How Permanent & Term Life Insurance Work Together

Why Buy a Permanent Life Insurance Product Along with Term Life Insurance?

Permanent life insurance is one of the most important benefits in your benefits portfolio. **48%** of people die without any life insurance, and **99%** of all term policies never pay a death benefit. Term life insurance is not any less important than permanent life insurance. They just serve two completely different purposes.*

Term Life Insurance

80% Allocation

Allocating 80% of your insurance coverage to term life provides substantial protection for your family during the years when you financial obligations are highest.

Permanent Life Insurance

20% Allocation

Allocating 20% of your insurance coverage to permanent life ensures a smaller portion of your coverage remains in place for your entire life providing a lifelong safety net.

How They Work Together

Combining term and permanent life insurance gives employees a solution to customize protection to their needs.

The 80/20 rule is a good strategy. For example, if you need $100,000 of life insurance, it may be best to have $80,000 of term and $20,000 of permanent coverage. That way, if something untimely happens, your beneficiary would get the entire $100,000. If you are like the 99% and outlive your term policy, you will still have $20,000 that goes with you for the rest of your life at a locked in rate. Utilizing the 80/20 approach ensures family members are not put in a financial bind by having to come up with money for final expenses. This strategy is a cost-effective way to have the best of both worlds.

Term Life Insurance (80%)

Provides a higher payout, making it ideal during your working years when financial responsibilities peak:

- Pay off mortgage
- Education expenses for children

Permanent Life Insurance (20%)

Provides a lower payout but at a locked in rate. Ideal for after your working years when financial responsibilities are lower:

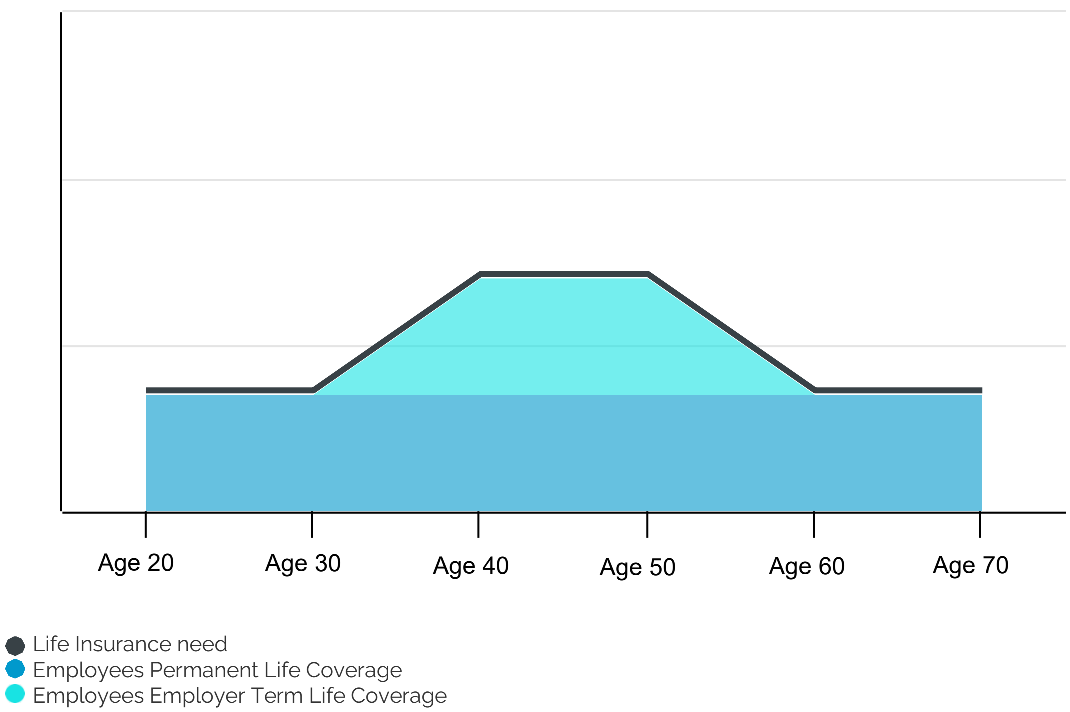
- Final expenses
- Protects loved ones from financial burdens long-term care

*Bankrate, Term life insurance, May 09,2023, Key takeaways. For online source, https://www.bankrate.com/insurance/life-insurance/term-life-insurance

How This Strategy Adapts as You Age and The Cost of Insurance Increases

- ✓ As you get older, the cost of term life insurance increases significantly, and it may become less affordable or unnecessary as you pay off your mortgage and your children become financially independent.
- ✓ At this point, you can gradually drop the term life coverage, as it's primarily needed for those high financial obligations earlier in life.
- ✓ The permanent life insurance, which was locked in at your current age, continues to provide a lifelong death benefit and some long term care benefits for your financial needs making sure you don't leave your family with a financial burden.

