Long-Term Care
SALES KIT

In this kit:

Social media images & posts | Cost of care data | Sales ideas | Client worksheet

PINNEY INSURANCE
PINNEYINSURANCE.COM | 800-823-4852
2266 LAVA RIDGE COURT | ROSEVILLE, CA 95661

Long-Term Care
Social Media Posts & Sharable Graphics

Text for Posts

Post this text with any of the images linked on the following 2 pages.

70% of Americans don't have an extended care plan for themselves or a family member. 75% of Americans said it would be difficult or impossible to pay for long-term care if they needed it today. Contact me today to put a plan in place and ensure you can afford it without putting your financial future at risk!

Don't wait until a crisis happens to make a plan. Contact me today and I'll help you put a long-term care plan together!

Get more out of life! Contact me today to protect your assets while accounting for long-term care later in life.

A long-term care rider on a life insurance policy is a good way to protect your loved ones *and* plan for LTC needs. Contact me today for a free quote!

Protect your assets and preserve your independence! Contact me today to learn why a long-term care rider on your life insurance policy matters.

More than 2/3 of the people receiving care in nursing homes and residential communities are women. Do you have a plan? Contact me today and let's make sure you're prepared!

Nearly 6 in 10 women will need extensive care after the age of 65. Contact me today to put a plan in place to ensure you're comfortable and your assets remain protected.

Start conversations that matter! Roughly 58% of women will need long-term care in their lives. Contact me today and let's make a plan for care - you'll be prepared and your finances will be sure.

The time to start planning for long-term care is before you need that care. Let's get started so you can check this off your to-do list!

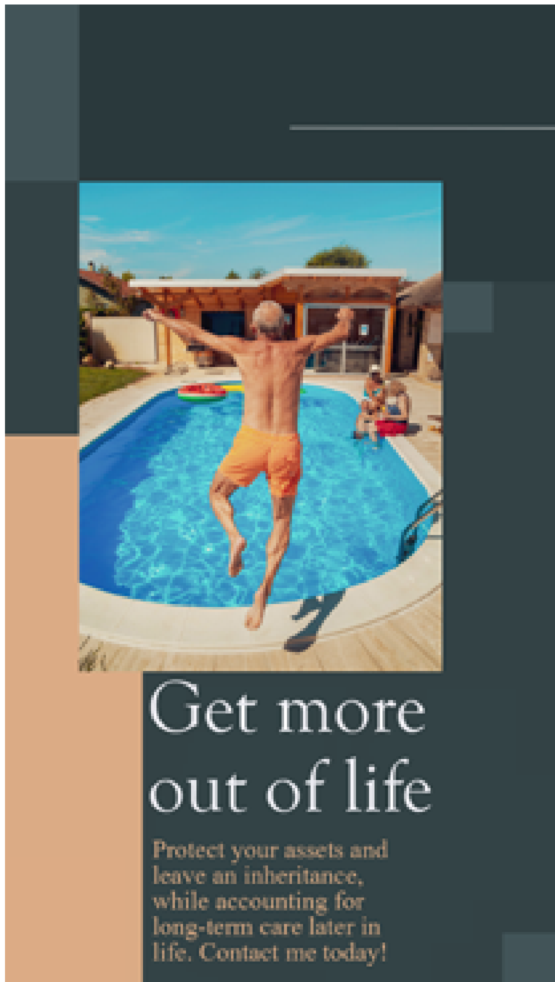
Yes, long-term care is an uncomfortable topic. But so is needing care when you can't afford it. A few minutes now can make a HUGE difference later in life. Contact me today and let's make your plan.

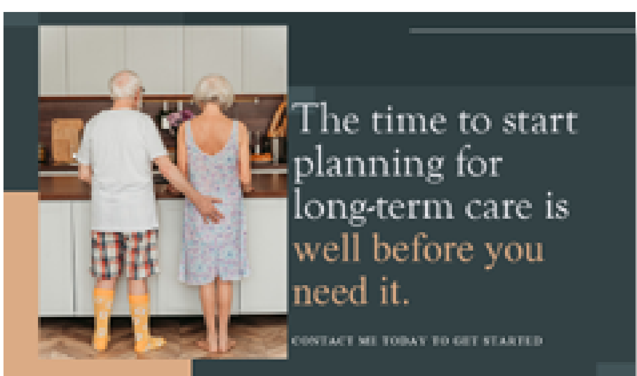
Long-Term Care

SALES KIT

Social Media Images

Click any image to view in a browser, then right-click and save to your computer.





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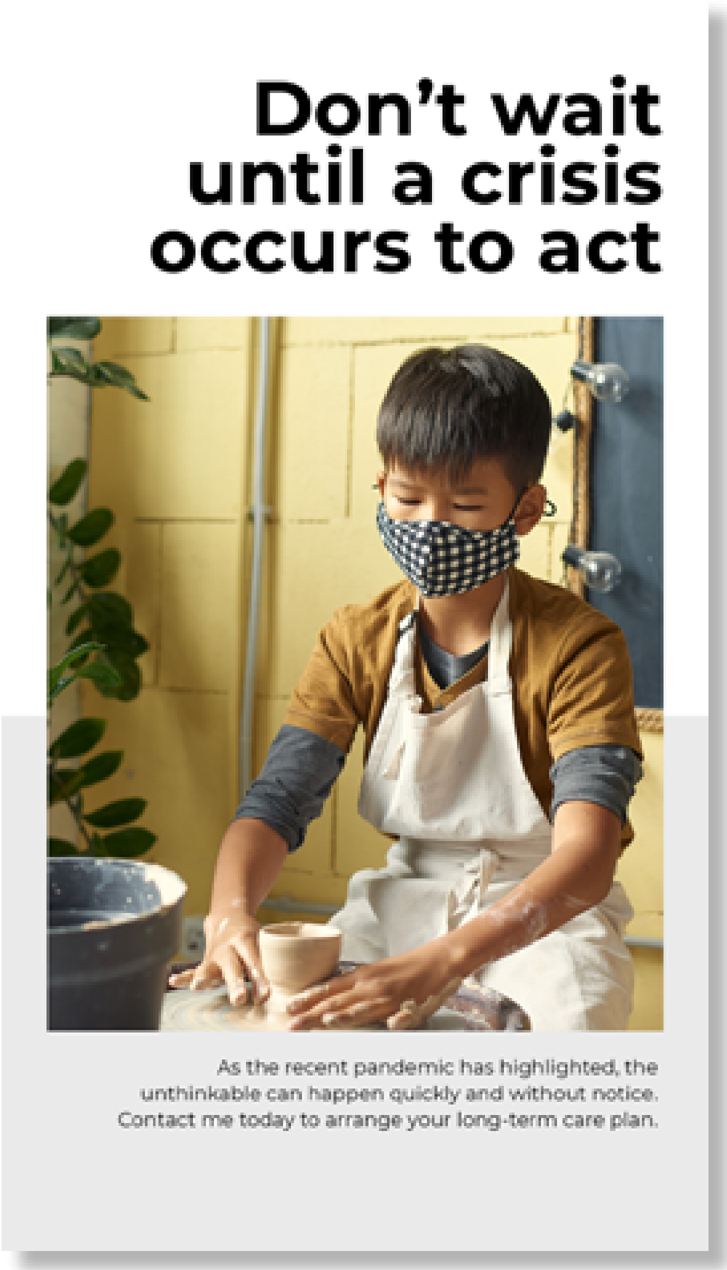

LONG-TERM CARE INSURANCE

THE COST OF LONG-TERM CARE SERVICES

2023 UPDATE

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Mutual of Omaha

Life
Medicare Solutions
Long-Term Care

601511_2023 Mutual of Omaha's Cost-of-Care Study, conducted by illumifin, 2022; released March 2023.

About Mutual of Omaha's Cost-of-Care Study

The Cost-of-Care Study is based on data collected by illumifin, a leading provider of long-term care data. Each year, illumifin examines the cost of a variety of long-term care services, including those received at home, in an assisted living facility and in a nursing home.

In order to help people better understand what they can expect to pay for long-term care services, average costs are provided for the following:

Home Health Aide – A trained and certified health care worker who provides personal care services such as bathing and dressing in addition to light household duties like meal preparation.

Licensed Practical Nurse (LPN) – A nurse who practices under the direction of a physician and cares for people who are sick, injured, in rehabilitation or disabled. Typically, an LPN has completed two years of specialized training and has passed a licensing exam.

Registered Nurse (RN) – A specially-trained nurse who coordinates and provides patient care. RNs hold either a bachelor's degree in nursing, an associate's degree in nursing or a diploma from an approved nursing program and are licensed to practice by the state.

Assisted Living Facility – A residential living arrangement for people who may need assistance with one or more activities of daily living, but do not require the level of care provided in a nursing home. Services include laundry, meals, socialization and transportation in addition to personal care, medication management and memory care supervision and support.

Nursing Home – A licensed facility that provides 24-hour room and board, plus general nursing care and personal care assistance. Individuals who need supervision and support due to a cognitive impairment also receive care in a nursing home.

	Home Health Care				Assisted Living Facility		Nursing Home			
	Home Health Aide		LPN	RN	One Bedroom Unit		Semiprivate Room		Private Room	
	Per Hour	Per Year	Per Visit	Per Visit	Per Month	Per Year	Per Month	Per Year	Per Month	Per Year
NATIONAL	$29.12	$66,626.56	$132.80	$150.07	$5,278.05	$63,336.60	$8,350.20	$100,202.40	$9,581.70	$114,980.40
Alabama	$23.64	$54,088.32	$139.20	$147.28	$4,309.94	$51,719.28	$6,613.80	$79,365.60	$7,289.70	$87,476.40
Alaska	$32.65	$74,703.20	$173.56	$175.84	$7,557.49	$90,689.88	$9,770.40	$117,244.80	$12,723.60	$152,683.20
Arizona	$30.53	$69,852.64	$134.82	$147.84	$4,940.51	$59,286.12	$7,480.20	$89,762.40	$9,128.10	$109,537.20
Arkansas	$23.22	$53,127.36	$108.10	$114.53	$3,911.72	$46,940.64	$5,775.90	$69,310.80	$6,491.40	$77,896.80
California	$33.38	$76,373.44	$146.39	$182.51	$6,285.18	$75,422.16	$8,985.00	$107,820.00	$11,028.30	$132,339.60
Colorado	$33.85	$77,448.80	$137.16	$158.96	$5,701.58	$68,418.96	$8,349.60	$100,195.20	$10,256.70	$123,080.40
Connecticut	$29.24	$66,901.12	$132.08	$148.74	$7,199.14	$86,389.68	$13,989.00	$167,868.00	$15,236.40	$182,836.80
Delaware	$30.97	$70,859.36	$145.67	$163.15	$7,352.17	$88,226.04	$11,424.30	$137,091.60	$11,805.30	$141,663.60
District of Columbia	$29.76	$68,090.88	$113.04	$130.89	$7,246.85	$86,962.20	$12,348.30	$148,179.60	$13,152.60	$157,831.20
Florida	$26.65	$60,975.20	$102.61	$127.68	$5,252.89	$63,034.68	$9,247.80	$110,973.60	$10,752.30	$129,027.60
Georgia	$25.45	$58,229.60	$109.32	$135.31	$4,276.77	$51,321.24	$7,196.10	$86,353.20	$7,995.00	$95,940.00
Hawaii	$32.69	$74,794.72	$133.62	$136.17	$7,093.02	$85,116.24	$13,445.70	$161,348.40	$14,568.30	$174,819.60
Idaho	$27.17	$62,164.96	$124.64	$150.72	$4,599.04	$55,188.48	$8,769.60	$105,235.20	$9,506.10	$114,073.20
Illinois	$29.67	$67,884.96	$137.67	$161.34	$5,674.50	$68,094.00	$7,626.30	$91,515.60	$9,348.90	$112,186.80
Indiana	$28.68	$65,619.84	$142.75	$155.24	$4,854.31	$58,251.72	$8,086.20	$97,034.40	$9,715.20	$116,582.40
Iowa	$30.15	$68,983.20	$151.77	$161.17	$4,708.32	$56,499.84	$7,393.50	$88,722.00	$8,220.30	$98,643.60
Kansas	$27.89	$63,812.32	$118.45	$141.29	$5,325.47	$63,905.64	$6,986.40	$83,836.80	$7,697.40	$92,368.80
Kentucky	$26.56	$60,769.28	$148.41	$167.95	$4,608.96	$55,307.52	$7,225.20	$86,702.40	$8,546.40	$102,556.80
Louisiana	$23.08	$52,807.04	$139.70	$147.54	$4,318.36	$51,820.32	$5,772.00	$69,264.00	$6,686.70	$80,240.40

