

SERFF Tracking Number: ELAS-128349801 State: Arkansas  
Filing Company: AXA Equitable Life Insurance Company State Tracking Number:  
Company Tracking Number:  
TOI: LTC03I Individual Long Term Care Sub-TOI: LTC03I.001 Qualified  
Product Name: Accelerated Death Benefit for Long-Term Care Services  
Project Name/Number: Accelerated Death Benefit for Long-Term Care Services Sales Materials/GE-67827A (5/12)

## Filing at a Glance

Company: AXA Equitable Life Insurance Company

Product Name: Accelerated Death Benefit for Long-Term Care Services  
SERFF Tr Num: ELAS-128349801 State: Arkansas

TOI: LTC03I Individual Long Term Care SERFF Status: Closed-Filed State Tr Num:  
Sub-TOI: LTC03I.001 Qualified Co Tr Num: State Status: Filed-Closed  
Filing Type: Advertisement Reviewer(s): Donna Lambert  
Disposition Date: 05/15/2012  
Authors: Audrey Arnold, Samra  
Mekbeb, Sabrena Lallmohamed,  
Jillian Rios  
Date Submitted: 05/14/2012 Disposition Status: Filed  
Implementation Date Requested: On Approval Implementation Date:

State Filing Description:

## General Information

Project Name: Accelerated Death Benefit for Long-Term Care Services Sales Materials  
Status of Filing in Domicile: Not Filed

Project Number: GE-67827A (5/12)  
Requested Filing Mode: Review & Approval

Date Approved in Domicile:  
Domicile Status Comments: We do not have an Accelerated Death Benefit for Long-Term Care Services product in our state of domicile, New York.

Explanation for Combination/Other:  
Submission Type: New Submission  
Overall Rate Impact:

Market Type: Individual  
Individual Market Type:  
Filing Status Changed: 05/15/2012  
State Status Changed: 05/15/2012  
Created By: Audrey Arnold  
Corresponding Filing Tracking Number:

Deemer Date:  
Submitted By: Audrey Arnold  
Filing Description:  
Leah Tomberlin  
Vice President  
Telephone: (212) 314-3068  
Facsimile: (212) 707-7493

SERFF Tracking Number: ELAS-128349801 State: Arkansas  
Filing Company: AXA Equitable Life Insurance Company State Tracking Number:  
Company Tracking Number:  
TOI: LTC03I Individual Long Term Care Sub-TOI: LTC03I.001 Qualified  
Product Name: Accelerated Death Benefit for Long-Term Care Services  
Project Name/Number: Accelerated Death Benefit for Long-Term Care Services Sales Materials/GE-67827A (5/12)

May 14, 2012

Mr. Jay Bradford  
Insurance Commissioner  
Department of Insurance  
1200 W. Third Street  
Little Rock, AR 72201-1904

Re: AXA Equitable Life Insurance Company  
NAIC No.: 0968-62944 FEIN No.: 13-5570651  
Form No.: GE-67827A (5/12) – Accelerated Death Benefit for Long-Term Care Services  
Client Brochure  
Form No.: GE-67829A (5/12) – Accelerated Death Benefit for Long-Term Care Services  
Planning Perspective  
SERFF Tracking Number: ELAS-128349801

Dear Commissioner Bradford:

Please be advised that the above-reference advertisement materials are being filed for your approval, which is to be used with our Long-Term Care Services Rider (LTCSR), R12-10, which was approved by the Department, on March 7, 2012, SERFF Tracking Number ELAS-128144833.

Please note that a concurrent filing of the identical forms referenced above is being submitted for use with products issued by MONY Life Insurance Company of America (SERFF Tracking Number ELAS-128349802) therefore we request that one reviewer be assigned all submissions.

The submitted advertisement materials should be categorized as an "Invitation to Inquire".

Form No. GE-67827A, "One Strategy Can Help Address Two Needs/Long-Term Care Services Rider with my life insurance policy", is the Long-Term Care Services Rider client brochure.

Form No. GE-67829A (5/12), "Understanding the Taxation of My Benefits" is the Long-Term Care Services Rider planning perspective.

SERFF Tracking Number: ELAS-128349801 State: Arkansas  
Filing Company: AXA Equitable Life Insurance Company State Tracking Number:  
Company Tracking Number:  
TOI: LTC03I Individual Long Term Care Sub-TOI: LTC03I.001 Qualified  
Product Name: Accelerated Death Benefit for Long-Term Care Services  
Project Name/Number: Accelerated Death Benefit for Long-Term Care Services Sales Materials/GE-67827A (5/12)

The content within these two advertisement materials are identical for both AXA Equitable Life Insurance Company and MONY Life Insurance Company of America, except (as required) for the check boxes at the top of the cover pages to distinguish the two companies, and the "Cat. #" (known as the Catalog Number) on the lower right corner of the back cover. This number is assigned to all marketing materials by our marketing department for ordering purposes from the warehouse. Different Catalog numbers were required to distinguish each "checked" company box on the covers of the brochure.

The submitted advertisement materials will be used with our clients and prospects who would receive these materials in a kit by mail or in person from their life insurance agent or financial professional. The kit includes the product brochure/fact card for the applicable life insurance policy to which this optional rider can be purchased.

Form Nos. GE-67827A (5/12) and GE-67829A (5/12) will be preceded or accompanied by current product prospectuses and any applicable product prospectus supplements. These contain more complete information, including charges and expenses.