Employee Sample Illustration



Age 20 the employee purchased $60,000 of **permanent life** insurance with long-term care benefits at a portable locked in rate.

Age 30 the employee purchased additional $240,000 of group **voluntary term life** insurance to account for the added temporary expenses of a mortgage and children.

Age 60 the employee retires meaning they lose their $240,000 in voluntary term life coverage but maintains a base level of protection through their $60,000 permanent life policy.

Solving the Long-Term Care Issue with Trustmark's Hybrid Universal Life Insurance

Trustmark's Universal Life is an industry-leading hybrid solution that combines permanent life insurance with protection against the **growing costs of long-term care (LTC)**. As the long-term care market continues to evolve, Trustmark provides stability that other plans struggle to match:

Trustmark uniquely offers full benefit restoration.

Not 25% restoration, not 50% – **100% restoration**. With the Benefit Restoration rider, Trustmark Universal Life will instantly and continuously restore the **entire death benefit** that is advanced to pay for LTC coverage.

This effectively **doubles** the maximum value of a policy!

How does it work?

Example:

$100,000
Universal Life policy with LTC

LTC Benefits

4% Pays 4% of the death benefit per month for care received in the home or in a facility for up to 25 months.

Benefit Restoration

Restores the benefit that is reduced to pay for LTC.

Universal Life Benefit
$100,000

+

LTC Benefit
$100,000

=

Total Maximum Benefit
$200,000

Long-term care coverage for temporary needs as well.

Some hybrid plans offer **"chronic condition"** riders, which only pay benefits if a condition requiring care is permanent. But Trustmark Universal Life's **long-term care rider** will **still pay if a condition is temporary**.

Employees may need long-term care after an accident or major illness even if an eventual full recovery is expected. Our Universal Life helps to fulfill this demand!*

40% of adults

needing help with everyday activities are under the age of 65.[1]

3 years

istheaveragedurationof LTC need in the U.S.[2]

*Benefits are subject to the policy terms and requirements.

Voluntary Benefits

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$4,000

The cost of LTC can be expensive – upwards of **$4,000 per month** for assisted living.[3]

A solution that employers and employees will value.

It is more difficult than ever for employers and employees to find affordable long-term care protection, especially as the costs of care continue to increase. **Trustmark Universal Life answers this need with a level of protection you won't find elsewhere.**

Combining two benefits – life and LTC – with permanency and portability creates a product that employees can feel **confident they will eventually utilize.** And employers can stand out in talent attraction and retention by offering an **affordable, valuable LTC solution** as part of their benefits suite.

Protection that fits the duration and cost of LTC.

Trustmark's LTC solution is designed to address both the **expense** and **"long-term"** part of LTC:

- Trustmark also offers our unique Universal LifeEvents® product, which can provide a **higher LTC benefit for the same premium.**

[1]Long-term support and services. AARP Public Policy Institute. March, 2017. [2]Cost and Incidence of Long-Term Care. Forbes. Jan. 5, 2016. [3]Genworth Cost of Care Survey. 2018.

You care. We listen.

Contact your Trustmark regional sales representative to learn more about how Trustmark is solving the issue of long-term care.