	Home Health Care				Assisted Living Facility		Nursing Home			
	Home Health Aide		LPN	RN	One Bedroom Unit		Semiprivate Room		Private Room	
	Per Hour	Per Year	Per Visit	Per Visit	Per Month	Per Year	Per Month	Per Year	Per Month	Per Year
Maine	$30.31	$69,349.28	$150.15	$164.45	$6,585.71	$79,028.52	$8,935.20	$107,222.40	$10,074.30	$120,891.60
Maryland	$29.43	$67,335.84	$114.43	$132.26	$6,326.27	$75,915.24	$10,330.50	$123,966.00	$11,390.40	$136,684.80
Massachusetts	$33.28	$76,144.64	$111.63	$129.03	$6,766.29	$81,195.48	$12,113.10	$145,357.20	$13,300.20	$159,602.40
Michigan	$28.13	$64,361.44	$127.03	$145.32	$5,137.72	$61,652.64	$8,973.30	$107,679.60	$10,070.10	$120,841.20
Minnesota	$34.19	$78,226.72	$143.40	$153.65	$4,377.58	$52,530.96	$11,885.10	$142,621.20	$12,994.80	$155,937.60
Mississippi	$22.22	$50,839.36	$121.04	$145.31	$4,114.36	$49,372.32	$6,108.00	$73,296.00	$6,710.40	$80,524.80
Missouri	$27.37	$62,622.56	$123.03	$142.46	$4,666.93	$56,003.16	$5,890.80	$70,689.60	$6,825.60	$81,907.20
Montana	$27.54	$63,011.52	$143.40	$153.65	$4,649.76	$55,797.12	$6,586.80	$79,041.60	$7,374.00	$88,488.00
Nebraska	$29.77	$68,113.76	$131.85	$155.55	$4,770.12	$57,241.44	$7,800.90	$93,610.80	$8,589.30	$103,071.60
Nevada	$29.15	$66,695.20	$145.87	$166.00	$4,814.15	$57,769.80	$8,943.00	$107,316.00	$10,344.30	$124,131.60
New Hampshire	$32.98	$75,458.24	$143.20	$158.83	$7,591.84	$91,102.08	$10,213.50	$122,562.00	$11,032.50	$132,390.00
New Jersey	$32.04	$73,307.52	$119.54	$147.20	$7,843.94	$94,127.28	$13,639.50	$163,674.00	$14,609.40	$175,312.80
New Mexico	$26.98	$61,730.24	$135.09	$150.06	$4,704.09	$56,449.08	$7,335.30	$88,023.60	$8,392.50	$100,710.00
New York	$30.72	$70,287.36	$133.50	$151.11	$5,621.10	$67,453.20	$10,326.30	$123,915.60	$11,022.90	$132,274.80
North Carolina	$26.09	$59,693.92	$118.20	$133.13	$5,172.63	$62,071.56	$7,735.50	$92,826.00	$9,181.50	$110,178.00
North Dakota	$31.11	$71,179.68	$159.23	$159.28	$3,372.44	$40,469.28	$13,953.00	$167,436.00	$14,237.70	$170,852.40
Ohio	$27.51	$62,942.88	$113.22	$131.98	$5,199.25	$62,391.00	$7,999.80	$95,997.60	$9,268.50	$111,222.00
Oklahoma	$27.41	$62,714.08	$107.47	$127.30	$4,445.88	$53,350.56	$5,716.80	$68,601.60	$6,822.60	$81,871.20
Oregon	$32.76	$74,954.88	$140.67	$145.76	$6,486.54	$77,838.48	$10,780.80	$129,369.60	$12,087.00	$145,044.00
Pennsylvania	$30.37	$69,486.56	$186.03	$195.88	$5,848.60	$70,183.20	$10,502.70	$126,032.40	$11,550.30	$138,603.60
Rhode Island	$32.51	$74,382.88	$172.38	$166.81	$7,255.37	$87,064.44	$10,305.00	$123,660.00	$11,324.10	$135,889.20
South Carolina	$26.66	$60,998.08	$138.69	$149.24	$4,797.67	$57,572.04	$7,295.70	$87,548.40	$8,449.80	$101,397.60
South Dakota	$30.77	$70,401.76	$159.41	$164.97	$4,258.70	$51,104.40	$7,697.10	$92,365.20	$8,323.80	$99,885.60
Tennessee	$25.67	$58,732.96	$134.29	$148.37	$4,892.87	$58,714.44	$7,809.00	$93,708.00	$9,018.90	$108,226.80
Texas	$26.13	$59,785.44	$127.58	$148.17	$4,648.93	$55,787.16	$5,346.30	$64,155.60	$7,145.40	$85,744.80
Utah	$29.29	$67,015.52	$129.10	$138.27	$4,123.82	$49,485.84	$7,052.70	$84,632.40	$8,643.90	$103,726.80
Virginia	$32.20	$73,673.60	$173.15	$175.76	$5,814.30	$69,771.60	$9,975.60	$119,707.20	$10,990.50	$131,886.00
Vermont	$29.43	$67,335.84	$120.28	$136.06	$6,301.13	$75,613.56	$8,285.40	$99,424.80	$9,441.00	$113,292.00
Washington	$34.57	$79,096.16	$152.14	$165.59	$6,686.43	$80,237.16	$10,240.80	$122,889.60	$11,631.90	$139,582.80
West Virginia	$25.61	$58,595.68	$139.79	$159.91	$5,074.12	$60,889.44	$9,526.20	$114,314.40	$10,056.90	$120,682.80
Wisconsin	$29.70	$67,953.60	$146.75	$159.27	$5,297.05	$63,564.60	$8,620.50	$103,446.00	$9,903.30	$118,839.60
Wyoming	$29.68	$67,907.84	$142.47	$146.45	$4,892.66	$58,711.92	$7,591.20	$91,094.40	$8,259.60	$99,115.20

Note:

- Annual cost for home health aide is based on services received 44 hours per week, 52 weeks per year
- Annual cost for LPN and RN can be determined based on the actual number of visits are required
- Monthly costs are calculated using daily cost, 30 days a month.
- Yearly costs are calculated using monthly cost, multiplied by 12

Why Mutual of Omaha

Over 50 years of Mutual of Omaha's Wild Kingdom taught us that the animal kingdom and the human kingdom have something in common ... an instinct to protect what matters most. Through insurance and financial products, we help people protect their lives, protect their families, protect their kingdoms.

MutualofOmaha.com

Research provided by:
Mutual of Omaha Insurance Company
Based on data collected by illumifin

LONG-TERM CARE

TOP TEN LONG-TERM CARE CONSIDERATIONS

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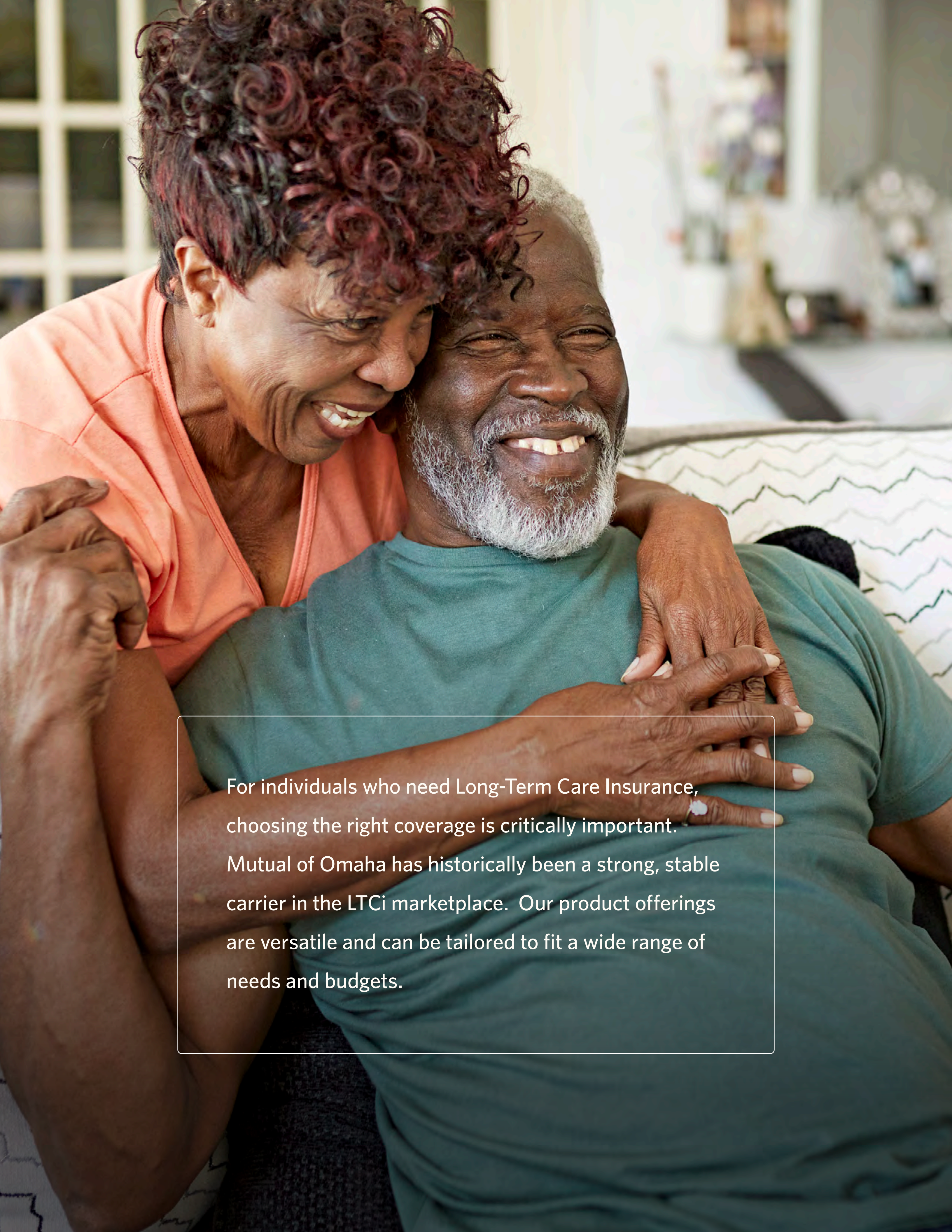


For individuals who need Long-Term Care Insurance, choosing the right coverage is critically important. Mutual of Omaha has historically been a strong, stable carrier in the LTCi marketplace. Our product offerings are versatile and can be tailored to fit a wide range of needs and budgets.

We continually strive to underwrite cases responsibly and to handle each application with care. We also feel it's very important to clearly communicate our underwriting guidelines and expectations, particularly in the pre-submission timeframe.

Please use this quick reference guide highlighting ten common health conditions that should be given some extra consideration before submitting an application. This will help ensure a smoother process for all parties involved.

If you have any questions or concerns about your client's health history or what rates to quote, please reach out to the underwriting team. We can walk thought points of consideration and even provide you with a questionnaire to assist with field underwriting.

Our Underwriters are here to help guide you through the process! Underwriting Pre-screen can be reached by email at ltcunderwriting@mutualofomaha.com or by phone at 1-800-551-2059.

For clients who have any of the following conditions, make sure to ask these questions:

Diabetes

1. Do you have any tingling in your extremities?
2. Do you have any kidney (renal) issues?
3. Have you had any changes or additions to your diabetic medications within the last 6 months?
4. How long have you had diabetes? Has your diabetes been present for 20 years or longer?
5. What is your most recent A1c? What is the highest your A1c has been in the past 3 years?
6. What is your height and weight? Has your build been stable for the past 12 months?
7. Do you have any cardiac history such has heart disease, atrial fibrillation, stroke or other vascular history?
8. Do you use tobacco products (including vaping)?

Information from the Underwriting Guide:

- Diabetes for 20 years or more - Decline
- Diabetes in combination with more than 50 units of insulin a day – Decline
- Diabetes with increase in dosages or additions of diabetic medications in last 6 months - Decline
- Diabetes in combination with: macular edema, neuropathy, numbness or tingling of the extremities, regardless of cause, nephropathy, peripheral vascular disease, A1c > 8.0, serum creatinine > 1.3, Microalbumin > 20mg/dl or Microalbumin ratio > 30 - Decline

Good to Know: If your client has any comorbid features, our best offer would likely be class I at best. However, if they have multiple comorbid features, the case will likely lead to a decline in coverage.

Obesity

1. What is your current height and weight?
2. Has there been any significant weight loss in the past 12 months?
3. If yes to number 2 – was it by choice or due to underlying health concerns?
4. Any history of surgery for weight loss?
5. Any additional health history impacted by your build (arthritis of weight bearing joints, diabetes or heart disease)?

Information from the Underwriting Guide:

- Refer to the build section for minimum and maximum height and weight charts
- Any significant change in weight (20 lbs. or more) would require an explanation
- Build in combination with 2 or more joint replacements – rated or decline

Good to Know: Using the height and weight chart in the underwriting guide is the best way to determine if your client's build is within our insurable limits. Asking your client about their build over the past few years will allow you to determine if any weight change represents a concern. If there are no additional concerns and your client's build has been stable (and within our insurable limits) for 12 months, we can consider your client for coverage.

Osteoarthritis

1. Do you have a history of joint replacement surgery or recommended joint replacement surgery?
2. What medications do you currently use for osteoarthritis?
3. Do you have a history of joint injections? If yes, which joints and when?
4. Have you ever been told your osteoarthritis is severe or advanced?
5. When was your last x-ray or MRI to evaluate your osteoarthritis?
6. Specific type of arthritis diagnosis?
7. What is your height and weight?

Information from the Underwriting Guide:

- Severe by symptoms or imaging - Decline
- Bone on Bone – Decline
- Any severity within 12 months of starting injections, or advised to have surgery, therapy, or additional injections, or with significant joint deformities - Decline
- On Prednisone > 10mg/day, or Methotrexate > 25mgs week, or Gold – Decline
- Severe disease, or with ADL/IADL deficits – Decline
- Taking a medication indicated for severe arthritis on the Uninsurable Medication list, or requiring more than 3 doses of narcotic pain medication per week, or with significant joint deformities – Decline

Good to Know: In many cases, those with a history of significant osteoarthritis can be considered for coverage in the future if successfully treated. When field underwriting this history, ask about limitations, therapies and find out if there has been any recent imaging. The severity of the disease process would be determined from these reports.

Cancer

1. What is the type of cancer (stage/grade), as well as location of the cancer?
2. What date were you diagnosed?
3. Type of treatment and date treatment was completed?
4. Any recurrence or additional cancers diagnosed?
5. Do you use tobacco or inhale marijuana?

Information from the Underwriting Guide:

Please refer to Cancer guidelines in underwriting guide for specifics on each type of cancer.

Good to Know: Many cancer survivors can be insurable after full recovery and appropriate waiting periods have been met, dependent on cancer type and staging. That information, along with any risk factors can be very beneficial when prescreening your case.

Hypertension

1. What date were you diagnosed?
2. Length of time on current medications?
3. Have there been any medication changes/dose changes in the past 3 months?
4. What is your average blood pressure reading?
5. What is your height and weight?
6. Do you have any significant risk factors?

Information from the Underwriting Guide:

- If the client has high blood pressure after being compliant for treatment for 3 months and has an average BP > 170/94, or if the client has any noncompliance with treatment – Decline

Good to Know: Readings consistently below 140/90 reflect stability. If your client's blood pressure readings exceed 170/94, they are uninsurable until stabilized for at least 3 months.

