



A living benefit for added peace of mind



This brochure describes a rider that complements coverage provided by eligible Penn Mutual Life Insurance Company and Penn Insurance and Annuity Company permanent life insurance policies and must be accompanied by the underlying product brochure.

The Chronic Illness Accelerated Benefit Rider



**“I want to
be ready for
whatever
the future
brings”**

The Comfort of a Living Benefit

Permanent life insurance can provide valuable death benefit protection for your family. A permanent life insurance policy from Penn Mutual can also provide an extra measure of security if the insured develops a permanent chronic illness—regardless of whether the cause is a progressive condition or a sudden illness or accident.*

By letting you access a portion of your death benefit if a chronic illness strikes, Penn Mutual’s Chronic Illness Accelerated Benefit Rider can help:

- **Protect your hard-earned assets**
- **Cover costs medical or long-term-care insurance may not**
- **Ease the burden and financial strain on your family.**

*To use the benefit, the chronic illness must have lasted for at least 90 consecutive days and must be expected to be permanent. See page 5 for eligibility requirements.

Because life does not always go according to plan

Chronic illness takes more than just a physical and emotional toll. It can result in loss of income, increased living expenses and an added financial drain on family members who may need to provide constant care.

The Chronic Illness Accelerated Benefit Rider can make life a great deal more manageable for you and your loved ones should a serious accident or illness result in the insured needing permanent care. The facts on the right are just a few examples of why you may need this extra measure of protection more than you think.

The average age of individuals filing for bankruptcy due to medical costs was 44.9 years old.

(NerdWallet Health Analysis, 2013)

70% of people turning age 65 can expect to use some form of long-term care during their lives.

(US Department of Health and Human Services, 2014)

The average cost for a semi-private room in a nursing home is \$80,300 annually.

(Cost of Care Study conducted by CareScout, 2015)

One-third of family caregivers (33%) spend more than 30 hours per week on care giving, making it almost the equivalent of a full-time job.

(Caring.com survey, 2014)

Because it
can happen
to anyone
without
warning —
at *any* age



John Morgan's Story

When John Morgan was in his 50s he was involved in a near-fatal car accident that left him paralyzed and confined to a wheelchair for the rest of his life. He was unable to independently dress himself, transfer his body from a bed to a wheelchair or bathe himself.

Although John's health insurance covered most of his initial medical costs, he had no long-term-care insurance, disability coverage or living benefits to help cover other ongoing expenses or ease the family's burden.

As a result, the Morgans had to spend a substantial portion of their savings to add handicapped-accessible features to their home. John's wife, who had retired early, had to return to work to maintain health care coverage and try to rebuild the family's savings. John's daughter, a college student, had to take time off from school to be a home caregiver. And when she was able to return to school, she had to take out student loans due to her parents' diminished finances.

Situations like the Morgans' happen more than you might think—which is why a permanent life insurance policy with the added security of a chronic illness living benefit rider is so important.

Faced with a situation like the Morgans', a Penn Mutual permanent life insurance policy with the Chronic Illness Accelerated Benefit Rider can provide your family with resources to help cover:

- **Medical expenses not paid by health insurance**
- **Home renovations or equipment**
- **Household help or home caregiver expenses**
- **Nursing home fees**
- **Any other expense.**

While the rider is not long-term-care insurance, it is a living benefit that can ease the financial strain and burden on family members if chronic illness strikes.

Protecting your family from the devastating effects of a chronic illness is one more reason your financial plan should include a permanent life insurance policy from Penn Mutual.

Because you want to protect your assets and your family

You've worked hard to build assets and a comfortable lifestyle for your family. A chronic illness could cause you to have to spend down those assets at a much faster rate than you ever imagined. And that can dramatically change your family's lifestyle and plans for the future.

The Chronic Illness Accelerated Benefit Rider can provide an alternative source of funds when you need it most.

Should you ever have to access your rider benefits, Penn Mutual will work with you to help ensure the funds you access:

- **Are coordinated with other benefits you may have, such as private long-term-care insurance, Medicare, etc.**
- **Fall within the IRS limitations required to remain tax-free.***

If you ever need to access your benefits, your advisor can show you exactly how the amount you want to access will impact your policy death benefit and values.

* You should consult your tax advisor prior to exercising this benefit.



Because you want protection that's not complicated

The Chronic Illness Accelerated Benefit Rider is automatically included on most Penn Mutual permanent life insurance policies.* No additional medical underwriting is required to qualify for this added protection.

There is no additional premium charge for the rider. If you access the benefit, your policy death benefit and values will be impacted, however, if you never exercise the benefit there is never a cost to you. It's just that simple.