If additional information is needed, please do not hesitate to contact me, at (212) 314-3068.

Sincerely,

Leah Tomberlin  
Vice President

State Narrative:

## Company and Contact

### Filing Contact Information

Leah Tomberlin, Vice President  
1290 Avenue of The Americas 13th Floor  
New York, NY 10104

Leah.Tomberlin@axa-equitable.com  
212-314-3068 [Phone]  
212-314-4820 [FAX]

### Filing Company Information

AXA Equitable Life Insurance Company  
1290 Avenue of the Americas, 14-10  
New York,, NY 10104  
(212) 314-2921 ext. [Phone]  
-----

CoCode: 62944 State of Domicile: New York  
Group Code: 968 Company Type: LIFE Insurance  
Group Name: State ID Number:  
FEIN Number: 13-5570651

SERFF Tracking Number: ELAS-128349801 State: Arkansas  
Filing Company: AXA Equitable Life Insurance Company State Tracking Number:  
Company Tracking Number:  
TOI: LTC03I Individual Long Term Care Sub-TOI: LTC03I.001 Qualified  
Product Name: Accelerated Death Benefit for Long-Term Care Services  
Project Name/Number: Accelerated Death Benefit for Long-Term Care Services Sales Materials/GE-67827A (5/12)

## Filing Fees

Fee Required? Yes  
Fee Amount: \$100.00  
Retaliatory? No  
Fee Explanation: \$50.00 per form for two forms  
Per Company: No

COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
AXA Equitable Life Insurance Company	\$100.00	05/14/2012	59148234

SERFF Tracking Number: ELAS-128349801 State: Arkansas  
Filing Company: AXA Equitable Life Insurance Company State Tracking Number:  
Company Tracking Number:  
TOI: LTC03I Individual Long Term Care Sub-TOI: LTC03I.001 Qualified  
Product Name: Accelerated Death Benefit for Long-Term Care Services  
Project Name/Number: Accelerated Death Benefit for Long-Term Care Services Sales Materials/GE-67827A (5/12)

## Correspondence Summary

### Dispositions

Status	Created By	Created On	Date Submitted
Filed	Donna Lambert	05/15/2012	05/15/2012

*SERFF Tracking Number:* ELAS-128349801      *State:* Arkansas  
*Filing Company:* AXA Equitable Life Insurance Company      *State Tracking Number:*  
*Company Tracking Number:*  
*TOI:* LTC03I Individual Long Term Care      *Sub-TOI:* LTC03I.001 Qualified  
*Product Name:* Accelerated Death Benefit for Long-Term Care Services  
*Project Name/Number:* Accelerated Death Benefit for Long-Term Care Services Sales Materials/GE-67827A (5/12)

## **Disposition**

Disposition Date: 05/15/2012

Implementation Date:

Status: Filed

Comment:

Rate data does NOT apply to filing.

SERFF Tracking Number: ELAS-128349801 State: Arkansas  
 Filing Company: AXA Equitable Life Insurance Company State Tracking Number:  
 Company Tracking Number:  
 TOI: LTC03I Individual Long Term Care Sub-TOI: LTC03I.001 Qualified  
 Product Name: Accelerated Death Benefit for Long-Term Care Services  
 Project Name/Number: Accelerated Death Benefit for Long-Term Care Services Sales Materials/GE-67827A (5/12)

Schedule	Schedule Item	Schedule Item Status	Public Access
Form	Accelerated Death Benefit for Long-Term Care Services Client Brochure	Filed	Yes
Form	Accelerated Death Benefit for Long-Term Care Services Planning Perspective	Filed	Yes

SERFF Tracking Number: ELAS-128349801 State: Arkansas  
 Filing Company: AXA Equitable Life Insurance Company State Tracking Number:  
 Company Tracking Number:  
 TOI: LTC03I Individual Long Term Care Sub-TOI: LTC03I.001 Qualified  
 Product Name: Accelerated Death Benefit for Long-Term Care Services  
 Project Name/Number: Accelerated Death Benefit for Long-Term Care Services Sales Materials/GE-67827A (5/12)