Chronic Kidney Disease

1. What is your most recent serum creatinine level?
2. What is the highest serum creatinine level in the past three years?
3. What treatment are you receiving for CKD? When was the treatment initiated? Have there been any therapy changes in the last three years?
4. Is there a history of diabetes, pre-diabetes, impaired fasting glucose of metabolic syndrome?
5. Is there a history of hypertension? If so, where does your blood pressure reading trend?

Information from the Underwriting Guide:

- Creatinine > 1.5 – Decline
- Kidney Transplant – Decline
- Polycystic Kidney Disease – Decline
- Dialysis – Decline
- Kidney failure, single episode, fully recovered after 2 years – Individual Consideration

Good to Know: If the applicant has a history of diabetes or other form of impaired glucose levels, it is not likely that consideration is possible. However, those who carry the diagnosis and serum creatinine levels remain below at or below 1.5 for at least 24 months can be considered for coverage if benign in nature.

Major Depression

1. When were you diagnosed?
2. Any inpatient treatment? If yes, when, and how many times?
3. Any changes to your medication in the past 6 months?
4. Do you feel your depression could be better controlled?
5. Does your depression make it difficult to function at home or at work?

Information from the Underwriting Guide:

- < 70 years of age, diagnosed or started treatment within the last 6 months – Decline
- Psychiatric Hospitalizations in the past 3 years – Decline
- > 70 years of age, diagnosed or started treatment within the last 2 years – Decline
- Any suicide attempt or suicidal ideation, 5 years ago – Decline

Good to Know: Verify if your client's medications are listed in the Underwriting Guide as uninsurable. Ask you client about any activities they enjoy, as well as social networks they may be part of. Active applicants (both physically and socially) tend to do very well with their major depression and represent a good risk when stable.

Alcohol Abuse

1. How much alcohol do you drink in a day? Is it more than 3 daily, or 5 or more in a day?
2. Have you ever been advised to stop or cut down your alcohol use? If yes, when?
3. If you have stopped alcohol due to a history of abuse or concerns, have you maintained at least 3 years of sobriety?
4. Do you actively participate in a support group?
5. Do you have a history of drunk driving? If so, how many times and when was the most recent one?

Information from the Underwriting Guide:

- Alcohol regular consumption of 4 or more drinks per day – Decline
- Advised by a physician to limit or stop alcohol consumption due to alcohol induced health – Decline
- Social problems – Decline
- DUI/DWI within the past 3 years – Decline
- Binge drinking, 5 or more drinks in a day on 1 or more days per week – Decline
- Alcohol abuse/Alcoholism, less than 3 years of sobriety – Decline

Good to Know: Get an accurate assessment of your client's daily use of alcohol. Besides daily use, ask your client about episodes of binge (5 or more drinks in one sitting) drinking. If there is a history of alcohol abuse, current use of alcohol would not be accepted.

Anxiety

1. What is your age?
2. What date were you diagnosed?
3. Have you had any inpatient treatment? If yes, when, and how many times?
4. Have you had any changes to your therapy in the past 6 months?
5. Do you feel your anxiety could be better controlled?
6. Does your anxiety make it difficult to function at home or work?
7. Are you being treated by a Primary Care Physician (PCP) or psychiatric specialist?

Information from the Underwriting Guide:

- < 70 years of age, diagnosed or started treatment within the last 6 months - Decline
- Psychiatric hospitalizations in the past 3 years – Decline
- > 70 years of age, diagnosed or started treatment within the last 2 years – Decline
- Any suicide attempt in the past five years, multiple suicide attempts (regardless of time passed), or suicidal ideation within the past two years – Decline

Good to Know: Verify if your client's medications are listed in the Underwriting Guide as uninsurable. Ask your client if they have experienced any recent panic attacks, cardiac manifestations or other symptoms of anxiety.

Abnormal Brain Scan

1. What condition/symptoms led to the brain MRI being performed?
2. What were the specific findings/impression of the MRI?
3. Was there any mention of an infarct, tumor, cyst arteriovenous malformation, white matter changes microvascular ischemic changes atrophy or volume loss? If possible, provide a copy of the results.
4. Is there any further follow up or treatment advised?

Information from the Underwriting Guide:

Decline if imaging notes make reference to:

- Cerebrovascular Disease
- Two or more lacunar infarcts/strokes
- Small vessel disease (any age)
- Brain atrophy
- Volume loss

Good to Know: If your client has a has any imaging of the brain (CT, MRI) we would be happy to review a redacted copy of the test result to determine insurability. Some findings, such a meningioma or cyst could represent an insurable risk, if stable.

Why Mutual of Omaha

Over 50 years of Mutual of Omaha's Wild Kingdom taught us that the animal kingdom and the human kingdom have something in common ... an instinct to protect what matters most. Through insurance and financial products, we help people protect their lives, protect their families, protect their kingdoms.

MutualofOmaha.com

Mutual of Omaha

The MassMutual Long Term Care Studies

Overview and Summary

FOR FINANCIAL PROFESSIONALS. NOT FOR USE WITH THE PUBLIC.

Background & Methodology

Massachusetts Mutual Life Insurance Company (MassMutual®) has focused on protecting our policyowners since our founding in 1851, and we believe it is important to know what they are thinking and feeling. We recently commissioned two studies to better understand how consumers view long term care and the financial and emotional aspects involved, as well as the view from the financial professional.

The MassMutual studies will help you to understand the long term care (LTC) marketplace, the consumer need, as well as prepare for LTC discussions with your clients. The studies reveal important information in three main categories:

I. | Long term care in the U.S.
II. | Impact on the financial professional, their firm, and their clients
III. | The need for the LTC discussion with your clients

Methodology

Consumer Survey and Focus Groups

The MassMutual Long Term Care in America Study included two phases of research, a quantitative survey of consumers as well as a series of focus groups with both owners and non-owners of long term care insurance.* MassMutual partnered with research firm Greenwald Research for both phases of the study.

SURVEY

A survey of 1,009 consumers was conducted online between October 1 and 11, 2019. Respondents were required to be between the ages of 45 to 70, have household assets of at least $500,000, and have liquid assets of at least $75,000. The results were weighted to be reflective of the broader population in these age and asset ranges. The margin of error for the survey is +/- 3% at the 95% confidence level.

FOCUS GROUPS

Four focus groups were conducted in December 2019 in Boston, MA, and Deerfield, IL. In each city, one group consisted of those who own long term care insurance and the other included non-owners who are interested in purchasing a policy in the next three years. Both sets of audiences also had to match the age and asset requirements of the survey phase.

Financial Professional Study

The MassMutual Long Term Care Study of Financial Professionals included a survey of 250 financial professionals. The survey was conducted by Greenwald Research between October 12 and November 5, 2020.

FINANCIAL PROFESSIONALS

Respondents were required to have worked as a financial professional for at least three years, derive 50% or more of their income from individual clients, have at least 40% of their clients be ages 45 to 70, and have an income of $100,000 or more from their personal advisory work with individuals.

* For the purposes of the studies, long term care insurance included traditional LTC insurance and hybrid LTC/Life insurance policies.

Understanding Long Term Care (LTC)

Long term care in the U.S.

Good news! In the U.S., we are living longer than past generations. And we have the ability to live long, active, and fulfilling lives. Today, one out of every three 65-year-olds can expect to live past age 90[1].

And as a population, we are aging well. Over the recent decades, there have been significant advances in medicine and this continues at a rapid pace. So as we age, we may experience a need for long term care. And as you think about how a potential long term care event can affect your clients and their families, it is important to understand how family support dynamics are generally changing in the U.S.

We are experiencing changing family dynamics in the U.S., which makes it even harder to get care from loved ones. Family size has decreased considerably[2], and adult children themselves are more likely to have moved away from their parents[3].

About **300,000** people turn **age 65 per month**[4]

...of those that **turned age 65** (2015-2019)

52% will have a long term care need in the future[5]

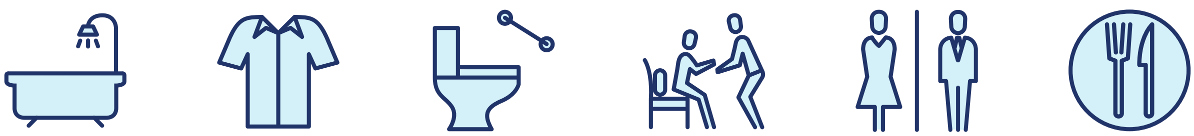
The demographic composition of the U.S. is shifting. One primary change is that the size of the retired population is growing tremendously.

With the aging population comes a growing need for resources to support the health and well-being of the older generation. Your clients need your help to plan for their life, health, and welfare throughout retirement.

What is long term care?

Long term care is a variety of services and supports to help meet personal care needs over an extended period of time. Long term care may involve non-skilled personal care assistance such as help with performing everyday Activities of Daily Living (ADLs), which are bathing, dressing, using the toilet, transferring, caring for incontinence, and eating.

ACTIVITIES OF DAILY LIVING



Bathing | Dressing | Using the Toilet | Transferring | Caring for Incontinence | Eating

Long term care services can be very expensive. Nationally, care from a home health aide costs about $24 per hour[6], and while getting care at home, you will still have ordinary living expenses. The national median cost for a private room in a nursing home is $105,850 annually.[6] The average cost can vary significantly by factors such as type of service, cognitive status, and geographic location.

COST OF CARE

$105,850

Nursing Home Care (365 days of care)[6]
National Annual Median Cost for Private Room

$24/hour

Cost for Home Health Aide[6]
National Hourly Median

Findings of the MassMutual studies

I. Long term care in the U.S.

The unfortunate reality for American families today is that long term care is an all-too-familiar issue. Here are some powerful statistics on the current magnitude of the long term care marketplace in the U.S.:

- Someone turning age 65 has a 52% chance of needing long term care in the future.[5]
- The average length of time they will need long term care is 2 years.[5]

Underestimating the need for long term care

Below are some interesting facts uncovered from our survey questions regarding the awareness of long term care prevalence in the U.S.:

Among those surveyed, expectations that a long term care need will occur are surprisingly low.

EXPECTATIONS OF NEEDING LONG TERM CARE

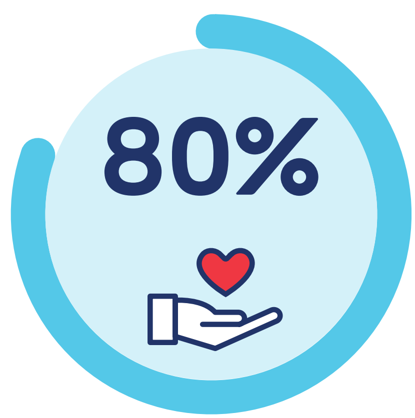
But as highlighted above, the reality is someone turning age 65 has a 52% chance of needing long term care in the future.[5]

The emotional and financial burdens of long term care

The comprehensive retirement planning that a financial professional provides is the necessary path to solve for consumers' long term care needs in the future. But the concern goes well beyond a financial need, there is also a greater emotional component.

While the costs of paying for LTC can be staggering, the survey demonstrates that the emotional toll of an LTC need outweighs the financial burden. The following statistics were determined by those consumers who had a family member or loved one experience a long term care need.

found the event
FINANCIALLY
difficult



found the event
EMOTIONALLY
difficult

II. Consumers and financial professionals want to have the LTC conversation

Consumers want to have the conversation with financial professionals

The estimated occurrence rate of LTC needs is increasing, and the average estimated LTC cost is a significant sum for any family. Clients rely on their financial professional to provide guidance and information, especially as long term care costs continue to increase and may affect their retirement savings.

Although discussing LTC with your client is a key component of solving future LTC needs, **financial professionals as a whole may not be engaging clients on the topic sufficiently.**

The survey responses clearly show that clients want to have the discussion about LTC, and financial professionals feel it's their responsibility to have these discussions.

75% OF CONSUMERS who work with financial professionals believe all financial professionals **SHOULD DISCUSS** long term care insurance with clients.

92% OF FINANCIAL PROFESSIONALS believe they have the **RESPONSIBILITY to DISCUSS** long term care insurance with clients.

20% OF CONSUMERS who work with financial professionals have **EXTENSIVELY DISCUSSED** how to pay for long term care with a financial professional.

The opportunity to help your clients is bigger than you think

Our two studies revealed some interesting findings on the interest level in long term care protection. We assembled the survey responses from both the viewpoint of the consumer and the viewpoint of the financial professional.

The surveys evaluated:

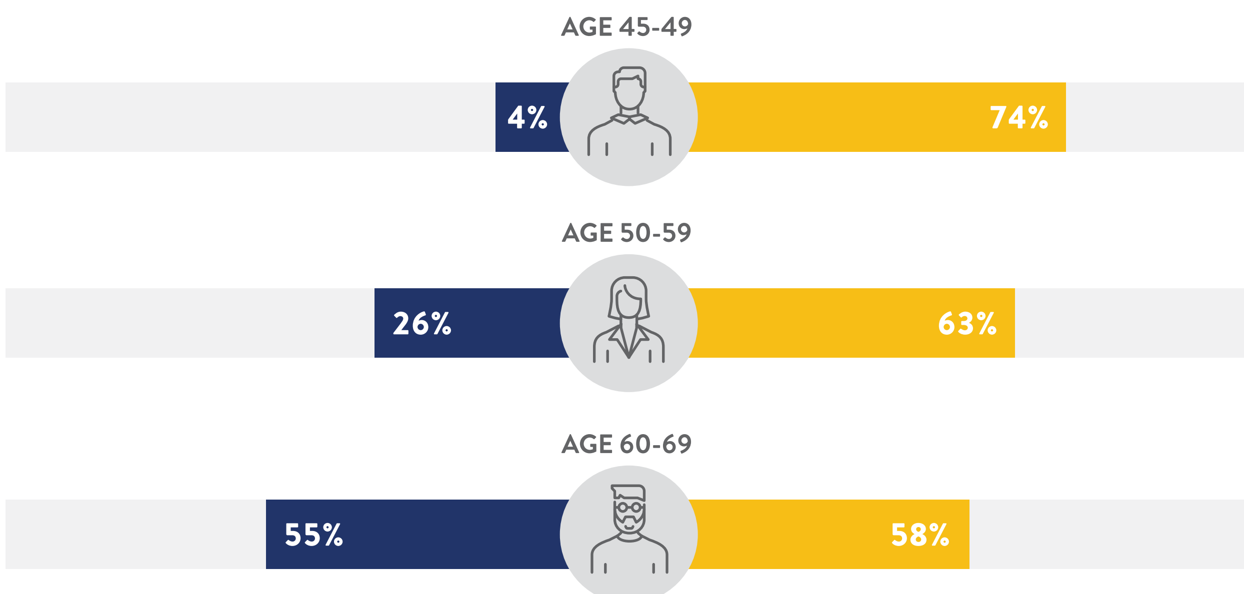
1. **The consumers' interest in long term care insurance***
2. **The financial professionals' opinion of the consumers' interest in long term care solutions**

Financial professionals estimated lower levels of interest among certain demographics, while the consumer response reveals a more significant interest in long term care solutions.

