long Term Care Services were received and the MMB for that month. Claims will be paid weekly following the Elimination Period.

In the month where the Elimination Period is first satisfied, the MMB will be reduced pro-rata. Thereafter, it will revert to its full value. Benefits will be paid to the policy owner regardless of whether he or she is the insured.

Benefit payments will cease upon our receipt of proof of the insured's death. Benefit payments made after the insured's death but before we receive proof of death will reduce the death benefit paid to the beneficiary.

Income Taxation

The income taxation of the LTCR is based on Section 101(g) of the tax code dealing with the acceleration of a life insurance death benefit to pay expenses for long term care services received by the insured.

- Amounts accelerated as benefits under the LTCR are generally income tax-free, provided the policy owner is the insured or insured's spouse. If this is not the case, the amounts accelerated may be treated as a withdrawal for tax purposes. Policy owners should consult with their tax advisor for further advice on this matter.
- Benefit payments received under the LTCR may be taxable if the policy owner receives benefit payments under other long term care insurance coverage for the same services.
- The rider is not a qualified long term care contract under Section 7702B and rider premiums are not income tax-deductible.
- LTCR premiums paid are added to the cost basis and included for Section 7702 and MEC testing.
- Dividend amounts applied to pay LTCR premiums will be treated as policy owner dividends retained to pay premiums (i.e. no current tax effect).
- When amounts are accelerated as benefits, the cost basis of the policy is reduced proportionally by the cost basis associated with the face amount accelerated under the rider.
- Premium amounts paid via the LTCR Premium Credit or waived by the Waiver of Premium Rider are not added to cost basis.
- IRC Section 1035 exchanges are permitted from other life policies to a Legacy 100 policy with the LTCR.

Policy limitations and interaction with other riders

Face amount increases – Face amount increases are not allowed for a Legacy 100 policy issued with the LTCR.

Term conversions – A term policy may be converted to a Legacy 100 policy with the LTCR. However, the LTCR will be subject to underwriting approval.

Waiver of Premium Rider (WP) – The disability waiver of premium rider will automatically include a charge to cover the LTCR premium. The LTCR Annual Premium Credit will not apply to premiums being waived under the Waiver of Premium rider.

Guaranteed Insurability Rider (GIR) – Since base policy face amount increases are not permitted for policies issued with the LTCR, a GIR option exercise will require the purchase of a new separate policy. Attachment of the LTCR on the new separate policy will require underwriting approval.

Transfer of Insured Rider (TIR) – TIR is not available for policies issued with the LTCR.

Renewable Term Rider (RTR) – RTR is available, but the RTR face amount will not be available for acceleration under the LTCR. Since base policy face amount increases are not permitted for policies issued with the LTCR, an RTR conversion will require the purchase of a new separate policy. Adding the LTCR to the new separate policy will require underwriting approval.

Life Insurance Supplement Rider (LISR) – LISR is not available for policies issued with the LTCR

Additional Life Insurance Rider (ALIR) – ALIR is available, but any PUA face amount purchased by ALIR premiums, or the dividends on those PUAs, will not be available for acceleration under the LTCR.

Accelerated Death Benefit Rider (ABR) – If the policy owner exercises the ABR, the LTCR will terminate. If any LTCR benefit payments have been made, the ABR will terminate.

Rider termination

The LTCR will terminate upon occurrence of any of the following events:

- The policy owner requests termination of the LTCR;
- Exercise of the ABR;
- The policy lapses or a non-forfeiture option is elected; or
- The death of the insured.

Note – If amounts have been accelerated as benefits under the LTCR, the rider may not be fully terminated unless the base policy is terminated or a non-forfeiture option is exercised.

Non-forfeiture Options

Reduced Paid-up (RPU) is the only non-forfeiture option available for a policy with the LTCR. The RPU amount will be calculated using the policy value net of policy loans and LTCR cash value liens. No additional LTCR benefits will be available.

An example of Legacy 100 with LTCR

The following example illustrates how a Legacy 100 policy with the LTCR works:

Amy (Age 45 – Select Preferred Non-Tobacco) purchases a $500,000 Legacy 100 policy with the LTCR.

Amy decides to make the maximum of $450,000 of her $500,000 policy face amount available for acceleration as her Base Benefit Pool. The remaining $50,000 will be her Residual Death Benefit.

