YOUR QUALITY OF LIFE POLICY

# Living Through Illness Without Financial Ruin

How the living benefits in an Indexed Universal Life policy work when you need them most

Presented by Marc Merritt and Marylene Teopengco-Merritt

***Educate • Protect • Wealth***

THE CATCH

# Use Your Life Insurance While You Are Alive




## Traditional life insurance pays at the finish line.

An Indexed Universal Life policy with living benefits can pay part of the death benefit while you are still alive, when an illness hits and the bills arrive.

***Live. Recover. Keep your retirement assets untouched.***

*Accelerated benefits are subject to policy terms and qualification. Remaining values continue to be credited per policy terms; index credits can be zero.*


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WHEN YOU CAN USE IT

# Three Moments That Can Unlock Your Benefit



## Terminal illness

A doctor certifies a life expectancy of 24 months or less.



## Chronic illness

You need help with 2 of 6 daily activities, like bathing or dressing, or have severe memory loss.



## Critical illness

A covered diagnosis such as a heart attack, stroke or invasive cancer.

*Exact definitions are in your policy's riders and vary by insurance company and state.*



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YOU ARE IN CONTROL

# Take What You Need, Keep the Rest

**Your policy**

**$1,000,000**

**Available if you qualify**

**Up to $500,000**

**You choose to use**

**$250,000**




*Whatever you do not use stays in the policy for a later claim and for your family.*

*Your check is figured at claim time and is usually less than the amount used (next page). Hypothetical example; not a projection of any policy.*

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BEFORE AND AFTER

# What Happens to Your Policy

## Before you get sick

| | |
|---|---|
| Death benefit | **$1,000,000** |
| Cash value | **$120,000** |
| Annual premium | **$12,000** |
| Living benefit available | **Up to $500,000** |

## After using $250,000

| | |
|---|---|
| Death benefit | **$750,000** |
| Cash value | **$90,000** |
| Annual premium | **About $9,000** |
| Still available later | **Up to $250,000** |

You receive a check calculated by the insurance company when you claim. Because you receive the money early, the check is usually less than the $250,000 of death benefit used (in this hypothetical, about $160,000). We get you the exact figure before you decide.



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A SECOND LOOK

# A Smaller Claim, Step by Step

**You use**

**$100,000**

of your $500,000 death benefit after a terminal diagnosis

**Your check**

**About $89,750**

after the early-payment discount and paying down part of your loan

**Still protecting your family**

**$392,000**

after the remaining $8,000 loan is repaid at death

| | Before | After |
|---|---|---|
| **Death benefit** | $500,000 | $400,000 |
| **Cash value** | $40,000 | $32,000 |
| **Policy loan** | $10,000 | $8,000 |
| **Annual premium** | $6,000 | About $4,800 |
| **Still available later** | Up to $250,000 | Up to $150,000 |

*Everything in the policy shrinks by the same 20%, including the loan.*

*Hypothetical example for illustration only: age 55, $500,000 policy, $10,000 loan, 92% discount factor, $250 processing fee. Not a projection of any policy.*



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KNOW YOUR RIDER

# Two Ways Insurance Companies Pay

## Discounted payment

- You receive less than the death benefit you use.
- Your death benefit drops by the amount used.
- What your family receives is set right away.

## Advance with a lien

- You receive the full amount you use as an advance.
- Interest is charged on that advance.
- Your family's benefit is reduced by the advance plus interest.

Your policy's rider sets the method. We show you which one, in writing, before you buy.



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NO RESTRICTIONS ON USE

# Spend It on What Matters to You

- **Care at home**
- **Mortgage and bills**
- **Replace lost income**
- **Treatment and travel to specialists**
- **Pay family caregivers**
- **Deductibles and copays**

Terminal and chronic illness payments are generally received income tax-free within IRS limits. Please confirm your situation with your tax advisor.



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BEFORE YOU BUY

# Three Questions to Bring to Your Review

1. Which living-benefit riders come with my policy, and are they available in my state?
2. Does my rider pay a discounted amount or an advance with a lien?
3. How much coverage do I need so my family is still protected if I use part of it?

*Disability income insurance is a separate need. When it fits, we refer it to a specialist.*



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NEXT STEP

# Let’s Talk About Your Quality of Life Policy

## Book a time: calendly.com/retirement-discussion

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Important information: Accelerated death benefits are subject to qualification and policy terms. Using a benefit reduces the death benefit, cash value and any loan balance. Benefit amounts are determined at the time of claim and may be less than the death benefit accelerated. Riders and definitions vary by insurance company and state and may not be available in all states. Accelerated benefit riders are not long-term care insurance. Benefits may be taxable and may affect eligibility for public assistance programs such as Medicaid; consult a tax or legal advisor. Indexed Universal Life policies do not participate directly in any stock or equity investment, and index credits can be zero. Guarantees are backed by the financial strength and claims-paying ability of the issuing insurance company. All examples are hypothetical and for illustration only. MMT Financial and Insurance does not provide tax or legal advice.