Interest In Long Term Care Protection

AGE DEMOGRAPHIC

Key findings: YOUNGER clients are interested in long term care solutions



Financial Professional View Point**
How interested are their clients?

Consumer View Point***
Believe owning LTCi is important

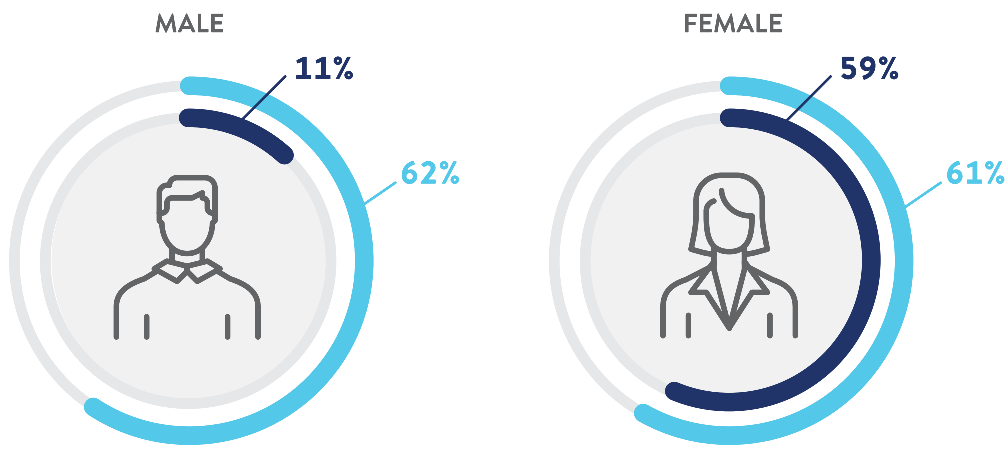
* For the purposes of the study, long term care insurance included traditional LTC insurance and hybrid LTC/Life insurance policies.

** Financial Professional Survey: In your experience, how interested do clients from the following groups tend to be in purchasing a long term care solution? Interested/Not Interested.

*** Consumer Survey: It is important to have long term care insurance to avoid being a burden on your spouse/partner or family. Agree/Disagree.

GENDER DEMOGRAPHIC

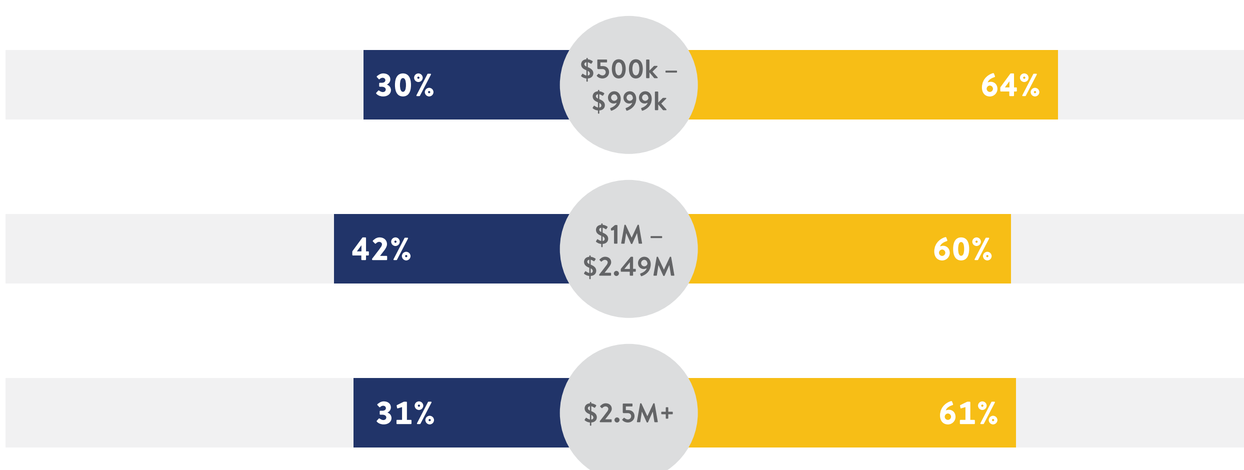
Key findings: MALE clients are also interested



- **Financial Professional View Point****
How interested are their clients?
- **Consumer View Point*****
Believe owning LTCi is important

NET WORTH DEMOGRAPHIC

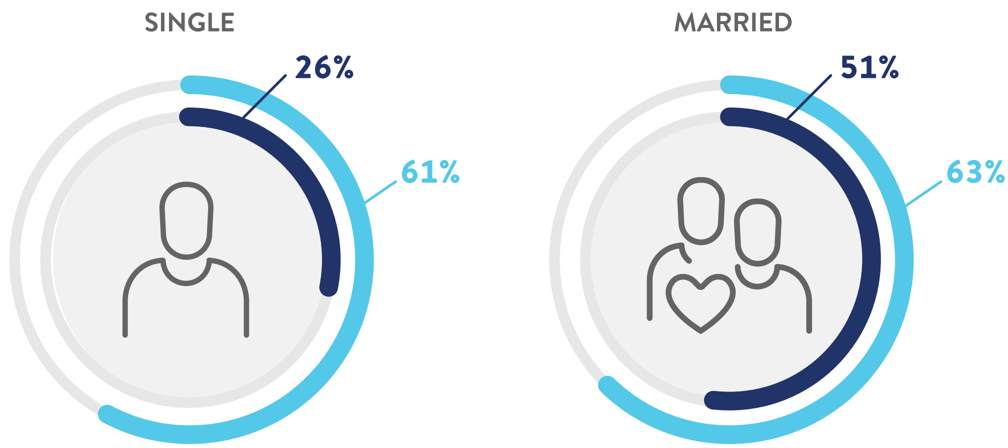
Key findings: Across ALL NET WORTH LEVELS, majority of consumers are interested



- **Financial Professional View Point****
How interested are their clients?
- **Consumer View Point*****
Believe owning LTCi is important

MARITAL DEMOGRAPHIC

Key findings: SINGLE clients want to plan for LTC



Financial Professional View Point**
How interested are their clients?

Consumer View Point***
Believe owning LTCi is important

Financial professionals are vital to the solution

Many Americans are worried about the risk that long term care expenses can pose to their families and the retirement plans that have been established. But the reality is that very few have taken action to protect against the risk.

> "The thought of being sick and having it all go to my illness and leave nothing to my three children and my grandchildren, I didn't like that. So it was just really all my idea. I went to my financial planner and said, "*What do you think?*"
> – Respondent

III. The need for the LTC discussion with your clients

> "…seeing a sibling and daughter and son-in-law just taking care of my brother was even harder for me to digest. I can't see that happening to me. I can't put that burden on my kids. No way."
> – Respondent

Comprehensive retirement planning

Planning for the retirement stage can be an overwhelming task and many consumers have concerns as they approach their retirement. One key worry among those surveyed is that they are not confident that they will be able to pay for adequate long term care.

MassMutual provides programs and support to help you have the conversation

STEP 1

Educate

MassMutual Study Insights

Learn about the need for extended care protection and the marketplace. We have commissioned comprehensive studies that are introduced in this brochure. We offer supporting materials that offers invaluable insights into consumer attitudes and expectations about extended care protection.

STEP 2

Experience

Long Term Care Workshop and Tools

We offer a long term care workshop where you, the financial professional will experience, firsthand, what we mean by the MassMutual Advantage. We will familiarize you with MassMutual, as well as show you how to have an effective conversation with your clients.

STEP 3

Engage

MassMutual Care Days

This step will put everything into action. We offer the MassMutual Care Day will guide you as the financial professional as you think about your clients who may benefit from long term care protection. Invite these clients for individual Care Day meetings to begin the conversation.

Learn how to have the discussion about long term care planning with your clients. Be sure to view our guide **"Long Term Care. How to have the discussion with your client."**

MassMutual...

Helping you secure what matters most.

Since 1851, MassMutual has been building a reputation for financial strength and integrity. At MassMutual, we operate for the benefit of our customers. Our business decisions are based on a single guiding principle: to help people secure their future and protect the ones they love.

FOR FINANCIAL PROFESSIONALS. NOT FOR USE WITH THE PUBLIC.

[1] Social Security Administration website, Benefits Planner | Life Expectancy. January 2021. Retirement Information for Medicare Beneficiaries, January 2021. **https://www.ssa.gov/pubs/EN-05-10529.pdf**

[2] U.S. Census Bureau, Current Population Survey, March and Annual Social and Economic Supplements. 2018.

[3] AARP, Valuing the Invaluable: 2019 Update. **https://www.aarp.org/content/dam/aarp/ppi/2019/11/valuing-the-invaluable-2019-update-charting-a-path-forward.doi.10.26419-2Fppi.00082.001.pdf**

[4] U.S. Department of Health and Human Services. Aging. Published September 12, 2018. **www.hhs.gov/aging/index.html**

[5] Source: The State of Long-Term Care Insurance: The Market, Challenges and Future Innovation — National Association of Insurance Commissioners and the Center for Insurance Policy and Research, May 2016. **https://www.naic.org/documents/cipr_current_study_160519_ltc_insurance.pdf**

[6] Cost of Care Survey, Genworth, 2020.

Insurance products issued by Massachusetts Mutual Life Insurance Company, 1295 State Street, Springfield, MA 01111-0001.

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MassMutual®'s 2022 Long Term Care in America

White Paper

FOR FINANCIAL PROFESSIONALS. NOT FOR USE WITH THE PUBLIC.

Introduction

Long term care remains a significant challenge in America in 2022. Baby Boomers continue to age into their retirement years, increasingly pushing new demands on the long term care system. In fact, by 2030, all Baby Boomers will be over the age of 65.

Yet the last few years have also created new urgency: The pandemic has magnified concerns about affording quality long term care and care at home and has deepened the desire to avoid being a burden on family if a long term care need occurs.

Since MassMutual's founding in 1851, the company has been continually guided by one consistent purpose: we help people secure their future and protect the ones they love. That mission means it is of critical importance to better understand the issue of long term care from the lens of today's consumer.

The 2022 Long Term Care in America Study works towards this goal and offers insight on:

- Changes in attitudes about long term care and long term care insurance from 2019 to 2022, including how the pandemic has directly impacted views.
- Consumer awareness and concern about long term care and how these are both shaped by prior family experiences.
- Attitudes and beliefs about long term care insurance* and its role in protecting against risk.
- The role financial professionals play in helping Americans address long term care needs.

For the purposes of the study, long term care insurance included traditional LTC insurance and hybrid LTC/Life insurance policies.

* Long term care insurance policies reimburse policyholders a daily amount (up to a pre-selected limit) for services to assist them with activities of daily living such as bathing, dressing or eating. Most polices also offer a range of care options and benefits that allow policyholders to get the services they need, where they need them.

METHODOLOGY

The 2022 Long Term Care in America Study consisted of a survey of 1,007 consumers and was conducted online between January 10 and 18, 2022. Massachusetts Mutual Life Insurance Company (MassMutual) commissioned the research firm Greenwald Research to conduct the survey.

Respondents were required to be between the ages of 45 to 70, have household assets of at least $500,000, and have liquid assets of at least $75,000. The results were weighted to be reflective of the broader population in these age and asset ranges.

The margin of error for the survey is +/- 3% at the 95% confidence level.

The survey also provides important comparisons to the previous MassMutual Long Term Care in America Study, which surveyed consumers on these same topics in 2019 (and was released in 2020).

WHAT IS LONG TERM CARE?

Long term care is a variety of services and supports to help meet personal care needs over an extended period of time. Long term care may involve personal care assistance, such as help performing Activities of Daily Living (ADLs), including bathing, dressing, using the toilet, transferring (to or from bed or chair), caring for incontinence, and eating. Long term care services may help those looking to maximize their independence and ability to complete normal day to day activities at a time when they are unable to be fully independent or are facing severe cognitive impairment.

Long term care can be provided in home, either by family members or paid professionals, or at a facility, such as those providing adult day care, assisted living, memory care, or nursing home care. The decision of where care takes place is a very personal one. Those desiring to receive any needed long term care at home will benefit by planning in advance to ensure their home can accommodate their needs as they age. For example, stairs to the bedroom and bathroom may become difficult to navigate as one ages.

An All Too Familiar Challenge

While the healthcare landscape has been dramatically impacted by the events of the last two years, Americans' familiarity with long term care remains largely consistent. People often learn about long term care through direct experience, typically when an older relative needs care. In fact, as of 2022, 70% of consumers have had someone in their life who has required long term care (in 2019, the figure was nearly identical at 69%).

Interestingly, while these firsthand experiences are more likely to have been a parent, grandparent, or in-law, an increasing number report that they themselves or their spouse/partner have needed long term care — 15%, up from 7% in 2019.

70%

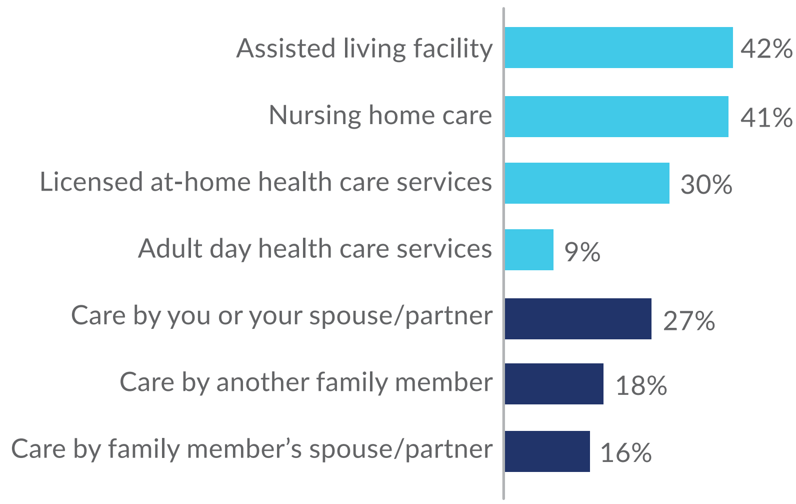
have seen someone in their life **require long term care**.