She also needs to choose a Selected Benefit Period and Maximum Monthly Benefit amount. Her choices are as follows:

Selected Benefit Period and Maximum Monthly Benefit amount

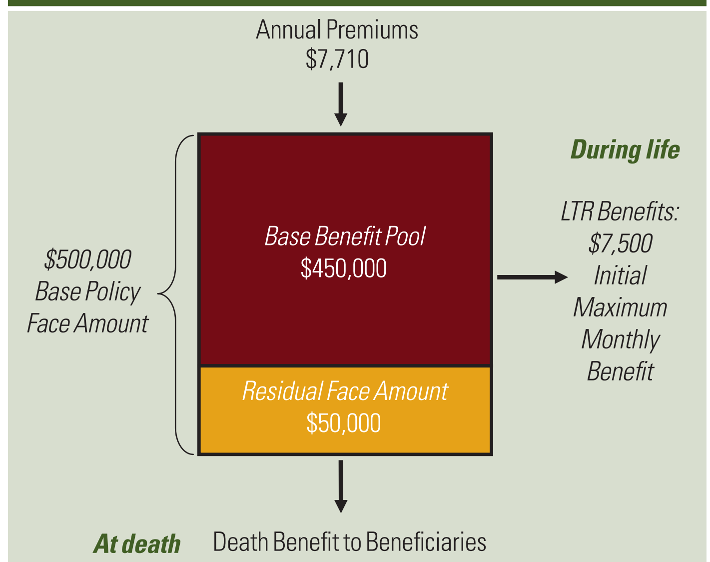
Selected Benefit Period	Maximum Monthly Benefit
2 Years	$18,750
3 Years	$12,500
4 Years	$9,375
5 Years	$7,500
6 Years	$6,250
10 Years	$3,750

Amy chooses a five-year Selected Benefit Period. Her Maximum Monthly Benefit (MMB) at issue will be $7,500 ($450,000 / 60 months).

Based on the benefits and options that Amy has chosen her total annual premium is $7,710, of which the LTCR premium is $555.

The following diagram illustrates Amy's policy at issue:

Amy's Legacy 100 with the LTCR at Issue

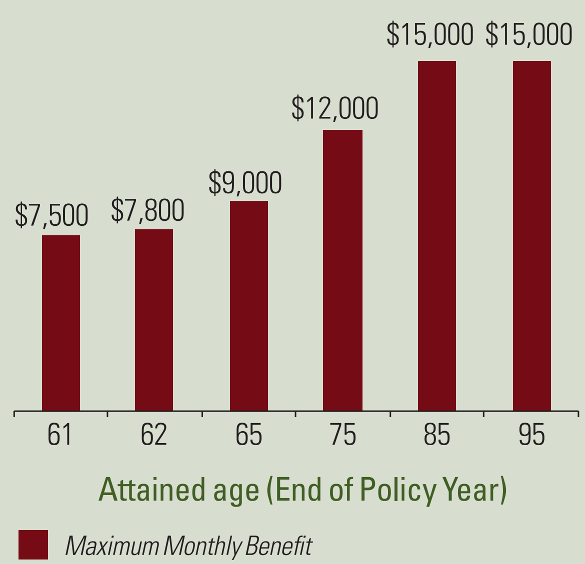


Amy decides to use her policy dividends[6] to purchase paid-up additions (PUAs), and to include the face amount of these PUAs in a Dividends Benefit Pool, making them available for acceleration in addition to her Base Benefit Pool. Each dividend payment applied in this manner will be reduced by a charge before being applied to purchase PUAs. Since dividends are not guaranteed and may vary over time, the amount of Amy's Dividends Benefit Pool will vary depending upon future dividend results.

She also elects the Maximum Monthly Benefit Increase Option (MMBIO). This will automatically increase her MMB by 4% of her initial MMB (4% of $7,500 or $300) each year beginning on her attained age 61 policy anniversary and continuing for 25 years.

In policy year 17, her first MMBIO increase occurs, increasing her MMB from $7500 to $7,800. The following chart illustrates the subsequent increases in Amy's MMB that will occur over time:

Amy's Maximum Monthly Benefit Increases



When Amy retires at age 65, she decides to use her policy dividends to help pay her premiums going forward by changing her dividend method to Reduce Premium with excess to PUAs. If Amy receives dividends in excess of her premiums they will be reduced by a Dividends Benefit Pool charge and applied to purchase PUAs, which will continue to be included in her Dividends Benefit Pool.

At age 80, Amy becomes eligible to receive benefits after satisfying the 90-day Elimination Period. Her available benefits are as follows:

Amy's available LTCR benefits after 90-day Elimination Period

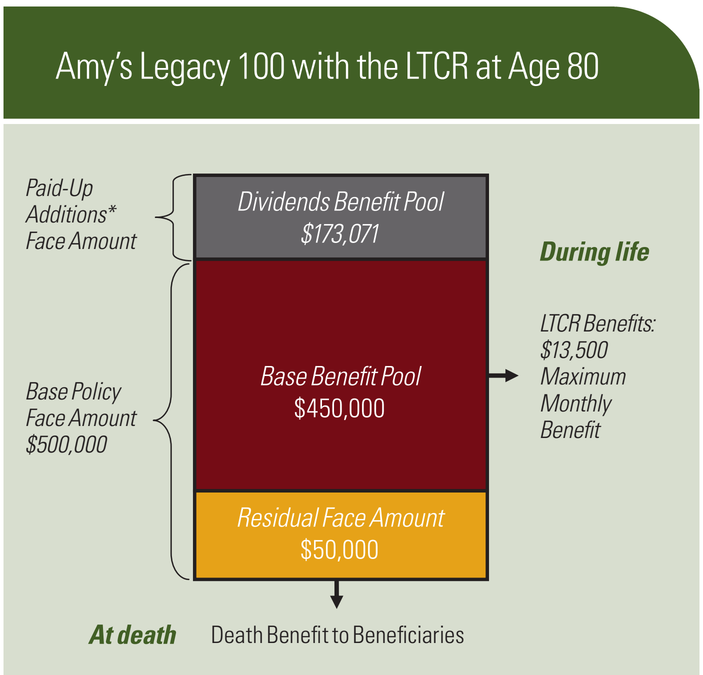
Base Benefit Pool:	$450,000
Dividends Benefit Pool:	$173,071
Amy's Total Benefit Pool:	$623,071
Amy's MMB at Age 80:	$13,500

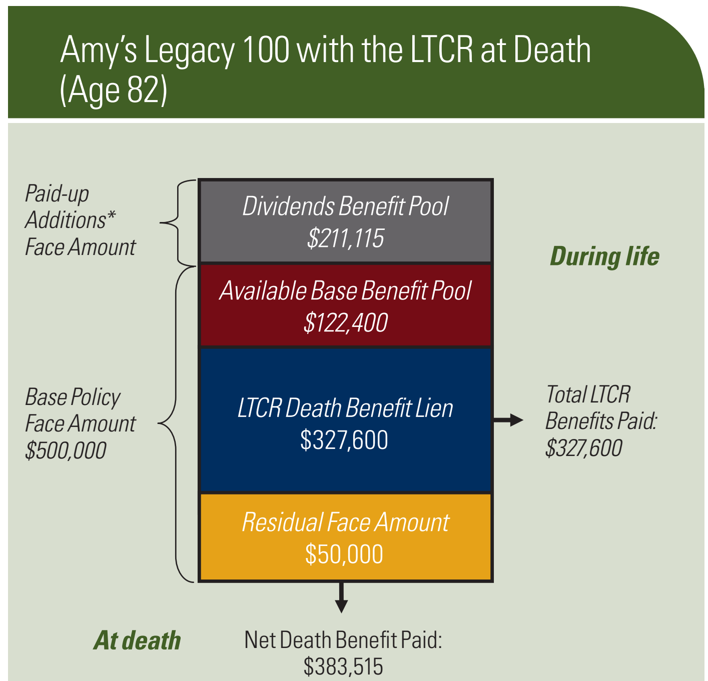
Amy's Base Benefit Pool will be accelerated first to pay benefits. Once her Base Benefit Pool has been exhausted, her Dividends Benefit Pool will then be available for acceleration.

When Amy begins receiving LTCR benefits from her policy at age 80, the minimum period over which she would be able to accelerate her Total Benefit Pool, factoring in the future increases in her MMB, would be 44 months.

The following diagram illustrates Amy's policy when she begins receiving benefits at age 80:

Amy dies at age 82, after receiving 24 months of benefits at the full Maximum Monthly Benefit amount each month. She received a total of $327,600 in LTCR benefits – twelve months at $13,500 per month, and a second twelve months at $13,800 per month. The remaining death benefit (net of LTCR liens) of $383,515 will be paid to her beneficiaries. The following chart illustrates the impact of LTCR benefits paid (death benefit lien) and the net death benefit at her death at age 82:





* Includes paid-up additions purchased with policy dividends, excluding dividends paid under any other rider.

Comparing Legacy 100 with LTCR to traditional LTC insurance

A Legacy 100 with the LTCR covers most of the long term care services that would be covered by a traditional individual long term care insurance (LTCi) policy. However, a Legacy 100 with the LTCR has a different benefit structure than a traditional LTCi policy. It is important to recognize the differences in order to appropriately position Legacy 100 with LTCR with prospects.

A traditional LTCi policy provides benefits that are based on a maximum daily benefit amount and a benefit period. These two parameters define the total policy benefits available. Most traditional LTCi policies include some form of inflation protection that systematically increases the maximum daily benefit amount, which increases the total amount of benefits that are available.

In contrast, a Legacy 100 policy with the LTCR provides benefits that are based on the Base Benefit Pool and a Maximum Monthly Benefit amount. The Base Benefit Pool represents the total rider benefits available at issue. The Maximum Monthly Benefit determines how much can be accelerated as benefits for a given month. Policy owners may elect the MMBIO to provide increases in their Maximum Monthly Benefit beginning at attained age 61. However, increasing the MMB does not increase the total LTCR benefits that are available. The only way to increase the benefits is by using any policy dividends[6] earned to purchase PUAs that are included in the Dividends Benefit Pool. The Base Benefit Pool plus the Dividends Benefit Pool make up the Total Benefit Pool, which represents the total LTCR benefits available.