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Frequently Asked Questions

1. How does Trustmark Universal Life/LifeEvents® with Long-Term Care Benefits insurance work?

Answer: One policy with two benefits – life insurance coverage for your family and long-term care (LTC) benefits if you need them. Building a plan is simple:

- Choose a life insurance benefit up to $300,000.
- You can access 4% of the death benefit per month if you need LTC (i.e. $100,000 of life = $4,000 per month for LTC) for up to 25 months.
- If the death benefit is accelerated for LTC, 100% of the death benefit will be restored and paid to your beneficiary at time of death.[1]

[1] *Universal LifeEvents death benefit reduces to 1/3 at age 70 or the beginning of the 15th policy year, whichever occurs last. Issue age is 18 to 64.*

2. How do I become eligible to receive the benefits for long-term care?

Answer: If your physician determines that you require eligible LTC services because you have been diagnosed with a cognitive impairment or require assistance to perform two or more activities of daily living (ambulating, bathing, eating, transferring, toileting, continence, and dressing) and you are expected to need care for at least 90 days, you can accelerate your death benefit to help pay for LTC after satisfying the elimination period (the first 90 days of care during which no benefits are payable).

3. If I use my death benefit for long-term care, but don't completely exhaust it – what happens?

Answer: If you use some or all of your death benefit for LTC, the policy restores your death benefit and upon death your beneficiary would still receive 100% of the death benefit.

4. What happens if I stop paying my premium?

Answer: Universal Life is a flexible premium product. The policy will stay in force as long as there is positive cash value. If you do not pay your target premium, the cost of insurance, fees and expenses will be paid out of your cash value. However, cash value does take time to accrue, so premiums will need to be paid for at least the first few years you own the policy before there is enough accrued cash value to skip a premium payment.

5. **How much does it cost?**

Answer: Your premium is based on how much death benefit you select, whether you're a smoker or non-smoker, and your age based on the policy effective date.

6. **Is there a medical screening or underwriting involved in obtaining coverage?**

Answer: Most employees will qualify for guaranteed issue – meaning no health questions during the special enrollment period. Those eligible for guaranteed issue include actively at work full-time benefit eligible employees, age 18-64. Coverage is also available for spouses with limited health questions up to age 64.

7. **How long does this policy last?**

Answer: The policy ends on the Certificate Anniversary on or after which the insured attains age 100. If the insured is living and this certificate is in force on that date, the cash value will be payable, and the certificate will terminate.

8. **What happens if I never use the policy for long-term care?**

Answer: Upon death your beneficiary would receive the full amount of in-force death benefit.

9. **Can I get coverage for my family?**

Answer: Spouse coverage is available for amounts equal or less than what is purchased by the employee. Spouse coverage does require underwriting. The employee must apply for coverage in order for spouse coverage to be issued. Coverage is also available for children up to age 25.[2]

[2] In CA, child coverage is available through age 25. Electronic applications are permitted through age 22. Applications for children aged 23-25 require paper application.

10. **Are my premiums guaranteed?**

Answer: Target premiums are set when the policy is issued and will not change unless you make changes to the value of your policy, such as purchasing additional coverage or in the rare instance where a change is necessary as a result of an audit finding or to comply with laws or regulations.

11. How do I pay my premium?

Answer: When you sign up or enroll for the policy it will ask for an ACH bank account as a form of payment. You will enter the required information and Trustmark will bill you on a monthly basis for the policy.

12. What if I leave my employer or retire?

Answer: This policy is completely portable – meaning you take the coverage with you with if you were to change jobs or retire from your current employer. You can continue coverage without any change in premium or benefit amounts. You can contact the Trustmark customer care team at 800-918-8877 for assistance.

14. How do I cancel coverage?

Answer: You can call the Trustmark customer care team at 800-918-8877 or log in through www.trustmarkbenefits.com/voluntary-benefits for assistance.

The LTC Benefit is an acceleration of the death benefit and is not Long-Term Care Insurance. It begins to pay after 90 days of confinement or services, and to qualify you must meet conditions of eligibility for benefits. Your policy will contain complete details. For exclusions and limitations that may apply visit www.trustmarkbenefits.com/voluntary-benefits/disclosures/ul. To view a copy of A Consumer's Guide to Long-term Care from the California Department of Aging, please go to: http://www.aging.ca.gov/aboutcda/publications/Taking_Care_of_Tomorrow_English/.

Help Solve the Long-Term Care Issue with Trustmark Universal Life/Universal LifeEvents® Insurance

The need for long-term care (LTC) services is one of the greatest risks people can face. Yet it can be a challenge to find protection against the rising costs of those services, in the event of an accident, illness or aging.