80%

of family experiences **required paid care**.

SERVICES PROVIDED TO FAMILY MEMBER?

(Asked if family member needed care)



Of the family members, such as a parent or in-law, that have received long term care, 8 in 10 received paid care, including 42% at an assisted living facility, 41% at a nursing home, 30% receiving licensed at-home care, and 9% receiving adult day health care. That said, 42% of those cases received care from family, indicating a mix of care that many receive. There's also evidence of a slight shift toward less paid care and more family care during the pandemic, with the decrease most pronounced in nursing home care (50% of family cases in 2019 down to 41% in 2022).

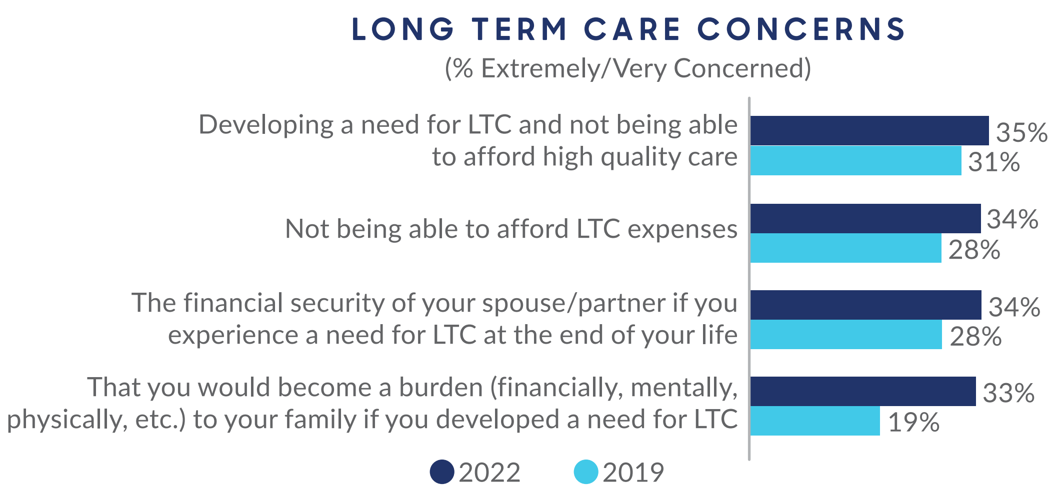
When family members require professional long term care, three of the top four sources of funding are personal savings, out-of-pocket cash, and tapping retirement funds (which is similar to the 2019 results). Long term care insurance is less common but is on the rise as a funding source: 20% say their family has used long term care insurance to help pay for care, up from just 13% in 2019.

The Pandemic Has Elevated Concerns About Long Term Care

Not surprisingly, the pandemic has changed the way Americans think about long term care in significant ways. As the Kaiser Family Foundation has noted, COVID-19 has disproportionately impacted those in long term care facilities, even though the burden on this community has improved since the start of the pandemic.[1] Tragically, as of January 30th, 2022, long term care facility residents accounted for an estimated 23% of all COVID-19 deaths.[1]

Yet Americans' views on long term care facilities have been mixed. According to research by AARP, opinion on nursing homes and assisted living facilities remains much more positive than negative, although about 4 in 10 say the pandemic has negatively impacted their views of nursing homes and a third say the same about assisted living facilities.[2] Other data suggests a reason for this mixed response: the most critical views on long term care facilities are in regards to maintaining adequate staffing levels and offering affordable care, but a majority feel that facilities have done a good job at protecting residents and staff from COVID-19 given the crisis they confronted.[3]

Interestingly, the *Long Term Care in America Study* reveals that the pandemic has had almost no effect on Americans' belief that they themselves will eventually need long term care. Only 54% consider it at least somewhat likely that they'll ever need care, while 52% said the same in 2019.



What has changed, however, is concern about actually affording long term care and the subsequent burden that situation might create. A third now say they are extremely or very concerned about 1) not being able to afford long term care in general, 2) not being able to afford quality care, 3) whether the financial security of a spouse/partner would be jeopardized if a long term care need arose, and 4) that they might become a burden on family if they needed long term care. Concern about becoming a burden to family has increased the most, going all the way from 19% in 2019 to 33% in 2022.

[1] https://www.kff.org/policy-watch/over-200000-residents-and-staff-in-long-term-care-facilities-have-died-from-covid-19/

[2] https://www.aarp.org/content/dam/aarp/research/surveys_statistics/ltc/2020/nursing-home-long-term-care-attitudes-report.doi.10.26419-2Fres.00421.001.pdf

[3] https://www.kff.org/health-costs/poll-finding/kff-health-tracking-poll-march-2022/

36%

COVID-19 pandemic made you more concerned about affording **quality LTC**

39%

COVID-19 pandemic made you more concerned about affording **In-home LTC**.

Part of this increased concern about covering long term care expenses may come from increased costs of homecare services. According to the AP/NORC, nearly 9 in 10 Americans (88% in 2021, 89% in 2020) want to receive long term care services at home or with loved ones.[4] Yet, costs of homecare services just saw the largest year-over-year increase in 2021.[5]

How the Landscape of Long Term Care Insurance has Changed

The pandemic has also influenced consumers' attitudes regarding long term care insurance. Consumers are now significantly more likely to believe it is important to own long term care insurance: 65% believe this to be true to avoid being a burden on family (up from 59%) and 62% think it is important to own to not deplete retirement savings (up from 56%).

Think it is important to own long term care insurance to **avoid being a burden on family**

Think it is important to own long term care insurance to **not deplete retirement savings**

Ownership of long term care solutions has also increased significantly in this market segment, going from 27% in 2019 to 38% today. This includes both traditional long term care insurance (up from 24% to 31%) and hybrid long term care products (up from 5% to 16%). Likewise, familiarity with hybrid life/long term care insurance is up, with 44% of consumers at least somewhat familiar and 1 in 5 extremely/very familiar.

Even among non-owners, more now say they are likely to purchase long term care insurance in the next 6 months (28% for hybrid life/ long term care insurance, up from 16%) and half (51%) have interest in purchasing long term care insurance at some point in the future.

[4] https://apnorc.org/wp-content/uploads/2021/04/LTC_Report_AgingatHome_final.pdf

[5] https://pro.genworth.com/riiproweb/productinfo/pdf/131168.pdf

One in ten long term care insurance owners purchased it during the pandemic, and the vast majority of these new purchases report that the pandemic influenced the decision. Among non-owners, 1 in 5 are more likely to purchase long term care insurance because of the pandemic.

Long Term Care Can Take Both a Financial and Emotional Toll

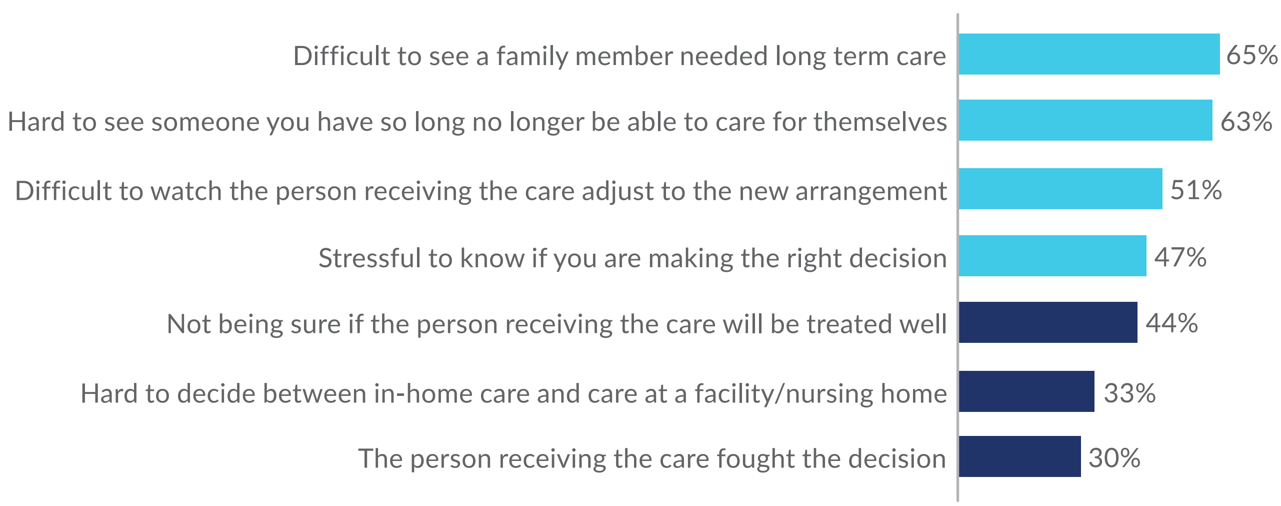
It's important to remember that even as concern about the financial impact of long term care has increased, there can also be a significant emotional toll.

Among those whose loved ones experienced long term care, nearly half say it was financially difficult for those involved. Meanwhile, 77% of those who have witnessed a family member go through long term care say that event was emotionally difficult for the people involved and the family around them.

77%

Family member's LTC need was at least somewhat emotionally difficult

TOP WAYS LTC IS EMOTIONALLY DIFFICULT



Part of the emotional challenge relates to simply witnessing a loved one require that level of care. More than 6 in 10 say the event was emotionally difficult because it is difficult to see someone they have known so long no longer be able to care for themselves. Half say it is difficult to watch the person receiving the care adjust to the arrangement.

Importantly though, the decision itself (and deciding on in-home vs. a facility) is also emotionally challenging for many. Nearly half say it is stressful to know if you're making the right decision.

Americans Need and Want Help from Financial Professionals

Retirement is a phase of life that people look forward to and planning one's retirement can be fun and exciting. However, planning also includes being prepared for unforeseen events, such as whether and when long term care may be needed. Financial professionals can educate their clients about retirement and the many risks people face in retirement and then work with them to create and implement a plan for their retirement. There's also an important need for financial professionals to help their clients prepare for and navigate the emotional challenges long term care can bring.

Despite Americans' familiarity with long term care, there is a lot to understand on the topic. Many consumers are not exposed to the likelihood they may need care, the cost of care, or the length of time they may need care. It is estimated that just over half (52%) of Americans over age 65 will experience a long term care event[6] and the cost of care is both considerable and increasing.[7]

of Americans over age 65 **will experience a long term care event**

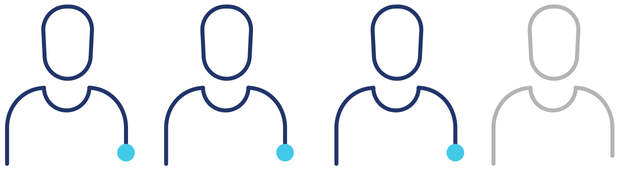
Yet while 52% **will need** long term care, only 54% of Americans think it is even somewhat likely that they themselves will experience it. Only 20% see it as extremely/very likely. When Americans are asked to estimate the overall prevalence of long term care among those age 65+, only 31% are in the general ballpark.[8]

Similarly, consumers have very limited knowledge of long term care costs. **Only 16% are in the ballpark[8]** on the average nursing home or assisted living facility costs. Fewer can accurately estimate costs for in-home health aides or adult day health care services. In fact, underestimation of costs has become more prevalent since 2019.

[6] **ASPE Issue Brief:** Long-Term Services and Supports for Older Americans: Risks and Financing, published 2016. https://aspe.hhs.gov/sites/default/files/migrated_legacy_files//142116/ElderLTCrb-rev.pdf

[7] https://pro.genworth.com/riiproweb/productinfo/pdf/131168.pdf

[8] "General ballpark" defined as being within +/- 25% of the true figure.



3 in 4 consumers

working with a financial professional believe **all advisors** should at least **discuss with their clients**

Long term care is a topic 3 in 4 consumers (75%) working with a financial professional believe all advisors should at least discuss with their clients. Six in ten believe financial professionals have a responsibility to ensure their clients are protected against long term care costs. According to MassMutual's 2020 Long Term Care in America Survey of Financial Professionals, financial professionals agree wholeheartedly: 92% say they have a responsibility to discuss long term care insurance with their clients.[9]

Yet despite client demand and the increased concerns driven by the pandemic, only 59% say they have discussed how to pay for long term care with their financial professional (including only 19% who have discussed the topic extensively) and less than half have discussed long term care solutions. Even more surprising, these conversations about how to pay for long term care **are significantly d**own from 66% in 2019 to 59% in 2022. Among those who have discussed long term care with their financial professional, only about a third say they've had these discussions since the start of the pandemic.

[9] MassMutual's 2020 Long Term Care in America Study: A Survey of Financial Professionals

THE ROLL OF THE ADVISOR

(Among those working with an advisor

75% Agree

Believe all **advisors should discuss** LTC insurance with clients

62% Agree

All advisors have a responsibility to **ensure clients are protected** against LTC costs

59% Yes

Have discussed **how to pay for** LTC with advisor

DOWN from 66%

Why is there a discrepancy between the desire to have these discussions and whether those conversations actually occur? It's possible that advisors believe that interest in long term care insurance is much narrower than it is in reality. In 2020, MassMutual surveyed financial professional on which types of clients, in their experience, tended to have interest in long care insurance. According to the financial professional, interest level differs drastically by age, marital status, and gender.[10] When you ask consumers directly, however, there is a strong belief that owning a long term care solution is important among everyone age 45 or above, those married, living with a partner, or single, those of all genders, and those of all asset levels.