## Form Schedule

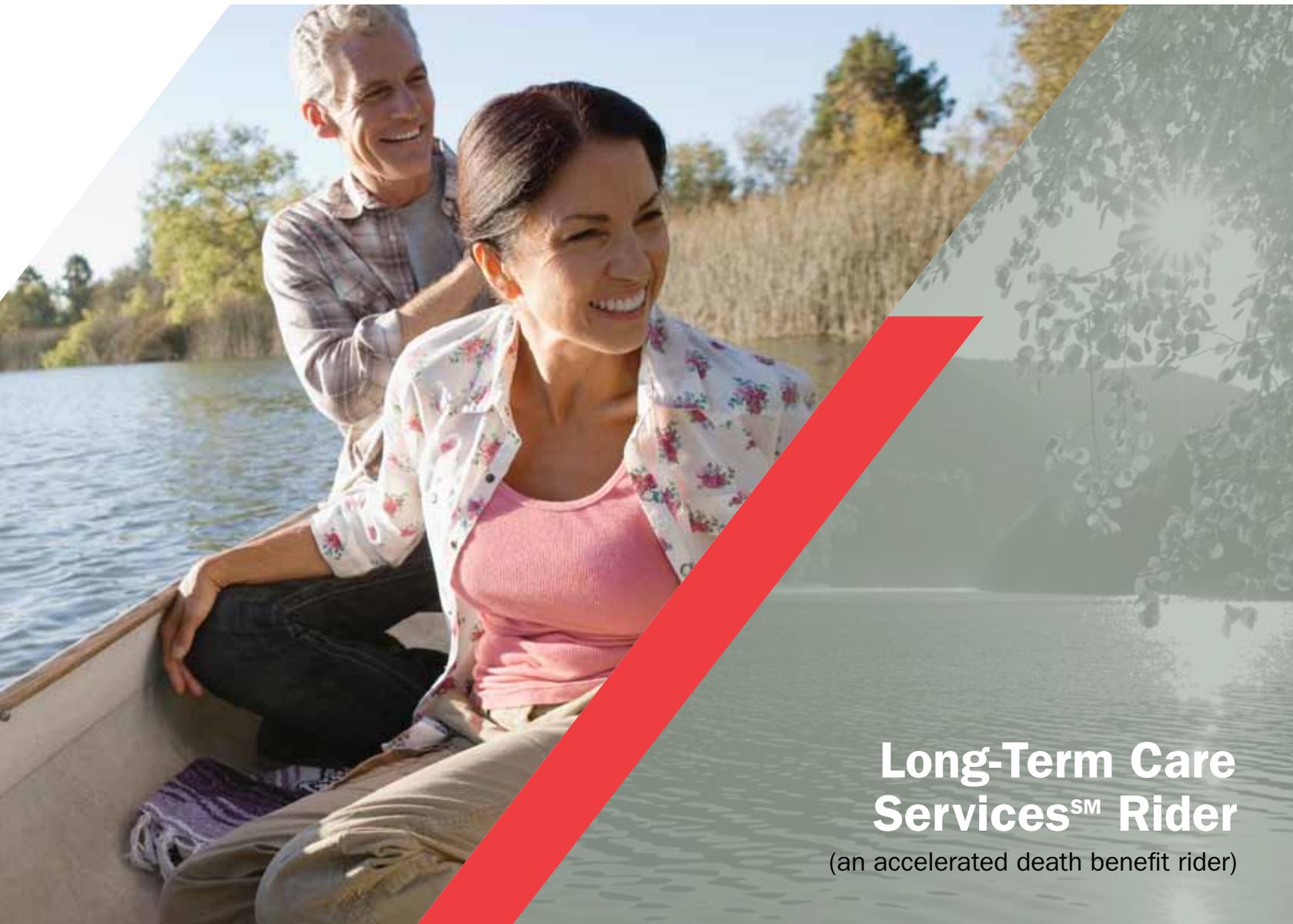
### Lead Form Number: GE-67827A (5/12)

Schedule Item	Form Number	Form Type	Form Name	Action	Action Specific Data	Readability	Attachment
Filed 05/15/2012	GE-67827A (5/12)	Advertising	Accelerated Death Benefit for Long- Term Care Services Client Brochure	Initial		66.930	LTCSR Client Brochure - Non-ICC AXA Equitable version.pdf
Filed 05/15/2012	GE-67829A (5/12)	Advertising	Accelerated Death Benefit for Long- Term Care Services Planning Perspective	Initial		57.100	LTCSR Planning Perspective - Non-ICC AXA Equitable version.pdf

life insurance

- AXA Equitable Life Insurance Company
- MONY Life Insurance Company of America

# one strategy can help address two needs



## Long-Term Care Services<sup>SM</sup> Rider

(an accelerated death benefit rider)

Life Insurance: · Is Not a Deposit of Any Bank · Is Not FDIC Insured  
· Is Not Insured by Any Federal Government Agency · Is Not Guaranteed  
by Any Bank or Savings Association · May Go Down in Value

GE-67827A (5/12)



## the real need for long-term care

Health care for the aging population continues to be a prominent concern among future retirees. In fact, as baby boomers head into retirement, our country will be confronted with the reality that by the year 2020, an estimated 12 million elderly Americans will require some form of long-term care.<sup>1</sup> While many will be cared for by family and friends, millions of others will rely on professional care either at home or in long-term care facilities. The question that you may be asking yourself is, “Am I financially prepared for the ongoing expenses associated with this care?”

The Long-Term Care Services<sup>SM</sup> Rider<sup>2</sup> is an accelerated death benefit rider available at issue for an additional cost with certain individual permanent life insurance products. This rider may advance all or a portion of a policy's death benefit to pay for qualified long-term care services if a physician certifies that you have become chronically ill and otherwise qualify under the rider. The Long-Term Care Services<sup>SM</sup> Rider provides you with a versatile benefit that can be used during your lifetime to pay for some of the expenses associated with long-term care, if needed.

Contact your Financial Professional today to discuss how the Long-Term Care Services<sup>SM</sup> Rider may help you meet your unique financial goals. Receipt of the accelerated benefits may be taxable; therefore, you should seek assistance from a tax advisor.

<sup>1</sup> National Clearinghouse for Long-Term Care Information, [www.longtermcare.gov](http://www.longtermcare.gov). Updated January 2012.

<sup>2</sup> In some states, we are required to refer to this rider as a “Long-Term Care Insurance Rider.”

