EQUITABLE

Wealth transfer with life insurance and the Long-Term Care Services℠ Rider

Advanced Markets

LTCSR + trust-owned life insurance = maximum client flexibility

For many clients, passing their assets to their children and families is a key goal. But, even without estate taxes, it requires careful planning and flexibility. Our Long-Term Care Services℠ Rider (LTCSR) addresses client wealth transfer and flexibility issues.

Primary concerns today are medical expenses and long-term care costs in particular. Most clients are aware these can reach into the tens of thousands every year, and the costs are growing.

Our Long-Term Care Services℠ Rider offers an innovative way to address wealth transfer as a death benefit that's available to a family, with the ability to accelerate the death benefit if needed for LTC expenses. The client or family benefits no matter how events play out — our "use it and don't lose it" approach.

Normally, an irrevocable life insurance trust (ILIT) might trigger concerns about permanent commitments. However, using a life insurance policy inside a trust with our indemnity-style LTCSR offers you and your clients more flexibility than you might expect. You have the safety of the trust to assure assets pass to a client's family privately and without interfamily complications. The LTCSR also provides additional family and client choices.

Client profile

- **Has accumulated assets and is concerned about losing them due to illness**
- **Has a life insurance need**
- **Wants to leave a legacy for their family**
- **Wants flexibility in their planning rather than a set course**

LTCSR in an ILIT allows for post-event planning

Using a life insurance policy in an ILIT can help provide clients, their families and their financial professionals with added choices. It's all predicated on the indemnity model of the LTCSR where an owner can accelerate the death benefit on a qualifying LTC event. You can't do this with a reimbursement rider. In the event there is a long-term care trigger, the family, you as the financial professional, the trustee and the client's other financial professionals can gather and do "post-impairment planning." Clients will have a range of choices and flexibility — all helped by the trust ownership of the insurance with the LTSCR — to determine what's best for your client and their family based on their immediate needs, cash flow, long-term planning and the family's needs. Unlike the perception of ILITs — clients aren't locked into something years beforehand.

The options

Do nothing	Deplete the client's assets and replace them with the Equitable life insurance death benefit.
Option A **Accelerate the rider**	Make loans to the client each year, as needed. So long as the loans are "arm's length," the policy remains outside the client's estate. A client can pay or accrue interest, depending on what works best for their cash flow and long-term needs.
Option B **Accelerate the rider**	Where a client is illiquid and needs cash — the trust can buy assets from the client. You can have the trust make annual purchases or buy an asset with an installment sale (a sale to a defective grantor trust), and make annual payments from the accelerated death benefit.
Option C **Accelerate the rider**	Trust distributions to the client's children as trust beneficiaries. The children can then pay medical and care expenses. Generally, payments made directly to qualified care providers have expanded annual gift exclusions.

Death benefit remains for the family

The fine print

The planning is straightforward, but you need to be certain of the details.

- The trust needs to be written to plan for a trustee to both buy a policy and allow the trustee to accelerate the death benefit in the event of a qualifying long-term care need. Equitable has a model trust for your client's attorney's use.
- Where a loan is made to a client from the trust, it needs to be an "arm's-length loan" that doesn't offer the client preferable interest rates or terms. In fact, because the loan payments (annually or accrued) help further reduce a client's estate, for wealthy clients the interest payments are a way to further reduce assets that might be exposed to state or federal taxes.
- The trust should generally be set up as a grantor trust to preserve tax benefits of loans or sales of assets.
- If policy premiums are being paid using a private split-dollar arrangement, be aware there is little federal income tax guidance on possible taxation of any economic benefit due to the long-term care rider.

The nature of the rider is critical. As noted above, this will only work with an indemnity-style rider, such as our LTCSR. A reimbursement rider will not work, as the expenses are not incurred by the trust directly, and the trustee cannot directly pay expenses on behalf of the insured. If they did so, the assets in the trust might be included in the client's estate.

How it works	
VUL Incentive Life Protect[SM] with the LTCSR Male — Age 50 — Preferred Rating	
Death benefit for family	$4,000,000
50% death benefit acceleration rate election	$2,000,000
Long-term care benefit 1% of the LTCSR up to 50% of the death benefit	$20,000 monthly benefit
Annual benefit	$240,000
Premium without LTCSR	$34,809
Premium with LTCSR	$36,472
Incremental cost for $240,000 annual benefit	4.78%

Why Equitable?

Our dedicated, expert team of Advanced Markets specialists meet the changing needs of your clients by offering custom-designed advice and actionable strategies that can proactively help them achieve their desired results — including:

- Strong life insurance portfolio with competitive cash value product options.
- A wide selection of riders to choose from, including the LTCSR, which is among industry leaders.
- Strength and stability. For more than 160 years, we've been working with clients across generations, building on what's proven and pursuing what's possible.[1]

For more information, please contact the Life Insurance Sales Desk or visit equitableLIFT.com/ltc.

1 The 160-year history reference applies exclusively to Equitable Financial Life Insurance Company.

A life insurance policy is backed solely by the claims-paying ability of the issuing life insurance company. It is not backed by the broker/dealer or insurance agency through which the life insurance policy is purchased or by any affiliates of those entities, and none makes any representations or guarantees regarding the claims-paying ability of the issuing life insurance company.

The Long Term Care Services℠ Rider is available for an additional cost, and does have restrictions and limitations. Insureds age 60 and older who elect this rider on VUL Legacy® will not be eligible for the preferred elite or preferred non-tobacco underwriting classes. Be sure to read the product specifications for details. The rider is paid out as an acceleration of the death benefit. In Florida, this rider is called the Long-Term Care Insurance Rider. In CA, this rider is called the Comprehensive Long-Term Care Rider.

VUL Incentive Life Protect℠, a flexible premium variable life insurance policy, is issued in New York and Puerto Rico by Equitable Financial Life Insurance Company (Equitable Financial), NY, NY 10105; and in all other jurisdictions by affiliate Equitable Financial Life Insurance Company of America (Equitable America), an Arizona stock company with an administrative office located in Charlotte, NC. When sold by New York state-based (i.e., domiciled) Equitable Advisors Financial Professionals, VUL Incentive Life Protect℠, is issued by Equitable Financial Life Insurance Company (NY, NY). Co-distributed by affiliates Equitable Advisors, LLC (member FINRA, SIPC) (Equitable Financial Advisors in MI & TN) and Equitable Distributors, LLC, both located at 1345 Avenue of the Americas, NY, NY 10105. Equitable Financial, Equitable America, Equitable Advisors, LLC and Equitable Distributors, LLC are direct or indirect subsidiaries of Equitable Holdings, Inc. and do not provide tax or legal advice. Certain types of policies, features and benefits may not be available in all jurisdictions or may be different. This policy has limitations. For costs and more complete details of coverage, refer to the product specifications. VUL Incentive Life Protect℠ is sold by prospectus only. The prospectus contains complete information on investment options, fees and charges. Clients should read the current prospectus before investing or sending money.

Long-Term Care Services℠ is a service mark of Equitable Financial.

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