In simpler terms, a Legacy 100 with LTCR provides a "pool of funds" (the Total Benefit Pool) and the Maximum Monthly Benefit determines how quickly those funds can be accessed as benefits. This is a simple and appropriate way to position the product with prospects.

It is important to keep in mind that a Legacy 100 policy with the LTCR will be purchased primarily based on a need for whole life insurance. The LTCR provides an additional living benefit[1] that increases the value and versatility of the policy. In many cases, it may make sense for prospects to own both a Legacy 100 policy with the LTCR and a traditional LTCi policy as part of their overall life insurance and long term care protection strategy.

Working in concert with traditional LTC insurance

A Legacy 100 policy with the LTCR may be an effective way to supplement the benefits provided by a traditional LTCi policy. Clients who own both a Legacy 100 policy with the LTCR and a traditional LTCi policy will probably utilize their traditional LTCi benefits before accelerating the payment of their Legacy 100 death benefit (and cash value). However, policy owners may choose to accelerate the payment of a portion of their Legacy 100 policy death benefit under the LTCR to help pay for covered long term care expenses that are in excess of what is covered by their traditional LTCi policy. This may help them preserve their other assets and income such as savings, retirement accounts, pension benefits and the value of their home.

A Legacy 100 policy with the LTCR can be an effective way to supplement the benefits provided by a traditional LTCi policy by:

- Helping to pay long term care expenses that are in excess of the maximum daily benefit available with their traditional LTCi policy; and/or
- Helping to pay long term care expenses once the benefits provided by their traditional LTCi policy have been exhausted.

Consider the following example:

Bob owns a traditional LTCi policy with a $150 per day maximum daily benefit and a four-year benefit period. He also owns a Legacy 100 with the LTCR with a:

- $250,000 base policy face amount;
- $225,000 Base Benefit Pool; and
- A Maximum Monthly Benefit of $6,250.

Bob incurs $5,000 per month in long term care expenses for six years.

During the first four years, his traditional LTCi policy provides $4,500 per month in benefits ($150/day). Bob accelerates $500 of his Legacy 100 Base Benefit Pool as LTCR benefits each month to cover the remaining expenses.

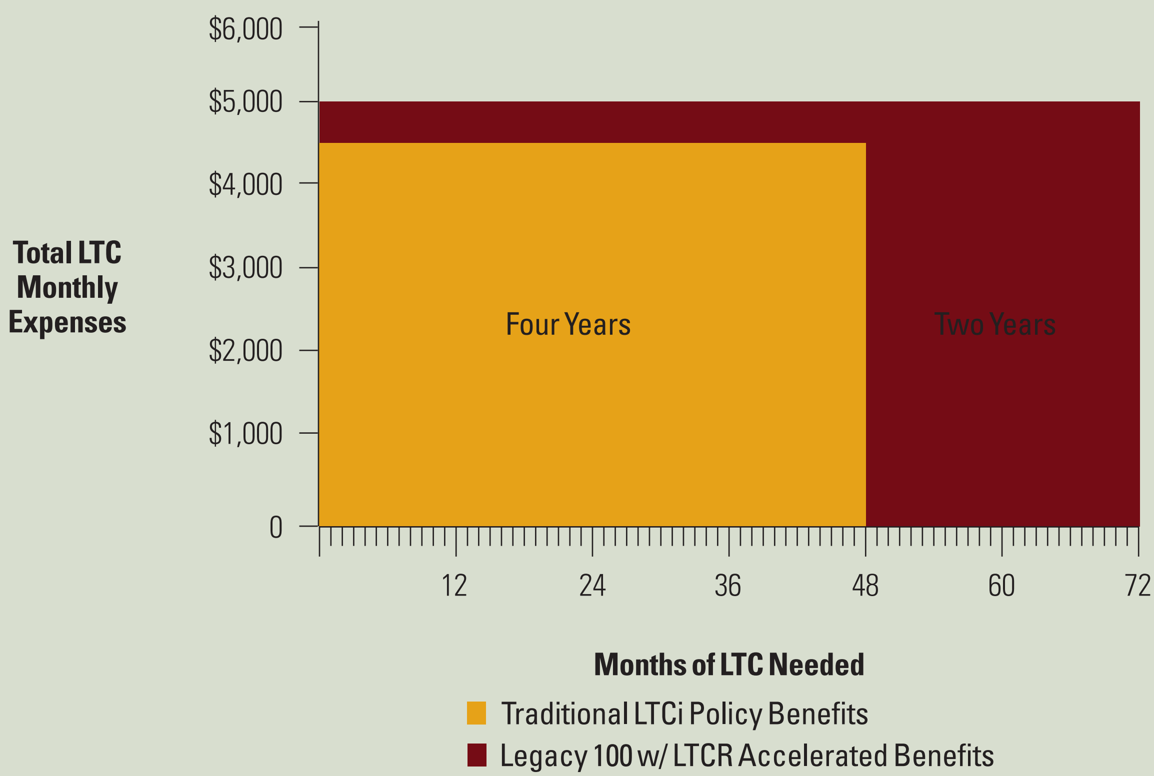
Once Bob's traditional LTCi policy benefits have been exhausted at the end of four years, Bob will accelerate $5,000 of his Base Benefit Pool each month over the next two years to pay long term care expenses.