## The High Cost of Care

Depending on where you live and the type of care that you require, long-term care expenses can exceed \$75,000 per year.<sup>3</sup> In some states, that cost of care can be much higher. At these rates, the choice to self-insure can be very challenging. Yet, many Americans still do not own Long-Term Care insurance (LTCi). A common misconception among people without LTCi is that government health programs such as Medicare and Medicaid will cover these costs.

While Medicare provides limited coverage for nursing home and home care services, it is designed to pay for the treatment of acute, short-term illness — not ongoing care associated with Activities of Daily Living,<sup>4</sup> such as eating, bathing, and dressing. Therefore, Medicare's coverage of nursing home and home care services is very limited.

Medicaid, a different program entirely, may cover ongoing costs associated with long-term care, but requires that recipients meet strict asset and income eligibility criteria and are restricted to Medicaid-approved services and facilities.

Long-term care benefits are generally triggered if a physician certifies that you need substantial assistance to perform at least two of the six Activities of Daily Living, which include: eating, bathing, dressing, toileting continence and transferring, or if you have a significant cognitive impairment.

<sup>3</sup> National Clearinghouse for Long-Term Care Information, [www.longtermcare.gov](http://www.longtermcare.gov). Updated January 2012.

<sup>4</sup> As defined in the Internal Revenue Code Section 7702B.



# the Long-Term Care Services<sup>SM</sup> Rider

There is another way to help protect yourself and your family should you have a need for life insurance and eventually require long-term care. Consider purchasing the Long-Term Care Services<sup>SM</sup> Rider in conjunction with a new permanent life insurance policy.

While life insurance ensures that loved ones will receive immediate funds in the event of your death, the Long-Term Care Services<sup>SM</sup> Rider allows you to accelerate some or all of the amount of a policy's death benefit called the Long-Term Care Specified Amount to help pay for qualified long-term care services. The Long-Term Care Services<sup>SM</sup> Rider is not a stand-alone LTCi policy, but it can provide funds for long-term care services should the need arise. Though the Long-Term Care Services<sup>SM</sup> Rider may not cover all costs associated with your care, it may certainly help defray the financial burden. Therefore, other than your life insurance policy, assets you have earmarked for retirement and bequests may be protected and can be used as you intended, rather than possibly being depleted to provide for your care.

The maximum amount of benefits you can receive under the rider is the Long-Term Care Maximum Total Benefit, which is equal to the policy's initial Face Amount times the Acceleration Percentage selected by you, the policyowner, at issue. To understand how the Acceleration Percentage differs between Death Benefit Options A and B, please see the example in the call-out box. Since the benefit provided under the rider is an acceleration of a policy's death benefit, certain policy transactions, such as a reduction in the policy's Face Amount, can reduce the Long-Term Care Maximum Total Benefit. To be eligible for benefits under this rider, you must be chronically ill and receiving qualified long-term care services in accordance with a Plan of Care. The Elimination Period must be satisfied and we must receive notice of claim and satisfactory proof of loss. Services must be rendered by a facility or agency as defined in the rider. Pre-existing condition exclusions also apply. Please request the Outline of Coverage and Policy Rider Form for more information. Some restrictions may apply. **See "Limitations and Exclusions" on the back cover of this brochure.**

Death Benefit Option	Acceleration Percentage
A <sup>5</sup>	20-100%
B <sup>6</sup>	100%

## how it works

- Jack has a permanent life insurance policy with an initial Face Amount of \$1 million and elects Death Benefit Option A<sup>5</sup> with an Acceleration Percentage of 50%. Therefore, his Long-Term Care Specified Amount at issue is \$500,000.
- Stacy has a permanent life insurance policy with an initial Face Amount of \$1 million and elects Death Benefit Option B.<sup>6</sup> For any policy with Death Benefit Option B, the Acceleration Percentage is always 100%. Therefore, her Long-Term Care Specified Amount at issue is \$1,000,000.

<sup>5</sup> For Death Benefit Option A policies, the Maximum Total Benefit is equal to current Long-Term Care Specified Amount. The policyowner may select an Acceleration Percentage between 20% and 100%. Once selected, the Acceleration Percentage may not be changed.

<sup>6</sup> For Death Benefit Option B policies, the Acceleration Percentage must be 100% and the Maximum Total Benefit is equal to current Long-Term Care Specified Amount plus the Policy Account Value.

## Choosing Your Coverage

When you apply for the permanent life insurance policy and elect the Long-Term Care Services<sup>SM</sup> Rider, you will designate the Face Amount of life insurance needed, and the Acceleration Percentage to determine the Long-Term Care Specified Amount along with Monthly Benefit Percentage, which determines the maximum monthly benefit amount available under the rider. See the chart for detail regarding the Monthly Benefit Percentage. If you begin collecting long-term care benefits, the amount of each payment will be treated as a lien against, and therefore, will reduce the policy death benefit, account value and cash value.

There is an optional non-forfeiture benefit available with the Long-Term Care Services<sup>SM</sup> Rider for an additional cost. While the non-forfeiture benefit may provide an additional benefit in some cases, the charge for the Long-Term Care Services<sup>SM</sup> Rider including the non-forfeiture benefit will be higher than the charge for the rider without the non-forfeiture benefit. As with the decision to purchase any type of insurance product, check with your financial professional to see if a permanent life insurance policy with the Long-Term Care Services<sup>SM</sup> Rider may be able to work for you.



