



The rise of chronic illness in America is reaching epidemic proportions. The statistics are alarming and the projected forecast over the next decade doesn't make it sound any better. There are good, preventative measures that most of us can take to reduce the risk of chronic illness. However, the percentages alone point to the need for an alternative.

What's your Plan B?

- ✓ More than 190 million Americans, or about 59 percent of the population, are affected by one or more chronic diseases.¹
- ✓ By 2030, 83 million people will have 3 or more chronic illnesses at a cost of \$25,000 per person if current trends continue.²
- ✓ The projected total cost of chronic disease from 2016-2030 in America is \$42 trillion.²

¹New National Data Shows: The Projected total cost of chronic disease from 2016-2030 in America is \$42 Trillion. | Keeping Education ACTIVE | Partnership to Fight Chronic Disease. Partnership to Fight Chronic Disease, n.d. Web. 11 May 2017.

²What is the Impact of Chronic Disease on America? N.p.: Partnership to Fight Chronic Disease, n.d. PDF. 11 May 2017.

To find out how to make your life insurance work overtime, call **800.622.0344** or visit us online to apply at aao-insurance.com/CIR



Insurance

Underwritten by: 

Pearl Insurance: 1200 E Glen Ave., Peoria Heights, IL 61616
California Insurance License #0F76076 AR #1322

The AAO-Endorsed Insurance Program is administered by Pearl Insurance. Coverage may vary by state. A complete description of coverage is contained in the Certificate of Insurance, including features, costs, eligibility, renewability, limitations, and exclusions.

The AAO Group Insurance Program is underwritten by New York Life Insurance Company, 51 Madison Avenue, New York, NY 10010, under Group Policy G-14242-0 on Policy Forms GMR-FACE/G-14242-0.

The AAO incurs certain administrative expenses in connection with these endorsed plans. To provide and maintain these valuable AAO membership benefits, the AAO is reimbursed for these expenses.



Insurance



Chronic Illness Rider Notice: This rider is not intended to be a federally tax-qualified long-term care insurance contract under Internal Revenue Code (IRC) Section 7702B. Therefore, the premiums payable for this rider do not qualify as long-term care insurance premiums and are not deductible from gross income for federal income tax purposes. This rider, however, is subject to the federal per diem limits set forth in IRC 7702B. Under this rider, New York Life will not pay claimants more than the federal per diem limits. If the benefit option elected exceeds the current IRC per diem limits, the benefit period will be extended accordingly. Assuming the amount you receive in the aggregate from all applicable policies does not exceed the federal per diem limits set forth in IRC Section 7702B, the benefits provided by the Chronic Illness Rider are intended to be excludable from federal gross income under Section 101 (g) of the IRC. Insured's should consult with their tax advisors to determine the impact of accelerating more than the maximum per diem benefit under IRC 7702B.

Receipt of an accelerated death benefit may affect eligibility for Medicaid or other government benefits or entitlements and may have income tax consequences. Accelerating benefits before applying for these programs, or while you are receiving government benefits, may affect your initial or continued eligibility. You can contact the appropriate social service agency (e.g., the Medicaid Unit of your local Department of Public Welfare or the Social Security Administration Office) for more information.

Chronic illness rider coverage is currently not available to residents of CT, ID, LA, MA, MN, MT, NC, OH, SD, UT and WA. If you are interested in the chronic illness rider, contact the AAO Plan Administrator and you will be advised as soon as it becomes available in your state.

AAO-Endorsed Chronic Illness Rider

Life Benefits for Chronic Illness

TERM LIFE INSURANCE IS YOUR PLAN B

Statistics point to the fact that chronic illness could be a reality for many of us, with troubling implications for not only our medical and mental health, but the financial future of our loved ones. Rising healthcare costs, deductibles, and co-pays will make caring for someone with a chronic illness difficult and costly.