An additional barrier is that some clients may not see their financial professional as a resource on the topic of healthcare or long term care. In fact, when Greenwald Research asked advised pre-retirees and retirees how helpful their financial professionals were on addressing nine different retirement risks, professionals were seen as least helpful on healthcare and long term care.[1] In the same study, financial professionals admitted that those two issues were where they had the least expertise.

That said, MassMutual's research indicates that advisors are willing to discuss this important topic with their clients. In fact, about 8 in 10 financial advisors feel very/extremely comfortable discussing the implications of long term care with clients and how to pay for a care need.[10]

Clearly there is a desire and a need to discuss long term care and most financial professionals agree with the importance of these discussions. Yet despite an increased urgency to address the issue in 2022, there's more to work to be done.

[10] Greenwald Research's 2017 Retirement Insights Program

[11] MassMutual's 2020 Long Term Care in America Study: A Survey of Financial Professionals

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LONG-TERM CARE INSURANCE

THE COST OF WAITING

Discover three reasons your clients shouldn't procrastinate.

Your clients have busy lives. Between family and work obligations, they have a lot going on. So even if they understand the value of long-term care insurance, purchasing a policy often isn't a top priority. But they may not be aware there's cost associated with waiting.

It's easy to put things off until tomorrow. But some of life's decisions are too important to ignore. Waiting to purchase a long-term care insurance policy is one of them. Waiting may mean paying higher premiums down the road. Procrastinating also could lead to the inability to qualify for coverage. That makes this concept well suited for:

- People who are inclined to put off the decision to buy
- People who think long-term care insurance is too expensive (it will only get more expensive the longer they wait)
- People who are concerned about future health issues (a change in health could make them ineligible for coverage)

The Real Cost of Waiting

Without a long-term care insurance policy, your clients could face paying the entire cost of services out of their own pockets. That's the real cost of waiting.

Nursing Home	$8,177.40 per month for a semiprivate room
Assisted Living	$4,826.34 per month for a one-bedroom unit
Home Health Care	$4,764.32 per month for the services of a home health aide

Source: Mutual of Omaha's Cost-of-Care Survey conducted by LTCG, 2021; released April 2022. Nursing home costs are based on the national average of $276.14 per day, 30 days per month. Home health aide costs are based on the national average of $27.07 per hour, 44 hours per week, 4 weeks per month.

Mutual of Omaha | Underwritten by Mutual of Omaha Insurance Company

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How it Works

It's important to let your clients know there's a cost associated with putting off the decision to buy long-term care insurance.

Make sure they understand their premium is based on their age when they purchase a policy. That means the younger they are, the less expensive the premium will be.

For example, Daniel and Meg know they need long-term care insurance. But with two boys in college, they have other things to think about and other expenses to consider. At age 50, they feel they have plenty of time to buy a policy.

See how waiting to purchase long-term care insurance impacts the premium they would pay.

Age at purchase	50	55	60	65
Annual Premium Male	$541	$628	$774	$1,125
Annual Premium Female	$830	$987	$1,244	$1,772

In addition, a health diagnosis could make them ineligible for coverage. That means if Daniel's or Meg's health were to change tomorrow, they may not be able to purchase long-term care insurance at any price.

Premium in this example is based on rates for a MutualCare® Secure Solution policy with a $3,000 monthly benefit, $108,000 policy limit, 36-month benefit period and 90-day elimination period. It does not include optional features like inflation protection or shared care. Rates may vary by state.

Concept Advantages

No one knows what the future holds in store. So it's wise not to put off the decision to purchase long-term care insurance. Buying now provides these advantages:

- **Insurability** – Applying for long-term care insurance when your clients are young and in good health may make it easier to qualify for coverage
- **Affordability** – Because premium is based on age at the time of purchase, every year your client waits means the price increases
- **Peace of mind** – An accident or prolonged illness can happen to anyone at any age. A long-term care insurance policy may help your clients rest easy knowing they'll be able to get the care they need

Consumer Brochure

Here's a companion brochure to help you address this important topic with your clients.

ICC22453338

Order through your normal channels.

Long-term care insurance is not a deposit, not FDIC insured, not insured by any federal government agency, not guaranteed by the bank, not a condition of any banking activity, may lose value and the bank may not condition an extension of credit on either: 1) The consumer's purchase of an insurance product or annuity from the bank or any of its affiliates; or 2) The consumer's agreement not to obtain, or a prohibition on the consumer from obtaining, an insurance product or annuity from an unaffiliated entity.

How to Use IRA Distributions to Fund Nationwide CareMatters II®

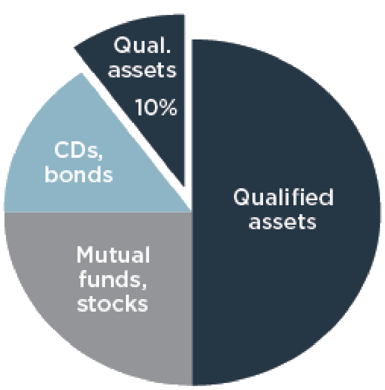
Shawn Britt - CLU, CLTC
Director- LTC Initiatives, Advanced Consulting Group

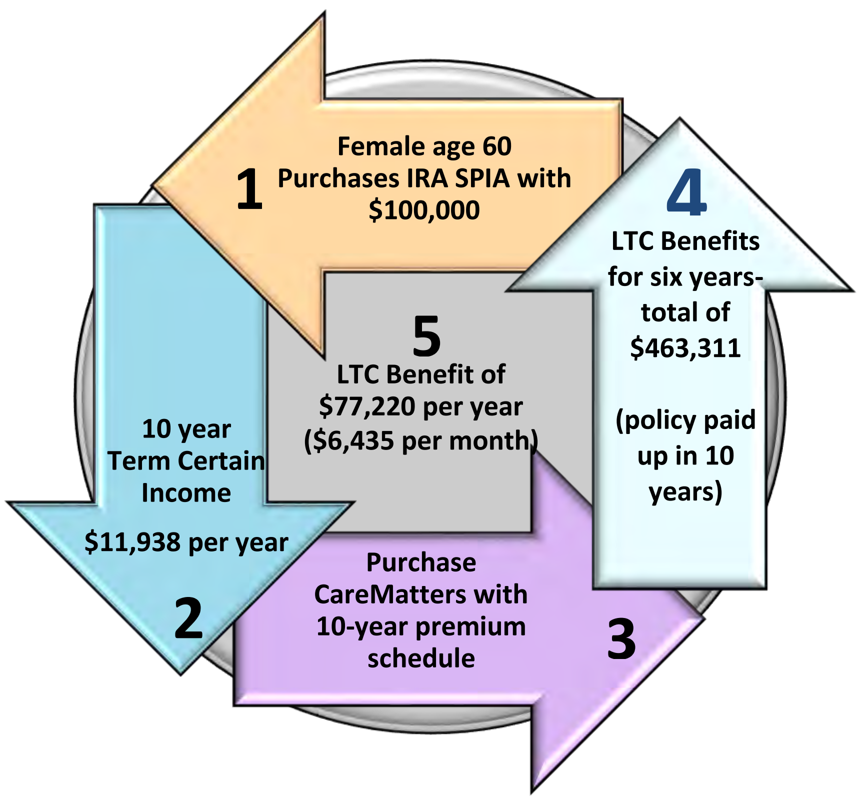
Many clients have qualified assets they intend to use for retirement income. But there is one unknown factor that could unwind the best laid plans — potential long-term care (LTC) expenses. Please note, the following concept is only to be used for individuals at least age 59 1/2 to avoid early withdrawal penalties.

One way to help protect your client's planned retirement income is to insure against the need to use those funds to pay for LTC expenses. This strategy carves out a portion of the client's qualified assets to purchase an IRA annuity. The taxable distribution creates a premium to purchase tax-free LTC coverage[1] that can help pay for potential LTC needs that could occur in the future.[2]

Do you have clients with qualified dollars they would like to protect from depletion due to long-term care costs?

Client Assets





Term certain payouts to owners under the age of 59 1/2 do not comply with IRC Section 72T because payments are not based on life or life expectancy.

LET'S LOOK AT AN EXAMPLE

Allyson,[3] 60, in good health and married — is concerned about LTC after seeing how those expenses impacted her parent's retirement plans. Allyson's parents thought they were well set – and were - until care expenses started to deplete their savings.

Allyson's father passed away first, but his LTC expenses left her mother's life-style impacted - leaving no extra money for the travel she had hoped to enjoy with friends in her golden years. Eventually, her mother had five years of LTC expenses of her own, and the money she was hoping to leave to her family was gone. Allyson's goal is to have a plan that includes LTC coverage.

THE STRATEGY

After discussing with her advisor, Allyson decides a CareMatters II linked benefit policy from Nationwide would best fit her needs. Once claims qualifications are met, full LTC benefits are available — without the need to submit bills or receipts. She likes the flexibility and simplicity the Nationwide cash indemnity benefits provide. Since Nationwide places no restrictions on how LTC benefits can be used, Allyson can use her benefits to pay for a variety of needs that may not be covered by a reimbursement LTC policy, including using her benefits to pay for informal care from an immediate family member or hiring less expensive and potentially more accessible unlicensed caregivers.

Allyson will carve out 10% of her portfolio ($100,000) and transfer it from her 410(k) into a Nationwide IRA Single Premium Immediate Annuity (SPIA) — which will be set up with a guaranteed 10-year term certain payout. Her annual distribution of $11,938[4] will start immediately. Distributions will be fully taxable as ordinary income because it is coming from an IRA annuity.

The entire $11,938 annual distribution from the SPIA will purchase a Nationwide CareMatters II linked benefit LTC policy with a 10-year annual premium schedule. She has decided to pay taxes due on the distribution out of pocket to preserve more funds for the premium payments. Premiums are guaranteed to remain the same and the policy will be fully paid up in 10 years. Her annual distribution will be leveraged into a total of $463,311 of tax-free long-term care benefits; and should Allyson pass away without needing her LTC benefits, there is a death benefit of $154,437 that will be paid tax-free to her beneficiaries. If she passes away before all term-certain annuity payments have been received, any remaining payments will also be paid to beneficiaries (those funds will be taxed at the beneficiary's ordinary income tax rate).

Should Allyson need to use her LTC benefits, and upon claims qualifications being met, Allyson will receive a monthly tax-free LTC benefit of $6,435 for 6 years ($77,220 annually). Even if all the LTC benefits are used, there is a minimum death benefit guaranteed which would pay a residual death benefit of $30,887.

Nationwide® is on your side

1 LTC benefits may be taxable under certain circumstances
2 Client must meet all claims qualifications before LTC benefits can be paid.
3 The individual in this case study is fictional but is meant to represent a typical client in a typical situation.
4 10-year term-certain option, purchase payment of $100,000, rates as of 12/06/2022.

* Please be aware that if an IRA owner who is over age 70 $^1/_2$ purchases an immediate annuity with some of their IRA dollars the payments from the IRA immediate annuity, after the year of purchase, may not be used to satisfy the RMD obligations of the owner's other IRAs. When funding life insurance premium with an annuity purchased from the same insurance company, the annuity must be set up as a term-certain payout to avoid taxation on the death benefit. When choosing a product, make sure that insurance needs are covered. Because personal situations may change (i.e., marriage, birth of a child or job promotion), so can life insurance and long-term care insurance needs. Care should be taken to ensure these strategies and products are suitable. Associated costs, as well as personal and financial objectives, time horizons, and risk tolerance should all be weighed before purchasing insurance. Life insurance, and long-term care coverage linked to life insurance, has fees and charges associated with it that include: costs of insurance which varies based on characteristics of the insured such as gender, tobacco use, health and age; and additional charges for riders that customize a policy to fit individual needs.

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This material is not a recommendation to buy, sell, hold or rollover any asset, adopt an investment strategy, retain a specific investment manager or use a particular account type. It does not take into account the specific investment objectives, tax and financial condition, or particular needs of any specific person. Investors should work with their financial professional to discuss their specific situation.

Federal income tax laws are complex and subject to change. The information in this paper is based on current interpretations of the law and is not guaranteed. Neither Nationwide, nor its employees, its agents, brokers or registered representatives gives legal or tax advice. You should consult an attorney or competent tax professional for answers to specific tax questions as they apply to your situation.

- Not a deposit • Not FDIC or NCUSIF insured • Not guaranteed by the institution
- Not insured by any federal government agency • May lose value

Ownership and tax ramifications of LTC Riders on Survivorship Life Insurance

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Director – Long-term Care Initiatives, Advanced Consulting Group

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KEY HIGHLIGHTS

How policy ownership can affect claims and tax ramifications

Preventing a Goodman Triangle when pairing an adult child with a parent as the insureds

Why LTC planning in an ILIT can help the high net worth avoid unnecessary estate taxes caused by self-funding LTC

Understanding the formula for receiving tax-free LTC benefits, including when there are multiple policies.

Long-term care (LTC) coverage attached to life insurance continues to be a growing market with more customized solutions. One of the newer designs available is LTC Riders on Survivorship Life Insurance. These policies not only ensure couples, but will even allow combining an adult child with a parent using a LTC rider on the survivorship life insurance policy[1].

A couple may be living together without legal ties or could be a married couple; and they may or may not have children – but LTC is an expense that is likely to enter their lives. A recent study of married couples found that there is a 75% to 91% chance that one or both members of the couple will eventually need long-term care.[2] While statistics don't help sell LTC, it does help to know the exposure people are facing.

In addition, today's Baby Boomers, Generation X and Millennial generations are facing the fact that their parents are likely to need care at some point in their lives – and that expenses associated with long-term care can quickly erode income and assets. Not only are a couple's finances and lifestyle at risk of erosion from LTC expenses - but adult children who feel financially and morally responsible for a parent's care may feel their own savings and retirement plans are at risk of depletion should a parent have a serious or extensive LTC event.

There are many ways to insure for potential LTC expenses, but for those with a life insurance need, survivorship life insurance with a LTC Rider on one or both insureds, offers a cost effective solution without the "use it or lose it" risk often associated with other types of LTC coverage. This solution may help with LTC planning whether a couple is looking to protect income, assets, and legacies for heirs; or an adult child looking for a way to keep their own finances protected from a parent's potential LTC event while planning for their own potential LTC need.