Minimum and Maximum Issue Ages for the Monthly Benefit Percentages:		Maximum Face Amount at Issue <sup>7</sup> :
1%	Issue ages 20-75	\$5,000,000
2%	Issue ages 20-75	\$2,500,000
3%	Issue ages 20-70	\$1,666,666

<sup>7</sup> The Maximum Face Amount at Issue referenced in this chart assumes a policy includes the Long-Term Care Services<sup>SM</sup> Rider with an Acceleration Percentage of 100%.

## If You Don't Use It, You **Don't** Lose It

If you decide to add the Long-Term Care Services<sup>SM</sup> Rider to your permanent life insurance policy at issue and don't receive payments under the rider, the policy's entire death benefit will pass to your beneficiaries when you die. In other words, if you do not use your long-term care protection, although you have paid the rider charge for the option to accelerate the death benefit, you haven't spent decades paying premiums for a policy that never pays any benefit at all. Additionally, if you begin collecting monthly benefits under the Long-Term Care Services<sup>SM</sup> Rider, but do not receive the full death benefit of your policy, the remaining death benefit will be paid to your beneficiaries at your death.

The HIPAA limit for 2012 is \$310 per day. This daily benefit limit is adjusted annually for inflation. For purposes of calculating the Maximum Monthly Benefit payment, we also apply a 200% of the HIPAA limit (100% in New York) and assume a 30-day month. For 2012, this produces a benefit payment limit of \$18,600 per month. There is an overall Maximum Monthly Benefit of \$50,000.

### **Long-Term Care Services<sup>SM</sup> Rider**

A life insurance policy with the Long-Term Care Services<sup>SM</sup> Rider provides a single strategy to meet your financial protection and death benefit needs.

- If needed, you can accelerate all or part of your policy's death benefit, which can be used to help pay for qualified long-term care expenses.
- Any part of the death benefit not accelerated as benefits provided under the Long-Term Care Services Rider<sup>SM</sup> will be paid to beneficiaries at the Insured's death.

## Protect What's Important

If you were asked what's important to you, most likely you would name loved ones. That's why you intend to protect them by owning life insurance. Consider *their* response if asked the same question: they would most likely name you.

Life insurance will help provide for the people who matter the most to you when you're gone. But think about what could happen if you are still living, yet unable to independently care for yourself — the emotional impact would be great, but the same might be said for the financial impact. Help secure your family's financial future and yours with a combination of life insurance and the Long-Term Care Services<sup>SM</sup> Rider. Help protect what's important: the quality of their lives and yours.

## LIMITATIONS AND EXCLUSIONS:

(a) **Preexisting conditions.** This rider does not cover conditions for which the insured person received medical advice or treatment from a provider of health care services (or a condition for which treatment was recommended to the insured person by a health care provider) within six months preceding the effective date of this rider. No benefits will be provided under the rider during the first six months for long-term care services received by the Insured due to a preexisting condition. Days of Service received by, or recommended to, the Insured for a preexisting condition during the first six months that the rider is in force will not be counted toward the satisfaction of the Elimination Period.

(b) **Exclusions, Exceptions and Limitations.** This rider does not cover services provided by a facility or an agency that does not meet the rider definition of such facility or agency. The rider does not cover care or treatment:

- From a facility that primarily treats drug addicts or alcoholics;
- From a facility that primarily provides domiciliary, residency or retirement care;
- From a facility owned or operated by a member of your or the insured person's Immediate Family;
- Provided by a member of the insured person's Immediate Family;
- From anyone who is under suspension from Medicare or Medicaid;
- If benefits are sought only because a third party requires that this rider be exercised (as, for example, to obtain or maintain a government assistance benefit);
- For an attempted suicide or intentionally self-inflicted injuries;
- As a result of alcoholism or drug abuse (unless drug abuse was a result of the administration of drugs as part of treatment by a Physician);
- Due to war (declared or undeclared) or any act of war, or service in any of the armed forces or auxiliary units;
- Due to committing or attempting to commit or participating in a felony, riot or insurrection;
- For a mental, psychoneurotic or personality disorder without evidence of organic disease (Alzheimer's Disease and senile dementia are not excluded from coverage);
- Received outside the United States unless the initial and any annual renewal certifications are completed by a U.S. Licensed Health Care Physician. For purpose of this exclusion, United States shall mean the 50 states, District of Columbia, Puerto Rico, and the U.S. Virgin Islands.

This rider may not cover all the expenses associated with the Insured's long-term care needs.

The purpose of this method of marketing is solicitation of insurance and contact may be made by an insurance agent, producer, insurance company or insurance agency.