With a chronic illness rider added to an AAO-Endorsed Group Term Life insurance policy, you can receive financial help while you're still living. Called accelerated life benefits, you can take a portion of the benefit amount of your life insurance to help cover the costs associated with a qualifying chronic illness.

HOW DO I APPLY?

The chronic illness rider can be added to an AAO-Endorsed Group Term Life Insurance policy. For existing term life insureds, the rider will require a separate, paper application for applicants who are age 50 and up, or applicants with term life policies with coverages over \$100,000.

Select a portion of your term life insurance that will be eligible for the chronic illness rider from \$50,000 to \$1,000,000 (\$50,000 increments) for AAO members and \$25,000 to \$1,000,000 (increments of \$25,000) for spouses (not to exceed member amount).

WHO IS ELIGIBLE TO APPLY?

AAO members ages 20-64 may apply for the chronic illness rider. Qualifying spouses who are ages 20-64 and are eligible for, or already covered by, AAO-Endorsed Group Term Life insurance, also may apply.

HERE'S AN EXAMPLE OF HOW IT WORKS.



You purchase an AAO-Endorsed Group Term Life Insurance policy (or maybe you have one already) with, for example, \$600,000 in benefit coverage



Add a chronic illness rider at time of purchase or anytime thereafter



You are diagnosed with a qualifying chronic illness and can begin accelerating up to 50% of the face amount of your policy (or \$300,000 in this example) to help ensure quality care for yourself and financial stability for your loved ones*



Your beneficiary receives a benefit payout at time of death minus the amount accelerated, or paid out, for chronic illness care (or \$300,000 in this example)

Opting for this Plan B means your life insurance is pulling double duty. If you're one of the lucky ones and never succumb to a chronic illness, your full death benefit will be available for your loved ones, generally tax free. Your life insurance is still doing exactly what it was designed to do.

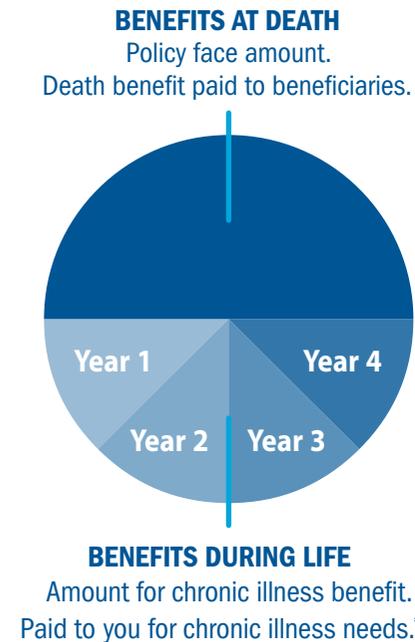
*Receipt of the accelerated life benefit may be taxable. The owner may want to seek assistance from a personal tax advisor.

**The death benefit will be reduced by the amount of accelerated life benefits paid out, however, your premium will not be reduced.

HOW MUCH OF MY AAO-ENDORSED GROUP TERM LIFE INSURANCE BENEFIT CAN I USE?

You can use up to 50% of the total benefit amount (new insureds not to exceed \$500,000) when you are diagnosed with a qualifying chronic illness. Accelerated life benefits for chronic illness are paid annually in four installments (12.5% of chronic illness

coverage amount per year with no more than \$125,000 made payable in one year)*. You may also use an additional 25% of your life benefit amount if a separate terminal condition occurs later.**



Additionally, if you qualify for accelerated life benefits prior to age 60, you will also qualify for waiver of premium on both your life insurance and chronic illness rider after 90 days.

HOW CAN I USE MY PAYOUTS?

Life benefit payouts are sent directly to the insured and can be used in any way that is most helpful to you and your loved ones.*** Maybe that's medical expenses or equipment, deductibles, retrofitting your home, or daily living expenses. It's flexible to meet your specific needs.

WHAT QUALIFIES AS A CHRONIC ILLNESS DIAGNOSIS?