Bob dies at the end of the six-year period. He has accelerated a total of $144,000 of his $225,000 Base Benefit Pool as LTCR benefits.

The remaining $106,000 ($250,000 - 144,000) will be paid to his beneficiaries.

The following diagram illustrates how the benefits provided by Bob's Legacy 100 policy with the LTCR can be used to supplement the benefits provided by his traditional LTC insurance policy:

Benefits Provided by Bob's Traditional LTCi Policy and Legacy 100 Policy with LTCR



Case Design

In selling the LTCR to different types of prospects, there are a number of factors to consider when helping them select the options and elections that are appropriate for their situation. These include:

- How much of their policy face amount to include in their Base Benefit Pool;
- The choice of a Selected Benefit Period and Maximum Monthly Benefit;
- Whether or not to utilize the Dividends Benefit Pool to increase their Total Benefit Pool over time; and
- Whether or not to elect the MMBIO.

There are a number of factors that should be considered in making these decisions including:

- ***Policy size*** – How much whole life insurance they purchase ultimately determines how much in LTCR benefits their policy can provide. The size of the policy may influence their decision of how much of their policy face amount they want to include in the Base Benefit Pool and whether or not they want to utilize the Dividends Benefit Pool to increase their Total Benefit Pool.
- ***Issue age*** – The insured's age at issue is an important consideration because it determines how long it will be until he or she is likely to need LTCR benefits. For younger insureds, it may be many years before they expect to incur long term care expenses, or until they are eligible for increases in their MMB via the MMBIO. Younger buyers may want to choose a larger MMB at issue (shorter Selected Benefit Period) to help reduce the impact of future increases in the cost of care. They may then use the Dividends Benefit Pool to increase their Total Benefit Pool, increasing the minimum period over which they will receive benefits.
- ***How long do they want to pay premiums*** – Many policy owners will want to reduce or stop paying out-of-pocket premiums at some point, often at or before retirement. This will invariably involve the use of their policy dividends[6] either through the Alternative Payment Option (APO)[7] or by applying dividends to reduce their premiums. This may limit their ability to use the Dividends Benefit Pool to increase their Total Benefit Pool over time.
- ***Primary reason why they are purchasing the policy*** – Clients purchase whole life for a variety of reasons. For example, they may want to use the policy as a potential source of supplemental retirement income or to help ensure that they leave a financial legacy for their family. The reasons why they are buying the policy may influence how they want to structure the rider benefits.

Let's consider some different types of buyers and how you might use Legacy 100 with the LTCR to help them address their future financial needs.

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[7] Dividends are used to buy paid-up additions for a number of years. Then, premiums are paid from dividends and the surrender of paid-up additions as necessary. If actual dividends are lower than assumed in the illustration, additional out-of pocket (cash) premium payments likely will be required, or if cash premium payments have stopped, they may need to be resumed at a later date. The use of the policy's values in this fashion generally will reduce the death benefit.

Case Study – Protecting today and tomorrow

Brooke Mathers Analysis

Your client, Brooke Mathers, and her husband live busy lives with their two young daughters. In addition to raising a family, life has presented them with several challenges over the past year.

Brooke, age 40, was recently promoted to a lead position in Clinical Research at a major pharmaceutical company. Although Brooke is excited about her new job, she feels like she is being pulled in many directions by the competing demands of her career and family.

On top of all this, Brooke's father died suddenly from a heart attack four months ago. He was survived by Brooke's mom, who has advanced-stage rheumatoid arthritis, and needs help on a daily basis. With her father no longer there to help, her mom relies on a home health aide who visits once a day.

Brooke's mother cannot afford all of the care that she really needs. As a result, Brooke needs to stop by each night and help her mother with her evening routine. Brooke knows that the cost of care will eventually deplete her mom's savings, and she's not sure what they will do then.

During your annual review meeting with Brooke and her husband, she tells you about her recent promotion, the death of her father and the added responsibilities of helping with her mother's care. She worries that someday she could be in the same situation as her mom, and doesn't want to burden her family with these same responsibilities.