*Actual terms and conditions of the Long-Term Care Services<sup>SM</sup> Rider are contained in Rider Form #R12-10 and state variations. This rider has exclusions and limitations under which the rider may be continued in force or discontinued. It may not be available in all jurisdictions or may vary in your jurisdiction. For more information, costs and complete details of coverage, contact your life and health insurance licensed financial professional or the company.*

**The rider is not considered long-term care insurance in some states.**

**The product brochure for the applicable life insurance policy must accompany this Long-Term Care Services<sup>SM</sup> Rider brochure and the Long-Term Care Services<sup>SM</sup> Rider Planning Perspectives. In the case of a variable life insurance policy, this material must be preceded or accompanied by the applicable current variable life insurance prospectus and applicable prospectus supplements, which contain more complete information about the policy, including risks, charges, expenses and investment objectives. You should review the prospectus and consider the information carefully before purchasing a policy.**

Life insurance products are issued by AXA Equitable Life Insurance Company (AXA Equitable), New York, NY, or affiliate MONY Life Insurance Company of America (MONY America), an Arizona Stock Corporation, main administrative offices in New York, NY. MONY America is not licensed to do business in New York. Life insurance products are co-distributed by AXA Advisors, LLC and AXA Distributors, LLC. All companies are affiliated and directly or indirectly owned by AXA Equitable Financial Services, LLC, and do not provide tax or legal advice. You should consult with your tax and legal advisors regarding your particular circumstances.

For complete details regarding rider costs of coverage, call your Financial Professional.

The issuing life insurance company has sole financial responsibility for its own obligations.

**The rider is intended to be federally tax-qualified.**

Long-Term Care Services<sup>SM</sup> is a service mark of AXA Equitable Life Insurance Company.

© 2012 AXA Equitable Life Insurance Company and MONY Life Insurance Company of America. All rights reserved.

1290 Avenue of the Americas, New York, NY 10104, (212) 554-1234



G29052

Cat. #149874 (5/12)

GE-67827A (5/12) (Exp 5/14)

# Long-Term Care Services<sup>SM</sup> Rider

(an accelerated death benefit rider)

planning perspective

## understanding the taxation of my benefits

Certain life insurance policies that we offer may be issued with a Long-Term Care Services<sup>SM</sup> Rider<sup>1</sup> an accelerated death benefit rider. This rider is designed to provide an acceleration of a portion of the life insurance policy's death benefit as a monthly benefit for chronically ill insured persons who are receiving qualified long-term care services in accordance with a plan of care.

## Taxation of Long-Term Care Services<sup>SM</sup> Rider Benefits Payments

Receipt of the accelerated benefits may be taxable; therefore, you should seek assistance from a tax advisor.

This *Planning Perspectives* is designed to provide a general outline of certain federal tax considerations concerning this rider and is broken down into two categories:

- Taxation of Long-Term Care Services<sup>SM</sup> Rider Benefit Payments
- Tax effects of Long-Term Care Services<sup>SM</sup> Rider Charges

## What Are the Tax Consequences When Benefits Are Paid under the Long-Term Care Services<sup>SM</sup> Rider?

The Long-Term Care Services<sup>SM</sup> Rider benefit amounts received under your life insurance policy are intended to be treated for federal income tax purposes as accelerated death benefits under Section 7702B of the Internal Revenue Code (the Code). The Code provides special tax treatments for such payments on the life of a chronically ill insured person receiving qualified long-term care services within the meaning of Section 7702B of the Code. For income tax purposes, payment of benefits will be reported to you on Form 1099-LTC. You must then file Form 8853 to determine the amounts to be included or excluded from income for the applicable taxable year.

<sup>1</sup> In some states, we are required to refer to this rider as a "Long-Term Care Insurance Rider."

## Income Exclusions

Generally, income exclusion for all benefit payments from all sources with respect to an insured person will be limited to the higher of:

- The Health Insurance Portability and Accountability Act (HIPAA) per diem limit (for 2012, this limit is \$310 a day); or
- The actual costs incurred for qualified long-term care services by the taxpayer (policyowner) on behalf of the insured person.

If there is more than one policy on the Insured, receipt of benefit payments must be aggregated to determine taxability. To the extent aggregate benefits for an Insured received by all owners from all sources exceed the tax law limits, the excess benefit amount will be taxable as ordinary income to the recipient.

Income exclusion under this rule applies even if your life insurance policy is considered to be a Modified Endowment Contract (MEC) under the tax law.

## Policy Ownership Considerations

The ownership structure of the life insurance policy with a Long-Term Care Services<sup>SM</sup> Rider can affect how the benefits are taxed under various tax provisions (i.e., income tax, gift tax, estate tax). Therefore, careful consideration should be given to all situations where the owner and Insured are not the same person. In addition, it's important to give careful consideration to business-related scenarios. A separate qualified long-term care insurance policy owned by the Insured may be a better vehicle for providing long-term care benefits.

### The Policyowner Is the Insured

Long-Term Care Services<sup>SM</sup> Rider benefit payments, made to the policyowner who is the Insured, to cover qualified long-term care services, are intended to qualify for exclusion from income subject to the dollar limits described above, with respect to a particular insured person (see Tax Rules for Multiple Policies).

### The Policyowner Is an Individual Other Than the Insured

For income tax purposes, the benefit payments made to an individual policyowner who is other than the Insured are treated the same as if the policyowner is the Insured. However, there are also other tax considerations.

**For example:** If taxpayer son owns a policy and the insured person is his father, there may be gift tax considerations if the son provides the funds to his father when the benefits are paid. However, special gift tax rules may provide gift tax exemptive relief when the taxpayer directly pays the provider of medical care on behalf of an insured person.