A chronic illness qualifies for an accelerated life benefit if you are permanently unable to perform two out of six activities of daily living (bathing, continence, dressing, eating, toileting, and transferring) or you have a permanent severe cognitive impairment requiring substantial supervision to protect you from threats to health and safety. The chronic illness must occur after coverage is in effect and last for a continuous period of 90 days.

HOW DO I MAKE A CLAIM?

A licensed health care practitioner other than yourself or a family member must certify that you meet the stipulations of a chronic illness diagnosis. Per IRS rules, annual recertification by a licensed health care practitioner is required.

HOW LONG DOES COVERAGE LAST?

Coverage extends to age 80 or until the underlying Group Term Life policy expires. If a terminal illness claim is approved, the chronic illness rider will no longer be in effect.

WILL THERE BE ANY REDUCTIONS IN COVERAGE?

The amount of chronic illness coverage is subject to life schedule reductions and is based on the amount of coverage that would be in force one year after the request for acceleration was approved.

CURRENT 2017 ANNUAL RATES PER \$1,000 OF CHRONIC ILLNESS INSURANCE

FACE BAND 1: < 100,000		
Issue Age	Non-Smoker	Smoker
18-29	\$0.02	\$0.02
30-34	\$0.02	\$0.02
35-39	\$0.03	\$0.03
40-44	\$0.10	\$0.10
45-49	\$0.21	\$0.21
50-54	\$0.47	\$0.47
55-59	\$0.82	\$0.82
60-64	\$1.34	\$1.34
65-69+	\$3.57	\$3.57

CURRENT 2017 ANNUAL RATES PER \$1,000 OF CHRONIC ILLNESS INSURANCE

FACE BAND 2: 100,000+		
Issue Age	Non-Smoker	Smoker
18-29	\$0.02	\$0.02
30	\$0.02	\$0.02
31	\$0.02	\$0.02
32	\$0.02	\$0.02
33	\$0.02	\$0.02
34	\$0.02	\$0.02
35	\$0.02	\$0.02
36	\$0.02	\$0.02
37	\$0.02	\$0.02
38	\$0.03	\$0.03
39	\$0.04	\$0.04
40	\$0.05	\$0.05
41	\$0.06	\$0.06
42	\$0.08	\$0.08
43	\$0.09	\$0.09
44	\$0.11	\$0.11
45	\$0.12	\$0.12
46	\$0.14	\$0.14
47	\$0.16	\$0.16
48	\$0.19	\$0.19
49	\$0.24	\$0.24
50	\$0.29	\$0.29
51	\$0.34	\$0.34
52	\$0.40	\$0.40

CURRENT 2017 ANNUAL RATES PER \$1,000 OF CHRONIC ILLNESS INSURANCE

FACE BAND 2: 100,000+		
Issue Age	Non-Smoker	Smoker
53	\$0.44	\$0.44
54	\$0.49	\$0.49
55	\$0.55	\$0.55
56	\$0.61	\$0.61
57	\$0.69	\$0.69
58	\$0.75	\$0.75
59	\$0.82	\$0.82
60	\$0.88	\$0.88
61	\$0.94	\$0.94
62	\$1.00	\$1.00
63	\$1.19	\$1.19
64	\$1.44	\$1.44
65+	\$1.90	\$1.90
66+	\$2.49	\$2.49
67+	\$3.26	\$3.26
68+	\$3.83	\$3.83
69+	\$4.50	\$4.50

*The acceleration is subject to life schedule reductions and is based on the amount of coverage that would be in force one year after the request for acceleration was approved. A qualifying chronic illness must be certified by a licensed health care practitioner each year.

**A terminal illness benefit is payable up to 50% of the face amount. Percentage of combined accelerations between chronic illness rider and terminal illness cannot exceed 75%.

***Benefits for chronic illness needs are up to 50% of the life insurance benefit up to \$1,000,000. Benefits used for chronic illness decrease the amount available to beneficiaries upon the insured's death.

+Rate tables show renewal rates only. For age rates not shown, contact the Plan Administrator at 800.622.0344.