Brooke's promotion came with a substantial increase in her salary, making her the primary bread winner for her family. Using MassMutual's online life insurance needs analysis tool, the Lifetime Economic Value℠ calculator, you determine that she needs an additional $300,000 of life insurance coverage to fully protect her future value as a provider for her family.

Brooke does not currently own any permanent life insurance. During previous annual review meetings you suggested that she and her husband purchase whole life insurance. However, they always cited a tight household budget as a reason to put it off. Given the changes in their financial situation, and the concerns that Brooke has shared with you, whole life insurance may be an affordable way to help address her protection needs and her concerns about the future.

At your next meeting with Brooke you propose a $300,000 Legacy 100 policy with the LTCR. You explain to her how the policy provides the additional life insurance protection she needs today, while the LTCR gives her a way to begin providing for her future long term care needs.

Based on Brooke's situation you structure the rider benefits as follows:

- **Base Benefit Pool: $270,000**
  This is the maximum amount of her $300,000 base policy face amount that she can make available for acceleration.
- **Residual Death Benefit: $30,000**
  Face amount minus Base Benefit Pool ($300,000 - 270,000).
- **Maximum Monthly Benefit (MMB) : $11,250**
  At age 40, Brooke may not need LTCR benefits for another 30 to 40 years. You want her policy to have the greatest possible MMB when she would be most likely to need the benefits. To accomplish this, you illustrate the shortest Selected Benefit Period of two years. This results in the highest MMB of $11,250 ($270,000 / 24 months).

- **Dividends Benefit Pool: Yes**
  This will give Brooke the opportunity to grow her Total Benefit Pool, increasing the minimum number of months over which she can receive benefits under the rider.
- **Maximum Monthly Benefit Increase Option: No**
  The MMBIO is not available with the two or three year Selected Benefit Period.

The table below illustrates how Brooke's total policy death benefit could grow over time as Paid-up Additions are added to her Dividends Benefit Pool, and how the minimum number of months that she would receive benefits increases as her Total Benefit Pool increases over time.

If we assume that Brooke will need long term care services starting at age 75, her Legacy 100 policy with the LTCR would provide a Total Benefit Pool of nearly $400,000. She would be able to access up to $11,250 in LTCR benefits each month for almost three years.

Brooke's whole life policy with the LTCR helps protect her value as a provider for her family today, while allowing her to begin preparing for her future long term care needs. At some point Brooke may want to purchase a traditional long term care insurance policy. The benefits provided by her Legacy 100 policy with LTCR might then be used to supplement the benefits that her long term care policy would provide.[8]

Brooke likes the idea of a policy that helps her address several of her financial concerns, both now and in the future.

Brooke's Whole Life Legacy 100℠ Policy

Female Age 40, Select Preferred Non-Tobacco
Whole Life Legacy 100 - $300,000 Face Amount
Includes: Waiver of Premium Rider, LTCR
Total Annual Premium: $3,888 (LTCR Premium: $332)
$270,000 Base Benefit Pool / $11,250 initial MMB / Dividends Benefit Pool
Dividends applied to PUAs, then to Reduce Premium with excess applied to PUAs starting in year 25

Policy Year	Age End Year	LTCR Dividends Benefit Pool End Year*	LTCR Total Benefit Pool End Year*	LTCR Maximun Monthly Benefit End Year	Minimum LTCR Payout Period† End Year
1	41	$0.00	$270,000	$11,250	24
5	45	917	270,917	11,250	24
10	50	4,939	274,939	11,250	24
15	55	13,097	283,097	11,250	25
20	60	42,526	312,526	11,250	27
25	65	81,259	351,259	11,250	31
30	70	99,036	369,036	11,250	32
35	75	129,577	399,577	11,250	35
40	80	$174,351	$444,351	$11,250	39

*These values include dividends which are neither estimates nor guarantees, but are based on the 2012 dividend scale.
† Number of months

[8] Issuing insurance companies may limit the amount of long term care insurance coverage available based on the amount of benefits provided by the LTCAccess℠ Rider.

Case Study – Taking steps to secure the future

Dr. Smith Analysis

As a geriatric care physician, Dr. Smith sees the financial and emotional impact that chronic illness can have on both his patients and their families on a daily basis.

Dr. Smith is 50-years old. His wife Michele, a high school biology teacher, is 47. The Smiths have a son and daughter who are both in high school. Dr. Smith plans to continue working full-time over the next ten years, and then work part-time until he retires at age 65.

When you met with the Smiths recently, Dr. Smith expressed an interest in long term care insurance. He is concerned that, if either he or Michele needs long term care at some point, it could impact their standard of living in retirement or the financial legacy they would like to leave for their children.