Survivorship policies may be owned by one insured, both of the insureds, or even a trust. While care should always be taken when the policy is owned by someone other than the insured, particular care should be taken when deciding on the policy ownership of survivorship life insurance with a LTC rider. How claims can be filed and who receives the LTC benefits are dependent on the ownership of the policy. Because the LTC Rider benefits are accelerating the death benefit on a life insurance policy, it is most common for insurance carriers to reimburse or pay indemnity benefits to the policy owner. However, claims procedures and requirements can differ between companies, and may also vary by state, so policy owners should inquire how their own specific policy will be processed at claim time. In addition, when planning LTC coverage with survivorship life insurance, it is important to understand potential ownership pitfalls or challenges in the event a relationship ends.

This article will be addressing situations that may apply to the insurance industry in general as well as provisions with Nationwide specific policy procedures. Please note that throughout this paper there will be reference to potential gifting situations. It is important that clients seek legal and tax advice in these circumstances since many times a taxable event can be alleviated by filing IRS Form 709 to claim use of a portion of the lifetime exclusion. This may exempt the individual in question from the obligation of paying gift tax.

POLICY SPLIT OPTIONS

Before addressing survivorship policy ownership scenarios with the LTC rider included, and potential outcomes of each, we will briefly discuss Policy Split Options. A Policy Split Option is usually available only to legally married spouses and under defined circumstances; and allows for the survivorship life insurance policy to be converted into two separate single life policies for each insured. This option, including potential charges and when it may be applied, varies by insurance companies. However, the general purpose is to provide alternative options for legally married couples in the event of a divorce, or when there are changes in estate tax laws that would no longer offer advantages to having a survivorship policy for estate planning purposes. While there are scenarios for which survivorship life insurance may be used that do not involve legally married couples, a policy split option is generally only available to legally married spouses.

When the Policy Split Option cannot be combined with the LTC Rider

Unfortunately, insurance regulations do not always keep the same pace as product development, thus companies offering LTC riders on survivorship may be faced with the inability to offer both a policy split option and LTC riders on the same policy. Nationwide, sponsor of this white paper, is currently unable to allow the Policy Split Option to be chosen when the LTC Rider is added to a survivorship policy, thus this paper will focus on how divorce or the end of a relationship would apply to Nationwide specific policies. Please note that Nationwide does not provide tax or legal advice, and any scenario shown below should be addressed with the client's tax and legal counsel.

POLICY OWNERSHIP – CLAIMS AND TAX RAMIFICATIONS

Generally, for a LTC claim to be filed, the policy owner must sign the claim form agreeing to the file the claim. The insured must also sign the claim form agreeing to go on claim. Because LTC benefits are (generally) paid to the owner of the contract, if the insured and the owner are not the same person, there is no guarantee the policy owner will use the money towards the insured's LTC expenses. Some companies have the insured sign a statement when the claim is filed verifying that the insured has been informed of this. The insured cannot be forced to participate in a LTC claim if they are uncomfortable with their particular situation. Conversely, the policy owner cannot be forced to file a LTC claim. Thus, it may make more sense in most situations for the insured to be an owner of their policy. But that is not always how ownership takes place, and without a policy split option, it may help to look at various scenarios and what would transpire in the event of a split in the marriage or relationship.

Joint Policy Owners, One or Both Insureds with the LTC Rider

When there are joint owners of a survivorship life insurance policy, one owner is named as the primary owner (usually the first name placed on the application). When a LTC claim is filed, the claim form must be signed by the insured filing for benefits as well as both policy owners. However, the *LTC benefits will be paid to the person designated as the primary owner*, regardless of which insured is on long-term care claim.

In the case of a divorce or split in a relationship involving a jointly owned policy, this will still be true, thus the individuals will have considerations such as the following:

1. If the couple was married, they will need to decide who will be responsible for any premium still due. This decision may be mandated by the divorce court or the dissolution agreement. Keep in mind however that it is not the responsibility of the insurance company to enforce such agreements. It is up to the parties involved to make sure the premium payments are made according to policy's contractual provisions. If the couple was not married, then legal advice should still be sought out to help iron out this matter.

2. At claim time, both owners of the policy as well as the insured for which the claim is being filed must sign the claims forms. When the policy owner and the insured are not the same person, neither can be forced to file the claim.

3. Thus, with the above in mind, the divorcing or splitting couple should decide whether to keep the policy, and/or whether to keep their LTC Riders. Potential implications are discussed below

4. Should the couple decide to keep the policy - the primary owner, upon being paid LTC benefits, can pass those benefits on to the ex-spouse/partner claimant without having gifted since the claimant is a policy owner and entitled to collect the accelerated death benefit. Again, any mandates of the divorce decree or dissolution agreement would be the responsibility of the splitting couple to abide by. The insurance company will not monitor whether transfer of the benefit was made to the ex-spouse/partner.
5. If [i]there is a LTC Rider on only one insured, the divorcing couple may want to consider changing ownership of the policy. In this case it may make sense for the insured with the LTC Rider to be the sole owner of the policy to avoid potential future disputes at claim time. For a couple that was married, this change to sole ownership can be accomplished tax free since there is unlimited gifting to spouses, and can be implemented either prior to the divorce or as part of the divorce decree or dissolution agreement. However, keep in mind that the sole owner would have sole discretion in making beneficiary designations. For a couple that was not married, the change to sole ownership will create a gifting situation.

One Policy Owner, One or Both Insureds with the LTC rider

When there is only one owner of a survivorship life insurance policy, that owner will be the person filing the claim. However the claim forms must be signed not only by the policy owner but by the insured for which the LTC claim is being filed for. LTC benefits will be paid to the policy owner, regardless of which insured is on long-term care claim. For the insured who is also the sole policy owner, there are no pitfalls since they are in sole control of filing a LTC claim and will be the person to whom LTC benefits are paid to.

However, should a couple divorce or split, the policy owner will be the one to receive LTC benefits, even on an ex-spouse/partner claimant. Thus, the non-owner insured should think carefully about filing a LTC claim since there is no guarantee the LTC monthly benefits would be used to pay that individual's LTC expenses. Even if the courts mandate the owner pass LTC benefits to the insured, the insurance company is obligated to pay the policy owner unless the policy owner specifically assigns the benefits to the insured. The insurance company does not get involved in overseeing whether the policy owner follows the orders of the court.

Consider the following in the event of an upcoming divorce or split of a relationship when there is only one policy owner:

1. If the policy has the LTC rider on both spouses, then the non-owner claimant must be aware there is no guarantee the policy owner will use the money towards the non-owner insured's LTC expenses. If the non-owner wishes to retain the LTC Rider, they should consult their attorney about provisions in the divorce decree to help assure their expenses will be paid. Nationwide's obligations are only to the policy owner. It is up to the splitting couple to get legal counsel and work out an arrangement when collecting LTC Rider benefits on a non-owner ex-spouse/partner.

2. If the policy owner is also the insured with the LTC Rider, then there should be no problems with filing a LTC claim or collecting LTC benefits since the non-owner insured would have no involvement in the process. However, the non-owner should remember that the owner of the policy has the right to name beneficiaries, and may change the named beneficiaries to other persons than what the couple agreed to when still together.

3. If the policy is owned by one insured, but the LTC rider is only added to the non-owner insured, a divorcing couple may want to consider a tax-free transfer of ownership to the insured with the LTC Rider[3]. Unlimited gifting to spouses to transfer the policy would apply here as stated above. Again, policy ownership comes with rights to name beneficiaries, so this should be discussed with the attorneys assisting with the divorce. LTC benefits will be paid to the policy owner. When the policy owner passes those benefits on to the ex-spouse claimant, details of the divorce decree will identify if a gifting situation applies. If the policy owner is facing a gifting situation, they should consult an attorney for assistance. Should the divorced couple be on amicable terms and the policy owner does not want to file IRS Form 709 and use a portion of their lifetime exclusion, the policy owner may be able to avoid gift treatment by directly paying the non-owner insured's LTC expenses.

4. If the couple had not been married, the exemption to gifting would not apply to policy ownership transfer. If ownership is not changed, then, when the policy owner receives LTC benefits on the non-owner, the transfer of the benefits to the non-owner will create a gifting situation. Again, the policy owner may be able to avoid gift treatment by directly paying the non-owner insured's LTC expenses. This may only be practical if the individuals are on amicable terms.

ADULT CHILD AND PARENT AS THE INSUREDS AND POLICY OWNERS

There may be situations where an adult child will want to secure LTC coverage for a parent while securing their own LTC coverage. This could help protect the adult child (and his or her spouse) from depletion of retirement (or college) savings should the parent need financial help to pay for LTC services; and at the same time protect that adult child's income, assets and legacy planning in the future should the day come that the adult child should themselves need long-term care.

Nationwide will allow the combination of an adult child and parent as the insureds on a survivorship policy with a LTC Rider. The advisor should remember however, that the death benefit does not pay until the second death. Should the adult child pass away *before* the parent, no death benefit would be paid until the death of that surviving parent. Thus, for situations in which the adult child needs life insurance for family protection, it may be wise to supplement the policy with term insurance on the adult child until the parent is deceased.

While a parent/adult child relationship is not likely to split up, in the event of such a situation, the same information shown in the previous section relating to non-married couples will apply to parent/adult child policy owners and insureds.

Preventing the "Goodman Triangle"

When designing a case with a parent and an adult child as insureds, care should be taken when determining ownership of such policies. To prevent the death benefit of a life insurance policy from being considered a gift, there must only be two parties to the contract. Typical examples of proper ownership on single life insurance policies might be where a wife is the owner and insured on a policy with her husband designated as the beneficiary. Or perhaps the wife is owner and beneficiary of a life insurance policy on her husband. You might also see a trust being the owner and beneficiary of a life insurance policy on the grantor of a trust. In all the above examples there are two parties to the contract.

The most common ownership mistake, especially when having an adult child as co-insured with a parent would be creating what is known as a “Goodman Triangle”. This is where there are three parties to the contract – in other words, one party is the owner, a second party is the insured, and a third party is the beneficiary. When this ownership situation takes place, the death benefit is considered a gift from the owner to the beneficiary.

This may not be relevant for many people since the lifetime exemption is $12,060,000 for singles and $24,120,000 for couples (for 2022). However, IRS Form 709 would still have to be used to report the use of the lifetime exclusion to avoid owing tax on the gift. (Clients should consult their tax advisor). In addition, while the gift may not be relevant for many by today's tax laws, keep in mind that unless the tax laws change, the lifetime exemption will reduce back to approximately $6.2 million for singles ($5.49 million adjusted for inflation) and $12.4 million for couples starting in 2026 – meaning this could be problematic for some affluent policy owners in the future. Thus, it may make sense to set up the policy correctly from day one.

What does a Goodman Triangle look like? Let's look at a hypothetical scenario. Bob is going to purchase a survivorship policy on his wife Sue and her mother Jane. His intent is to provide a funding solution for his mother-in-law, Jane, so hopefully she'll never need to move into Bob and Sue's home should she need long-term care. In addition, there will be LTC coverage for Sue in the future should that become a need.

BOB'S MISTAKE – CREATING A GOODMAN TRIANGLE

Because Bob wanted to maintain control, he asked his advisor to set up the policy as follows:

1. Sue and her mother, Jane, will be the insureds on a survivorship policy with the LTC Rider on both insureds
2. Bob would be named as owner of the policy
3. Bob and Sue's children would be named as the beneficiaries.

However, with this ownership arrangement, three parties to the contract have been created, thus when the death benefit is paid, it will be considered a gift from Bob to his children.

How can Bob remain sole owner, maintain control of the policy, and avoid the Goodman Triangle? Bob's advisor suggested the following:

1. Sue and her mother are the insureds
2. Bob is still named the owner of the policy, but names Sue as the contingent owner
3. Bob is named beneficiary, but designates the children as contingent beneficiaries.

Now, Bob's concerns are addressed without creating a Goodman Triangle to accomplish his desired outcome. If Bob predeceases Sue, the following will occur:

1. Sue becomes the policy owner. Since there is unlimited gifting to spouses, no potential gift tax consequence would occur if and when Sue becomes the owner of the policy.
2. Upon Bob's death, the children become the beneficiaries of the policy.
3. Now we have Sue as an insured and owner, with the children as beneficiaries, maintaining two parties to the contract. Bob is able to maintain control of the policy, have his desired outcome take place – and avoid a Goodman Triangle.

IRREVOCABLE LIFE INSURANCE TRUST (ILIT) OWNERSHIP

Owning a survivorship life insurance policy inside of an ILIT that includes a LTC rider is possible, but it is generally suggested that the policy being purchased is able to pay LTC claims by indemnity or cash indemnity. Usually, an ILIT is used for high net worth clients who are likely to have estate tax liabilities. Use of death benefit proceeds are usually planned for as a funding vehicle to pay estate taxes, which helps keep the total value of the estate in-tact for beneficiaries.

One may argue that high net worth clients can self-fund long term care – and that may very well be true; but keep in mind, such a plan could subject the high net worth individual(s) to unnecessary estate taxation. For example, a person may plan to self-fund by setting aside $1,000,000 in their estate to pay for potential LTC needs. But with 2022 estate tax rates maxing out at 40%, if this individual were lucky enough to need little or no LTC, he or she could end up subjecting their estate to up to $400,000 in estate taxes.

Putting the LTC rider on a life insurance policy that the ILIT is going to own, can help avoid unnecessary estate taxes caused by self-funding since funds will not be set aside and left in the estate to pay for LTC. A strategy for using a LTC Rider to potentially leverage additional gains for the trust can be found in the white paper “Using Long Term Care Riders in Estate Planning”- NFM-3880AO.11. To obtain a copy of this white paper, please call the Nationwide Sales and Service desk at 800-321-6064. Simply refer to the title and order number shown above.

TAX RAMIFICATIONS

While long-term care benefits are generally paid tax free, there are potential tax ramifications that one must be aware of since the tax free amount that can be paid in LTC benefits has IRS limitations.

Tax-free formula for long-term care benefits

The total amount of tax qualified LTC benefits that can be received tax free is the greater of the HIPAA per diem amount allowed in the given year of claim - or - actual LTC expenses incurred. This amount is cumulative of all policies paying LTC benefits (or Chronic Illness benefits) on a single insured, regardless of who the owner is. Any amounts collected in excess of the formula in a given year will be taxed as ordinary income.