## The Policyowner Is a Trust

In an estate planning scenario, an insured taxpayer may set up an irrevocable life insurance trust (ILIT) as the owner of a life insurance policy to avoid including the death benefit proceeds in the Insured's taxable estate. In this situation, the trust, as the owner of the policy, will be entitled to any applicable benefits under the Long-Term Care Services<sup>SM</sup> Rider. If the Insured qualifies for monthly benefits under the Long-Term Care Services<sup>SM</sup> Rider, the trust policyowner, with the advice of his or her tax and legal advisors, will need to plan to ensure that there are no unintended consequences, such as the unavailability of funds to the Insured or the availability of funds at the cost of defeating the estate planning for which the trust was created.

Generally, the retention of any incident of ownership in a life insurance policy by an Insured or the retention of a life interest in property contributed to a trust will each cause the policy's death benefit proceeds to be included in the Insured's estate.

If the Insured has other long-term care coverage outside the ILIT, a benefit received by the ILIT might create taxable income for the ILIT if aggregate exclusion limits are exceeded.

## The Policyowner Is a Trade or Business

If an employer provides benefits informally funded through an employer-owned life insurance policy that includes the rider, there are additional compensation and benefit tax issues, as well as certain employee notice and consent requirements, to be considered. Furthermore, the income exclusion rules for accelerated death benefits may not apply.

If the owner and the insured person are not the same, the exclusion for accelerated death benefits for chronic illness does not apply under section 101(g) of the Code if the owner (taxpayer) has an insurable interest with respect to the life of the insured person, by reason of the insured person being an officer, employee or director of the taxpayer, or by reason of the insured person being financially interested in any trade or business carried on by the taxpayer. It is not clear whether or not this is the case for a qualified long-term care benefit under Section 7702B of the Code.

## Tax Rules for Multiple Policies

The federal income tax rules apply the limitation on the exclusion of benefits on an aggregate basis for all payments received from all sources with respect to an insured person, whether owned by the same person or not. This includes benefits from both long-term care insurance and accelerated death benefits for chronic illness. Each payer of benefits is required to report such payments for federal income tax purposes on Form 1099-LTC. For your own particular situation, if you receive benefits under your policy, you must calculate the portion of benefits, if any, that must be included in income (refer to IRS Form 8853 and Instructions for Form 8853).

To help illustrate this concept further, let's take a look at a hypothetical example of multiple policies owned by a daughter and mother.

- A daughter receives \$45,000 in benefits in a taxable year on a policy she owns on the life of the Insured, her mother. Her mother receives \$70,000 in benefits under a separate policy that she owns on herself. The total benefits on the life of the mother, as the Insured, would be \$115,000. (The daughter did not apply any amounts toward the cost of her mother's care.) This example assumes the per diem limit applied as opposed to actual expenses incurred limit, which could provide different results.
- Now assume the maximum excludable amount for such year happens to be \$111,600 (2012 HIPAA limit per day \$310 x 30 days x 12 months), based on the per diem limit being higher than qualifying costs incurred for services, all of which were incurred by the mother.
  - In this case, the mother could exclude all \$70,000, since the amount received was under the \$111,600 HIPAA limit, and her daughter would exclude \$41,600, since there would still be \$41,600 remaining of the \$111,600 limit after the mother's \$70,000 exclusion. The remaining \$3,400 received by her daughter would not be excludable, since aggregate benefits (\$115,000) exceeded the applicable federal income limitation (\$111,600) for such year.

Under IRS Instructions to Form 8853, the per diem limitation on benefits is first allocated to the Insured to the extent of the total payments the Insured received. For joint returns, the allocation is first made to the Insured and spouse for payments they both received. Any remaining applicable per diem limit is allocated pro rata among other policyholders based on the payments they received in the taxable year.

The current applicable per diem limit and costs incurred, and any necessary allocation for multiple policies, will therefore have to be determined annually to calculate excludable amounts for all recipients of benefits.

## Important Disclosures

The illustration for your life insurance policy will contain certain federal tax considerations for the basic life insurance policy and will also provide information on any riders illustrated. In the case of a variable life insurance policy, you can also refer to the prospectus for such policy for tax information about the basic life insurance policy and various riders under the policy.

This *Planning Perspectives* does not discuss tax considerations for a separate stand-alone policy that provides only long-term care benefits. You should carefully review the basic operation of the Long-Term Care Services<sup>SM</sup> Rider and the possible advantages or disadvantages of the rider compared to a stand-alone long-term care policy with or without a separate life insurance policy.

This information is based on our general understanding of current federal income tax rules. Be advised that this document is not intended as legal or tax advice. In addition, U.S. Treasury Regulations require us to inform you that "any tax information provided in this document is not intended or written to be used, and cannot be used, by any taxpayer for the purpose of avoiding penalties that may be imposed on the taxpayer. The tax information was written to support the promotion or marketing of the transaction(s) or matter(s) addressed, and you should seek advice, based on your particular circumstances, from an independent tax advisor."

State and local income tax rules may provide for different tax treatment of benefits or the deductibility of charges for benefits. You should consult your tax advisor as to your specific situation.

## Other Important Circumstances to Consider

### Adjustment to Tax Limits on Your Policy

Any adjustments made to the policy death benefit, Face Amount and other values as a result of the Long-Term Care Services<sup>SM</sup> Rider benefits paid will also generally cause adjustments to the tax limits that apply to your policy. For example, for guideline premium tested policies, the guideline premiums will be adjusted. In addition, the seven-pay period and seven-pay premium for testing Modified Endowment Contract (MEC) status may also be impacted.