You agree to provide quotes for long term care insurance at your next meeting. You also point out that Dr. Smith's term life insurance policy will expire later this year, leaving him with very little life insurance to protect his income between now and when he retires. You offer to provide quotes for a new term life insurance policy. However, you also suggest that he consider purchasing some permanent life insurance. This could help him address some of his other financial objectives, including providing a legacy for his children and helping to address his future long term care needs.

In a follow-up meeting with Dr. Smith, you show him several different traditional long term care insurance policy options, as well as a proposal for a $500,000 Whole Life Legacy 100℠ policy with the LTCAccess℠ Rider.

You summarize the features and benefits that the Legacy 100 policy offers, which include:

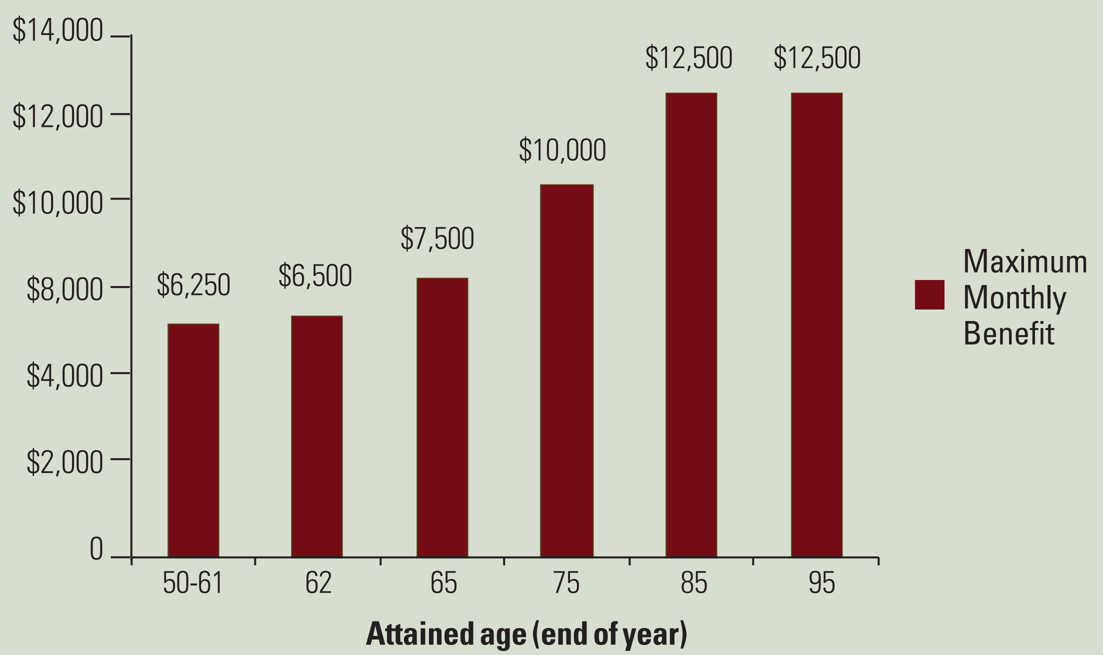
- The policy provides the additional life insurance protection that he needs between now and when he retires;
- During retirement, the life insurance protection will provide additional financial security for Michele;
- The LTCR allows Dr. Smith to accelerate the payment of a portion of his policy death benefit to help pay for covered long term care expenses. These benefits could be used to supplement the benefits provided by a traditional long term care insurance policy;
- The policy death benefit will help to provide a financial legacy for Dr. Smith's two children;
- The policy will accumulate cash value over time; and
- Based on the current dividend scale, the policy premiums may be paid via the Alternate Payment Option (APO)[7] beginning in policy year 15.

The illustration that you review with Dr. Smith includes the LTCAccess rider with the following benefit design:

- **Base Benefit Pool: $450,000**
  This is the maximum amount of the base policy face amount that he can make available for acceleration under the rider. The remaining $50,000 is Dr. Smith's Residual Face Amount, which will not be available for acceleration.
- **Maximum Monthly Benefit: $6,250**
  You illustrate a Maximum Monthly Benefit (MMB) amount of $6,250 based on a six-year Selected Benefit Period.
- **Dividends Benefit Pool: Not elected**
  Since you are illustrating an APO[7] after policy year 14, most of the PUAs purchased by policy dividends[6] will be surrendered to help pay premiums. As a result, it does not make sense to pay the additional charges to include the PUAs in a Dividends Benefit Pool.
- **Maximum Monthly Benefit Increase Option (MMBIO): Yes**
  The MMBIO will increase Dr. Smith's MMB by $250 (4% of $6,250) each year for 25 years, beginning on Dr. Smith's attained age 61 policy anniversary. The MMBIO offers a cost-effective way to increase Dr. Smith's MMB over time to help keep pace with the increasing cost of care.