Not being prepared for the high costs of LTC may deplete retirement savings and may create financial hardships for surviving families.

For some, LTC insurance is an option, but may be expensive. In addition, most people don't think about buying it until they get older. By then, it may be more than they can afford. Would it help to have the added protection of combining life insurance, cash value and LTC all in one policy that you may use as a financial tool?

Introducing an attractive alternative for obtaining long-term care

Trustmark Universal Life/Universal LifeEvents insurance is an easy way to buy LTC coverage that you may find affordable. It provides a long-term care benefit[1] that's funded by life insurance.

Universal Life/Universal LifeEvents Insurance with LTC

Fund your future LTC needs through a life insurance policy[1] and help to:

- Maintain independence and freedom of choice over how and where care services are provided (once an insured has met conditions of eligibility and has a plan of care)
- Protect your retirement assets
- Ensure that LTC needs may not create a financial burden on your family

[1] The LTC Benefit is an acceleration of the death benefit, which proportionately reduces it, and is not Long-Term Care Insurance. It begins to pay after 90 days of confinement or services, and to qualify you must meet conditions of eligibility for benefits. Pre-existing condition limitation and exclusions may apply. Living Benefits may not be available in all states or may be named differently. Please consult your policy for complete details.

[2] Universal Life death benefit reduces to one-third at age 70 or the beginning of the 15th policy year, whichever occurs last. Issue age is 18-64. Living benefits for LTC remain at their original level.

[3] Additional charges may apply, not available in all states.

It works like this:

Say the life insurance benefit amount is $100,000. Universal Life/ Universal LifeEvents accelerates 4 percent of that – or $4,000 a month – to help pay for care[2]. Plus, Universal Life/Universal LifeEvents features a benefit rider[3] that makes the full life insurance benefit amount available at its original value, thus DOUBLING the policy value.

Monthly cash benefit

Some LTC policies limit benefits to a type of care or daily benefit. The Universal Life/Universal LifeEvents benefit for LTC pays benefits directly to you, and allows a choice of care facilities:

- Home Care
- Adult Day Care
- Assisted Living
- Nursing Home

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Quick takes[1]

40% of people currently receiving LTC are adults 18-64 years old.

70% of people over 65 will eventually need LTC.

92% of of all LTC claims last for about three years.

Get coverage while you can

Some people may not have long-term care coverage because they either can't afford it or can't qualify for it when they realize they need it. That's why being a working adult is ideal. You're younger, healthier, and may qualify for coverage. You may find that premiums are more affordable and buying coverage at work gives you access to more favorable underwriting.

Plus, Universal Life/Universal LifeEvents gives you a way to increase coverage yearly without additional underwriting[2], just like many traditional LTC policies.

[2]Universal Life death benefit reduces to one-third at age 70 or the beginning of the 15th policy year, whichever occurs last. Issue age is 18-64. Living benefits for LTC remain at their original level.

$$$

Sticker shock: The growing cost of care[1]

- Care can cost $200 to $300 or more a day.
- About 75% of single people and 50% of all couples spend their entire savings within one year of entering a nursing home.
- LTC costs have risen 5% to 6% annually over the past 20 years.

[1]National Clearinghouse for Long Term Care Information, U.S. Department of Health and Human Services. Date accessed, February 5, 2013

More than LTC

So what if you never use the policy benefit for long-term care? Universal Life/Universal LifeEvents solves that problem, too, in the form of a death benefit. Remember, Universal Life/Universal LifeEvents is life insurance. "Use it or lose it" doesn't exist – life insurance proceeds can be left to beneficiaries even if the LTC benefit is never used.

Features you'll appreciate:

- **Convenient payroll deduction.** No checks to write. No bills to mail.
- **Full portability.** You own the policy so you can keep the coverage when you leave a job or retire (as long as premiums are paid).
- **One-on-one guidance.** You'll get personalized benefit advice and assistance with the application process.

**You care.
We listen.**

*Policy Forms IUL.205/GUL.205, HH/LTC.205 [and BRR.205].
For costs and further details of the coverage, including exclusions, any reductions or limitations and terms under which the policy may be continued in force, see your agent or write to the company.*

Products underwritten by Trustmark Insurance Company and Trustmark Life Insurance Company of New York. Rated A (Excellent) for financial strength by AM Best.

