



# Chronic Illness Armor

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A life insurance rider  
with living benefits.



**Knights of  
Columbus®**



# Father McGivney and Living Benefits



In a circular letter published in 1882, Father McGivney outlined the three grades of death benefits (\$500, \$1000, and \$1500) as well as the "Sick Benefit Deposit, from which a member in good standing may draw (a maximum) of five dollars per week for thirteen weeks, the amount thereafter, if sickness continues, to be regulated by the Council to which the member belongs."



# Protect your loved ones by planning ahead.

*Chronic Illness Armor is a rider that can be purchased with your whole life policy, allowing you to access your death benefit in the event of a chronic illness.*

## Why choose Chronic Illness Armor?

The last thing anyone wants is to put their family under financial strain in addition to bearing the weight of a chronic health diagnosis. The Chronic Illness Armor rider can help. For a modest premium, it allows you to access your policy's death benefit to cover expenses.

With this rider, if you face a Chronic Illness, you can access a portion of your life insurance death benefit, and any remaining amount will still go to your beneficiaries.



## How does Chronic Illness Armor work?

Chronic Illness Armor allows a policyholder to accelerate either 50% or 90% of the available benefit pool. There are no limitations on how the accelerated benefit is used, and benefit payments are sent directly to the insured. The money you receive through the rider will be deducted from your death benefit.

The accelerated benefit can help you make a mortgage payment, pay medical bills and meet daily expenses that come in the wake of a chronic illness.

You may not be able to predict a life-changing diagnosis, but you can be prepared for that possibility. Chronic Illness Armor can be a financial shield for you and your family.



## Acceleration benefits in action

Let's consider a hypothetical example of how someone might choose to accelerate their benefits with Chronic Illness Armor. Dan, a member of the Knights of Columbus, recently passed away at age 85, after battling a chronic illness. Due to the planning and action Dan took earlier in life, he was financially prepared. When Dan was 50 years old, he purchased a whole life policy with \$500,000 in coverage. At the time of issue, he also added Chronic Illness Armor to his plan. He elected the 90% benefit pool and 50 month benefit period (2% per month). At age 80, Dan was diagnosed with a chronic illness and started to accelerate his death benefit to cover ongoing costs for the next five years. Dan passed away at age 85, leaving his beneficiaries with a death benefit of \$200,000.



## Dan's Chronic Illness Armor Hypothetical Timeline

**50 years old:** Member purchases 500K Whole Life Policy with a Chronic Illness Armor rider.

**80 years old:** Diagnosed with a chronic illness, accelerates death benefit through Chronic Illness Armor to start using benefits.

**85 years old:** Passes away after fully accelerating the \$450K rider benefit pool – \$108K a year – leaving his beneficiaries with a death benefit of \$200K.

*Notice the cash value growth – the policy's death benefit had grown to \$650K throughout Dan's lifetime.*



## With Chronic Illness Armor, you can use the accelerated benefits without restriction.



### Extended Care Costs

This may include costs relating to nursing home care, assisted living facilities or at-home care costs depending on any specific needs of the insured. The Chronic Illness Armor rider is not a long-term care insurance policy.



### Costs of Living Expenses

Chronic Illness Armor accelerated benefits can provide funding for expenses someone may need to pay for during a chronic illness event. This can include food services, grocery bills, utilities, and even ongoing debt payments.



### Medical Expenses

The accelerated benefits can help pay for medical expenses related to the chronic illness. This could include treatments, medications, and therapies that are necessary to manage the chronic condition.



### Housing Expenses

Help provide income to help pay for rent or a mortgage payment throughout a chronic illness. It can even help pay for the costs of modifying a home to accommodate disabilities or limitations caused by chronic illnesses.



### Transportation Expenses

Many people dealing with a chronic illness will need frequent visits to a medical facility, which can often require someone to drive the insured. Accelerated benefits from the Chronic Illness Armor rider can help pay for these costs, whether transportation is provided by a family member or external service.



## What else do I need to know?

### *What is considered “chronically ill”?*

For the chronic illness benefit, typically this means that the insured:

- Cannot perform at least two Activities of Daily Living (ADLs) without substantial assistance and will likely need assistance for the rest of his or her life; OR
- Requires substantial supervision and protection from threats to health and safety due to a severe cognitive impairment and will likely require supervision for the rest of his or her life.





### ***What are Activities of Daily Living (ADLs)?***

ADLs are basic activities used as a measurement of an individual's ability for self-care and independent living without substantial assistance from others. They include:

- Bathing
- Eating
- Dressing
- Continence
- Toileting
- Transferring

### ***What policies can I attach this rider to?***

Chronic Illness Armor can be added to our Limited Pay Whole Life Insurance or Single Premium Whole Life Insurance policies with \$100,000 of coverage at time of issue, or upon a conversion from term insurance.

### ***What is the age range for this rider?***

Ages 18 to 70 or 75, depending on underwriting ratings.

### ***Are the rider's living benefits taxable?***

Whether benefits are taxable will depend on the recipient's particular situation, including whether qualified expenses are incurred or reimbursed, and whether benefits are being received under similar contracts. Clients should consult a qualified tax advisor prior to purchasing the rider and electing to receive benefits.



***Are there restrictions on how the benefits can be used?***

There are no restrictions on how benefits may be used, giving you flexibility on how to spend them. Furthermore, you do not need to provide proof of any expenses to receive accelerated death benefits, and they may be used for any purpose.

***Can a member add this rider to an existing policy?***

No. Chronic Illness Armor can only be added to policies at issue.

***Do you have to go through underwriting for the rider?***

Yes. Chronic Illness Armor is medically underwritten, separately from your life insurance underwriting.

***What are the acceleration options for Chronic Illness Armor?***

Chronic Illness Armor allows a policyholder to accelerate either 50% or 90% of the available benefit pool. These options cannot be modified after the policy has been issued.

***Can I add Chronic Illness Armor on term conversion?***

Yes, Chronic Illness Armor can be added to whole life policies issued as the result of a term conversion, subject to underwriting approval provided that the issued policy meets the necessary requirements.



# Chronic Illness Armor Versus the Competition

	Type	Elimination Period	Indemnity or Reimbursement	Monthly Benefit Pool	Benefit Periods	Optional PUA Acceleration	Accelerate Term Blend Rider	Issue Ages
Chronic Illness Armor	Chronic Illness	90 Days	Indemnity	50% or 90% Options	25, 50 or 100 months	Yes	Yes	18-75
MassMutual Chronic Illness Rider	Chronic Illness	90 Days	Indemnity	50% or 90% Options	25 or 50 months	Yes	No	18-79
NYL Chronic Care Rider	Chronic Illness	90 Days	Indemnity	\$90,000 Minimum (& \$10K base residual)	25, 50 or 100 months	No	No	18-70
Guardian Long Term Care Rider	Long-Term Care	90 Days	Indemnity	Up to 95% of DB	25 or 50 months	Yes	No	18-75
NWM Accelerated Benefits Rider	Long-Term Care	90 Days	Reimbursement	90% of DB with \$25K minimum residual	24 months	Yes	Yes	18-65