The following chart illustrates the increases in Dr. Smith's MMB provided by the MMBIO:

Maximum Monthly Benefit with MMBIO



Dr. Smith decides to purchase the Whole Life Legacy 100℠ policy with the LTCR as illustrated because it will help him address several of his financial objectives and provide a more secure future for himself and his family.

Both Dr. and Mrs. Smith also decide to purchase traditional LTC insurance policies to help provide for their future long term care needs. Since Dr. Smith is purchasing the Legacy 100 with the LTCAccess℠ Rider, he decides to purchase a traditional LTC policy with more modest benefits than Michele's policy.

Case Study – Making the most of it

Vincent Mason Analysis

At age 60, your client Vincent Mason has enjoyed a long career as an urban planner for a major metropolitan city, and has decided to retire at the end of this year. Vincent and his wife, Carol, have been saving for retirement for most of their adult lives. The Masons meet with you each year to review their insurance coverage and retirement plan. When you met with them last year, they took your recommendation and purchased long term care insurance policies.

During this year's annual review, Vincent tells you that he wants to leave something for his five grandchildren after he and Carol are gone. He has been thinking about making them the beneficiaries of a $100,000 IRA that he does not plan to use for retirement. You explain to Vincent that, while leaving a legacy for his grandchildren sounds like a great idea, the IRA may not be the best thing to leave them directly.

You cite the following reasons:

- The IRA is subject to minimum distribution requirements;
- The IRA balance consists of pre-tax contributions and earnings, and therefore has an accrued income tax liability; and
- The value of the account may vary based on how it is invested.

In addition, Vincent cannot say for sure that he or Carol will not need the IRA at some point.

As an alternative, you suggest that Vincent consider taking annual taxable distributions from the IRA after he retires to pay the premiums for a Whole Life Legacy 100SM policy. Carol would be the primary beneficiary of the policy and his grandchildren would be secondary beneficiaries. If Carol survives Vincent and does not need the policy proceeds, she could then make gifts to their grandchildren, as she deems appropriate.

The policy offers several advantages over the IRA that include:

- The policy death benefit is guaranteed, and has a stable and predictable value;
- The death benefit would be paid income tax-free to Carol or their grandchildren; and
- The policy has a guaranteed cash value that will increase over time.

In addition, you point out that adding the LTCAccessSM Rider to the policy (for an additional premium) would also allow Vincent to access a portion of the policy death benefit during his lifetime to help pay for covered long term care services, if needed.

At a follow-up meeting with Vincent, you review a proposal for a $250,000 Legacy 100 policy with the LTCAccess℠ Rider. The total annual premium for the policy is $11,830. This includes $1,856 of Additional Life Insurance Rider (ALIR) premium and an LTCAccess Rider premium of $374. You explain to Vincent that the illustration assumes that the full premium of $11,830 would be paid for ten years using the distributions from his IRA.

Assuming Vincent can invest the IRA to earn a consistent 4% return each year, he would be able to take approximately $11,830 out of the account each year for ten years. Each distribution would be taxable income to Vincent. He would pay the taxes due out-of-pocket to make the full $11,830 available to pay policy premiums.

Starting in policy year 11 and continuing in subsequent years, the Alternate Payment Option (APO)[7] strategy would be used to pay the policy premium by taking partial surrenders from the policy. You make it clear to Vincent that the illustration is based on the current dividend scale, which is not guaranteed, and that he may need to make additional out-of-pocket premium payments if the dividend scale is reduced in the future. The illustration that you review with Vincent includes the LTCAccess Rider with the following benefit design:

- **Base Benefit Pool: $225,000**
  In addition to providing the life insurance protection that Vincent needs, the LTCAccess Rider would allow Vincent to accelerate the payment of up to $225,000 of his $250,000 policy face amount to help pay long term care expenses.
- **Maximum Monthly Benefit: $3,750**
  You illustrate the rider with a Maximum Monthly Benefit (MMB) of $3,750 based on a Selected Benefit Period of 5 years (60 months).
- **Maximum Monthly Benefit Increase Option (MMBIO): Yes**
  You include the Maximum Monthly Benefit Increase Option (MMBIO) on the policy. This will increase Vincent's MMB by $150 (4% of $3,750) each year, over the next 25 years. This will help ensure that an adequate MMB will be available if Vincent were to exhaust the benefits provided by his traditional LTC insurance policy at some point, and needs to depend upon the LTCAccess Rider benefits.
- **Dividends Benefit Pool: Not elected**
  Since Vincent will be using the cash value of his PUAs purchased with policy dividends[6] to help pay his policy premiums after policy year 10, it does not make sense to elect the Dividends Benefit Pool.

The Legacy 100 policy with the LTCAccess Rider will provide additional financial security for both Vincent and Carol during retirement. The LTCAccess Rider provides a valuable additional living benefit[1] that makes this alterative more attractive. In addition, the income tax-free death benefit may help ensure that the Masons are able to provide a financial legacy for their grandchildren.

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