### Split-Dollar Agreement

For policies intended to be used in a split-dollar agreement, many additional tax issues may arise for which there is little federal income tax guidance. These issues may include, but are not necessarily limited to, the taxation of any economic benefit arising out of the Long-Term Care Services<sup>SM</sup> Rider, an employer's right to a policy's cash value versus the pro rata reduction of cash values through the acceleration of a portion of the policy's death benefit, and the application of the rules for business-related policies.

### What Are the Tax Consequences When the Charges for the Long-Term Care Services<sup>SM</sup> Rider Are Deducted from the Life Insurance Policy Account?

The Rider is intended to be a qualified long-term care insurance contract under section 7702B(b) of the Internal Revenue Code. As such, the qualified Long-Term Care Services<sup>SM</sup> Rider monthly charges reduce the policyowner's investment in the life insurance policy, but not below zero. We are required to report such charges to the IRS each year on Form 1099R, but such amounts are not considered distributions and are not taxable. Your investment in the contract (your policy) is used to determine the amount of gain that may be present in your policy for purposes of determining the income tax consequences of a distribution or upon the surrender or termination of your policy. Your investment in the contract does not impact the income tax treatment of your policy's death benefit or any Long-Term Care Services<sup>SM</sup> Rider benefits.

Charges for the Long-Term Care Services<sup>SM</sup> Rider are generally not considered deductible for income tax purposes.

## LIMITATIONS AND EXCLUSIONS:

(a) **Preexisting conditions.** This rider does not cover conditions for which the insured person received medical advice or treatment from a provider of health care services (or a condition for which treatment was recommended to the insured person by a health care provider) within six months preceding the effective date of this rider. No benefits will be provided under the rider during the first six months for long-term care services received by the Insured due to a preexisting condition. Days of Service received by, or recommended to, the Insured for a preexisting condition during the first six months that the rider is in force will not be counted toward the satisfaction of the Elimination Period.

(b) **Exclusions, Exceptions and Limitations.** This rider does not cover services provided by a facility or an agency that does not meet the rider definition of such facility or agency. The rider does not cover care or treatment:

- From a facility that primarily treats drug addicts or alcoholics;
- From a facility that primarily provides domiciliary, residency or retirement care;
- From a facility owned or operated by a member of your or the insured person's Immediate Family;
- Provided by a member of the insured person's immediate Family;
- From anyone who is under suspension from Medicare or Medicaid;
- If benefits are sought only because a third party requires that this rider be exercised (as, for example, to obtain or maintain a government assistance benefit);
- For an attempted suicide or intentionally self-inflicted injuries;
- As a result of alcoholism or drug abuse (unless drug abuse was a result of the administration of drugs as part of treatment by a Physician);
- Due to war (declared or undeclared) or any act of war, or service in any of the armed forces or auxiliary units;
- Due to committing or attempting to commit or participating in a felony, riot or insurrection;
- For a mental, psychoneurotic or personality disorder without evidence of organic disease (Alzheimer's Disease and senile dementia are not excluded from coverage);
- Received outside the United States unless the initial and any annual renewal certifications are completed by a U.S. Licensed Health Care Physician. For purpose of this exclusion, United States shall mean the 50 states, District of Columbia, Puerto Rico, and the U.S. Virgin Islands.

This rider may not cover all the expenses associated with the Insured's long-term care needs.

The purpose of this method of marketing is solicitation of insurance and contact may be made by an insurance agent, producer, insurance company or insurance agency.

*Actual terms and conditions of the Long-Term Care Services<sup>SM</sup> Rider are contained in Rider Form #R12-10 and state variations. This rider has exclusions and limitations under which the rider may be continued in force or discontinued. It may not be available in all jurisdictions or may vary in your jurisdiction. For more information, costs and complete details of coverage, contact your life and health insurance licensed financial professional or the company. For an additional charge the rider may be available with a non-forfeiture benefit.*

**The rider is not considered long-term care insurance in some states.**

**The product brochure for the applicable life insurance policy must accompany this Long-Term Care Services<sup>SM</sup> Rider Planning Perspectives and the Long-Term Care Services<sup>SM</sup> Rider brochure. In the case of a variable life insurance policy, this material must be preceded or accompanied by the applicable current variable life insurance prospectus and applicable prospectus supplements, which contain more complete information about the policy, including risks, charges, expenses and investment objectives. You should review the prospectus and consider the information carefully before purchasing a policy.**

Life insurance products are issued by AXA Equitable Life Insurance Company (AXA Equitable), New York, NY, or affiliate MONY Life Insurance Company of America (MONY America), an Arizona Stock Corporation, main administrative offices in New York, NY. MONY America is not licensed to do business in New York. Life insurance products are co-distributed by AXA Advisors, LLC and AXA Distributors, LLC. All companies are affiliated and directly or indirectly owned by AXA Equitable Financial Services, LLC, and do not provide tax or legal advice. You should consult with your tax and legal advisors regarding your particular circumstances.

For complete details regarding rider costs of coverage, call your Financial Professional.

The issuing life insurance company has sole financial responsibility for its own obligations.

**The rider is intended to be federally tax-qualified.**

Long-Term Care Services<sup>SM</sup> is a service mark of AXA Equitable Life Insurance Company.

© 2012 AXA Equitable Life Insurance Company and MONY Life Insurance Company of America.

All rights reserved.



GE-67829A (5/12)

G29023  
Cat. #149879 (5/12)