Benefit Eligibility

A portion of the policy death benefit may be paid if a US-licensed health care practitioner, who is not the policy owner, insured, beneficiary or a relative, has certified that in the last 12 months the insured has been chronically ill for at least 90 consecutive days. Chronic illness is defined as the insured:

- **Being unable to perform at least two of the six Activities of Daily Living (bathing, continence, dressing, eating, toileting, and transferring), or;**
- **Requiring substantial supervision by another to avoid injury or harm due to a severe cognitive impairment.**

The healthcare practitioner must also certify that continuous care in an eligible facility or at home is expected to be required for the remainder of the insured's life.

Receiving Payments

You can choose annual, semi-annual, quarterly or monthly payouts and there are no restrictions on how benefits can be used.**

Accessing benefits will have an impact on your policy death benefit and values, and depending on your policy and objectives, you may still need to continue paying policy premiums when receiving benefits. For these reasons it is important to consult your Penn Mutual advisor and other financial advisors for guidance prior to requesting benefits.

Unlike similar benefits offered elsewhere, there is no charge for the Chronic Illness Accelerated Benefit Rider and no impact to policy values unless benefits are accessed.

* This benefit is automatically included on most Penn Mutual and Penn Insurance & Annuity permanent life insurance policies subject to underwriting amount and certain eligibility requirements. Rider availability and features may vary by state.

** The maximum amount that may be accelerated from a policy is \$5,000,000. Amounts available annually are subject to policy limits and IRS calendar year limits. For survivorship policies, the rider may only be exercised after the first death.

Protection and peace of mind

The effects of a chronic illness can take a devastating toll on a family, both financially and emotionally. Penn Mutual's Chronic Illness Accelerated Benefit Rider is a key living benefit that can provide added peace of mind at an otherwise difficult time.

While it does not replace the need for long-term-care insurance, the benefits can help reduce your out-of-pocket expenses, increase your quality of care or lift the overwhelming burden off of loved ones.

Talk to your Penn Mutual advisor and discover what's possible.





The Penn Mutual Life Insurance Company
The Penn Insurance and Annuity Company



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Our Noble Purpose

Since 1847, Penn Mutual has been driven by our noble purpose – to create a world of possibilities, one individual, one family and one small business at a time. As an original pioneer of mutual life insurance in America, we believe that purchasing life insurance is the most protective, responsible and rewarding action a person can take to build a solid foundation today and create a brighter future for generations to come.

All guarantees are based on the claims paying ability of the issuer. The Chronic Illness Accelerated Benefit Rider is a benefit rider offered by The Penn Mutual Life Insurance Company and The Penn Insurance & Annuity Company on certain permanent life insurance policies. The Penn Insurance & Annuity Company is a wholly owned subsidiary of Penn Mutual. Policy form numbers, PML (ICC15-ABCI) and PIA (ICC15-PI-ABCI). Policy form numbers and benefits may vary by state. Any reference to the taxation of life insurance products in this material is based on Penn Mutual’s understanding of current tax laws. You should consult your legal and tax advisors for specific advice based on your individual situation.

ACCELERATED BENEFIT – CHRONIC ILLNESS RIDER DISCLOSURE FOR CALIFORNIA RESIDENTS: The Chronic Illness Accelerated Benefit Rider is a life insurance benefit that also gives you the option to accelerate some of the death benefit in the event that you meet the criteria for a qualifying event described in the policy. This rider does not provide long-term care insurance subject to California long-term care insurance law. This rider is not a California Partnership for Long-Term Care program policy. This rider is not a Medicare supplement policy.

An Accelerated Benefit Payment (ABP) is the actual benefit paid by the Chronic Illness Accelerated Benefit Rider and is subject to the ABP limits in the contract. The benefits provided by long-term care insurance are not the same as those provided by the Chronic Illness Accelerated Benefit Rider. The Chronic Illness Accelerated Benefit Rider requires a licensed health care practitioner to certify that continuous care in an eligible facility or at home is expected to be required for the remainder of the insured’s life when the insured has a Chronic Illness, whereas long-term care insurance does not generally have this requirement. The Rider also does not restrict how the policy owner can use the Accelerated Benefit Payments, whereas long-term care insurance will generally require proof of expenses incurred.

The Chronic Illness Accelerated Benefit Rider pays proceeds that are intended to qualify for favorable tax treatment under section 101(g) of the Federal Internal Revenue Code. The federal, state, or local tax consequences resulting from payment of Accelerated Benefit Payments (ABPs) will depend on the specific facts and circumstances, and consequently, advice and guidance should be obtained from a personal tax advisor prior to the receipt of any ABPs. Death benefits and policy values, such as cash values, premium payments and cost of insurance charges if applicable, will be reduced if an ABP is paid.