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Changing long-term care needs

A swirl of demographic, legislative and economic factors have put the topic of care in the spotlight. To help employees prepare, it's important to understand what's driving this growing challenge.

Adding up the numbers

The growing need for care

In the **2030's** the number of **people over age 65** is expected to exceed those under age 18 for the first time in US history.[1]

+

70% of people over age 65 will need care services to assist with activities of daily living.[2]

=

A growing elderly population that is likely to need care means an **increased demand for care.**

The difficulty of accessing care

Care facilities saw a **decrease of 409,000 employees** during the pandemic.[3]

+

The cost of assisted living facilities have **increased by 79%** since 2004.[4]

=

Shrinking care resources and increased costs mean that **access to care is more difficult for employees.**

Care is also a challenge for younger people

60% of Trustmark long-term care claimants are under age 65.[5]

+

30% of Trustmark claims for long-term care are for conditions that are non-permanent.[5]

=

More people under age 65 require care, which adds to the demand for care and caregivers.

Younger people are part of the care conversation

Millennials are **more concerned about care expenses** than any other generation.[6]

+

Millennials **rank care and life insurance** among the top areas they'd like to discuss with an advisor.[6]

=

Concerns about care are pervasive – conversations about care may be relevant for a wide range of employees.

Voluntary Benefits

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Solving the care challenge

The statistics may seem daunting, but there are solutions to address the challenge of care. **Trustmark can help** – we specialize in hybrid life and care solutions with two unique products that can help protect employees.

Trustmark Universal Life

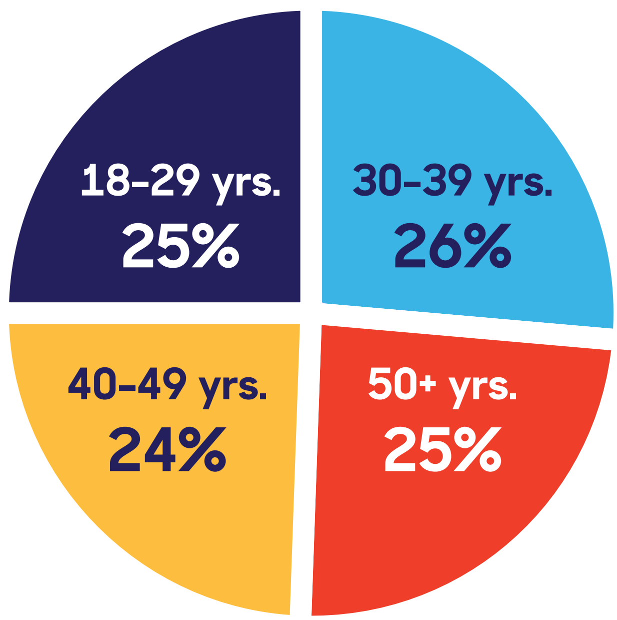
- **Universal Life plan design** builds cash value allowing for flexibility as needs change
- **Offers long-term care benefits – 4% of the face amount** for up to 25 months of professional care
- **Death benefit and care benefits** remain level throughout the life of the product

Trustmark Universal LifeEvents®

- **Universal LifeEvents plan design** builds cash value allowing for flexibility as needs change
- **Offers long-term care benefits – 4% of the face amount** for up to 25 months of professional care
- **Maximize value of care benefits** at purchase with a 67% death benefit reduction at age 70*

Who's buying coverage from Trustmark?

Universal Life with long-term care benefits appeals to employees of all ages.[5]



* Or the beginning of the 15th policy year, whichever is later.
** Or 10th policy anniversary, whichever is later.

The time to address the need for care is now. Reach out to a Trustmark representative to learn more about the care challenges and the solutions we can provide for employees. TrustmarkVB.com

[1] The Caring Company. Harvard Business School. 2018. [2] How much care will you need? Longtermcare.gov. 2020. [3] BLS January Jobs Report. American Health Care Association & National Center for Assisted Living. 2022. [4] Genworth Cost of Care Survey. 2004-2020. [5] Trustmark Book of Business - Universal Life with HH/LTC Rider. The HH/LTC rider is an acceleration of the death benefit and is not comprehensive long term care insurance. [6] LIMRA Insurance Barometer Report, 2021.

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