More than one policy owned on an insured

If multiple policies are owned on a single insured, the insured receives first access to any tax free amounts (assuming they own one of the policies). Any remaining tax free amounts or taxes due will then be divided pro-rata between other policy owners.

People who plan to be the insured on multiple owned policies, or plan to own LTC coverage on someone who has other LTC coverage should consult their tax advisor or attorney during the planning process. Depending on the amount of coverage and the type of ownership, results of the tax free formula could differ for an individual. Nationwide does not give legal or tax advice, so please consult your personal tax or legal counsel.

SUMMARY

For couples or families looking to ensure the need for long-term care on two people, survivorship life insurance may provide a cost effective solution that can help protect a family's income and assets from depletion due to LTC expenses. Whether the need is for spouses, partners, or adult children wanting to afford good care for parents, LTC planning is an important part of a well-rounded financial plan.

[1] See contract for any restrictions on difference of age between the two insureds
[2] Insurance News Net - "The Likelihood and Cost of LTC May Be Higher Than You Think". by Robert Pokorski – January 1, 2022. The April 2019 study showed the likelihood of needing LTC from age 65 to death. These are historical (retrospective) data based on self-reported need for HIPAA-level LTC.
[3] The insureds under the base policy should be the same after the transfer to qualify as a tax-free exchange.

NFM-15030AO.3 (05/22)

Long-Term Care Rider
Available on Income Advantage℠ IUL and Life Protection Advantage℠ IUL policies

Get More Out of Life

With a Long-Term Care Rider

Help Your Clients Protect Their Assets and Leave an Inheritance

Many people work a lifetime to accumulate assets to pave the way for a comfortable retirement and to leave an inheritance for their children. The last thing anyone wants is to see their hard-earned savings depleted to pay for long-term care services.

Long-term care services, however, can quickly erode a client's assets. Almost 70 percent of people over age 65 will require chronic care later in life – for an average of three years. And, 20 percent of those individuals will need that care for longer than five years.*

Consider the costs:**

- The national average for a semiprivate room in a nursing home is $100,202.40 per year
- If your client needs three years of long-term care services, that equals $300,607.20
- If your client needs five years of long-term care services, that equals $501,012

And, those are based on 2022 numbers. Think about what those numbers would be 25 years down the road, assuming an average inflation rate of 3 percent, which is just under the average U.S. inflation rate of 3.80 percent:***

- The national average for a semiprivate room in a nursing home would be $211,930 per year
- If your client needs three years of long-term care services, that equals $635,790
- If your client needs five years of long-term care services, that equals $1,059,650

A long-term care rider on a life insurance policy is a good way for your clients to:

- Protect their loved ones in case of unexpected long-term care needs,
- Plan for their long-term care funding needs, and
- Provide a legacy for the loved ones they leave behind

Mutual of Omaha

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United of Omaha Life Insurance Company
A Mutual of Omaha Company

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Case Study

Nick has done well for himself and plans to use his accumulated wealth for retirement income. When he passes away, he also plans to leave an inheritance for each of his three children.

At age 75, Nick becomes chronically ill and requires long-term care services. His remaining assets are worth $1 million. For simplicity, we'll assume that Nick's nursing home cost remains the same throughout his stay.

Consider two different scenarios:

Scenario 1:

Nick purchases a life insurance policy with a long-term care rider

At age 50, Nick purchases a $1 million Life Protection Advantage℠ policy. He chooses to add the LTC Rider with the option to accelerate the entire $1 million for long-term care services at a monthly maximum rate of 2 percent of the maximum benefit per month. This allows him to be reimbursed for up to $20,000 in long-term care expenses per month.

- When he needs long-term care services at age 75, he incurs qualifying expenses of $15,138.75 per month ($181,665 per year) for a semiprivate room in a nursing home. He resides there for four years before he passes. Over this four-year period, he is reimbursed for his four years of long-term care, which totals $726,660
- When he passes, his beneficiaries receive the remaining amount of $273,340 as a death benefit. He also still has his remaining $1 million in assets. When this $1,273,340 is divided among his three children, each will receive $424,446

Nick's planned premium on his Life Protection Advantage policy was approximately $11,000 per year. Even considering premiums paid, this planning strategy still makes sense. Plus, if Nick had died prior to needing long-term care, his beneficiaries would have received the entire $1 million as a death benefit.

Scenario 2:

Nick doesn't plan ahead for long-term care expenses

At age 50, Nick chooses not to plan ahead for the possibility of a long-term care need. By not planning ahead, he ultimately makes the choice to self-insure.

- When he goes into a nursing home at age 75, he starts taking $181,665 per year from his savings to pay for a semiprivate room. He resides there for four years before he passes. Over this four-year period, he spends $726,660 for long-term care services
- His long-term care expenses reduce his $1 million in assets down to $273,340. Each of his three children receives an inheritance of $91,000

And, depending on the types of assets he had, he could end up paying unexpected capital gains tax, income tax and potential surrender charges generated from asset liquidation. Or, he could miss out on any returns the liquid assets were expected to generate.

Summary

By choosing the LTC Rider on his life insurance plan, Nick's premium investment resulted in **each** of his three children ending up with significantly more inheritance than if Nick hadn't planned for long-term care expenses.

Help clients protect their assets and preserve their independence. Show them the value of an LTC Rider on their life insurance policy. Learn more about the LTC Rider at MutualofOmaha.com/ltc-rider.

* Source: U.S. Department of Health and Human Services

** Source: Mutual of Omaha's Cost of Care Study, conducted by Illumifin, 2022, released 2023.

*** Source: U.S. Bureau of Labor Statistics, Average inflation rate measurement from 1914-2022.

Nationwide® No-Lapse Guarantee UL II | Sales idea

Wealth transfer with the LTC Rider II

- **Do you have clients who have a fixed annuity but don't need it for retirement?**
- **Are these clients concerned about long-term care (LTC) costs?**
- **Would they like to leave a legacy to their beneficiaries?**

Nationwide® has a solution: By annuitizing the contract and using the distribution from the annuity to purchase life insurance with the Long-Term Care Rider II, your client can potentially create a larger pool of money that can help fund long-term care needs while still providing an inheritance for their family members.

Here's how it works

A married woman, age 55, has a fixed annuity with a current value of $100,000. She annuitizes using a 10-year term-certain option at $11,938 per year and uses the income to fund a $10,398 life insurance premium.

She gets immediate leverage with a life insurance policy and a death benefit valued at $309,340.

— INPUT —

$100,000

fixed annuity

$10,398 (after tax) per year

Annuity income pays life insurance premium

REPEATS 10X

— OUTPUT —

$309,340

total LTC benefit

$6,187 per month

Be sure to choose a product that meets long-term life insurance needs, especially if personal situations change — for example, marriage, birth of a child or job promotion. Weigh the costs of the policy, and understand that life insurance has fees and charges that vary with sex, health, age and tobacco use. Riders that customize a policy to fit individual needs usually carry an additional charge and may not be the ideal solution for everyone.

Let's look at an example

Anna[1] is 55 years old, married and in good health. She feels comfortable that her current assets will cover her living expenses for retirement and is concerned about possible long-term care costs. Anna has two adult children, and she would like to leave a small legacy to make their lives more comfortable.

Anna purchased a $68,000 fixed annuity many years ago that is now out of the surrender period. Currently, the annuity is worth $100,000. Earning the guaranteed 3% rate, the annuity would be worth $228,793 ($180,555 after tax) by age 83. Anna wants to know if there are options with the annuity that will address her concerns for long-term care and her adult children.

Here's an option

Anna can annuitize choosing a 10-year term-certain option, which would generate an annual income of approximately $11,938[2] for 10 years. She could use a portion of this distribution to purchase a Nationwide® No-Lapse Guarantee UL II (NLG UL II) policy with the LTC Rider II and retain the rest to pay taxes due on the distribution. With $10,398 of after-tax money,

Annuitize with 10-year term-certain option

Annual income	Taxes	After-tax distribution to purchase policy
$11,938 (all years)	**$1,540** (all years)	**$10,398** (all years)

Summary of policy benefits

Annuity value if held until death (age 83, 30% tax bracket)	**Nationwide NLG UL II death benefit if no LTC received**	**Residual death benefit if maximum LTC benefit received**
$228,793 or **$180,555** after taxes	**$309,340** tax free	**$30,934** tax free

she can purchase a Nationwide NLG UL II contract with a death benefit of $309,340. Anna's underwriting class is Nontobacco Preferred.

Should Anna need to tap into the LTC Rider II, she could receive a monthly LTC benefit of $6,187 for 50 months ($74,242 annually) to help cover LTC needs. If LTC benefits are exhausted and the policy is in force at the time of death, the policy will have a residual death benefit of $30,931.

If she doesn't need LTC, her children will receive a death benefit of $309,340, so she is not in a "use it or lose it" position. The LTC benefit is an acceleration of the death benefit. The death benefit and cash surrender value are reduced dollar for dollar by the cumulative LTC benefits received.

The benefit available to the owner of the contract is the lesser of the elected percentage of the LTC specified amount ($6,187 in this example), or two times the per diem rate set by HIPAA in the year of claim times 30 or 1/12 of the maximum lifetime LTC benefit remaining after a policy loan.[3] For 2023, the HIPAA per diem rate is $420 per day.

[1] The individual in this case study is fictional but is meant to represent a typical client in a typical situation.

[2] 10-year term-certain option, purchase payment of $100,000, rates as of November 7, 2022.

[3] The maximum lifetime LTC benefit is equal to the lesser of a) the then-current LTC Rider II specified amount or b) the base policy specified amount minus any indebtedness.

To find out more about Nationwide No-Lapse Guarantee UL II with the Long-Term Care Rider II, call us at:

Life Insurance Solutions Center 1-800-321-6064

Brokerage General Agents Solutions Center 1-888-767-7373

Nationwide® is on your side

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This material is not a recommendation to buy or sell a financial product or to adopt an investment strategy. Investors should discuss their specific situation with their financial professional.

Care should be taken to make sure each client's life insurance needs will continue to be met, even if the rider pays out in full. Costs for long-term care vary by person, and there is no guarantee the rider will cover all of the insured's long-term care costs. LTC benefits are paid to the policyowner. If the insured is not the policyowner, please be aware that the policyowner is under no obligation to pay the LTC expenses of the insured. The LTC Rider II may be known by different names in different states.

The LTC Rider II is underwritten separately, with underwriting that differs from the base life insurance policy. So it is possible for the insured to qualify for the life insurance policy and be rated or declined for the LTC Rider II.

Products are issued by Nationwide Life Insurance Company or Nationwide Life and Annuity Insurance Company, Columbus, Ohio.

NFM-6763AO.18 (01/23)

securian FINANCIAL®

SecureCare™ III

Long-term care and nonparticipating whole life insurance

Insurance products issued by:
Minnesota Life Insurance Company

Using pre-tax dollars to pay for long-term care

Thanks to SecureCare™ III's unique policy design, clients may be able to use a health savings account (HSA) to help fund a portion of their premium. And for some, using pre-tax dollars to help pay for future long-term care (LTC) needs could be a powerful tool.

Prospecting points:

- SecureCare III offers four powerful guarantees — death benefit, LTC cash indemnity benefit, reduced paid-up benefit[1] and three return of premium options[2] — so clients are guaranteed to get something out of their premium dollars, whether they need care or not.
- Older prospects may be strong candidates for this strategy as age-based limits increase with age.
- Individuals who are still working and contributing to their HSA may be excellent candidates, as a well-funded HSA is a critical component of thisstrategy.

As a linked-benefit product, there are two parts to a SecureCare III premium:

the life insurance portion and the tax-qualified LTC portion. We believe the three agreements in the LTC portion are included in the definition of an HSA's qualified medical expenses.

How it works[3]

Howard, age 60

HSA account with $40,000

$100,000 SecureCare III policy

$10,000 annual premium for 10 years

- Couples discount
- 6-year benefit duration
- 3% compound inflation
- LTC Boost ROP option[4]
- Premium waiver

Howard	Minimum death benefit[5]	Monthly LTC benefit	Total LTC benefits available
Day 1	$124,907	$5,204	$403,975
Age 85	$124,907	$10,897	$845,834

1. Reduced paid-up benefits refer to the reduced paid-up nonforfeiture benefit that purchases paid-up insurance in the event of premium lapse.
2. Upon surrender, the policy owner will receive the surrender value proceeds. The surrender value proceeds may not equal the sum of premiums paid. Surrenders are subject to the return of premium option selected and the premium vesting schedule (if applicable).
3. This is a hypothetical example for illustrative purposes only.
4. The death proceeds, return of premium amount and long-term care benefit amount depend, in part, on the return of premium option selected on the policy application. This option cannot be changed after the policy is issued. For more information regarding return of premium options, please review the policy contract.
5. Minimum amount paid income tax-free to Howard's beneficiaries if he dies before he needs LTC. The amount paid will be reduced by any terminal illness benefit payments, premium due, partial surrenders and any indebtedness.

Let's take a closer look at Howard's annual $10,000 premium:

Annual premium	**$10,000**	
Face amount (base life insurance)[6]	$5,506	**Non-deductible (life portion)**
Total premium combined from the three LTC agreements	$4,494	**Deductible (LTC portion)**

The LTC portion of the SecureCare III premium — in this case, $4,494 — may be considered a qualified medical expense, which means Howard can use his HSA to pay for whichever is less: the LTC portion of the premium or the age-based limit set by the IRS:

Attained-age before the close of the taxable year	**2022 limit**	**2023 limit**
40 or less	$450	$480
41-50	$850	$890
51-60	$1,690	$1,790
61-70	$4,510	$4,770
71+	$5,640	$5,960

Source: IRC Section 213(d)(1)(D)

Howard will pay the $10,000 annual premium each year by writing two checks: one from his HSA (for whichever is less, the age-based limit or the LTC portion of the premium) and one from his personal checking account (for the life insurance base policy, the premium waiver agreement, if elected, and any remainder of the LTC portion).

Howard's age	**Premium paid from HSA**	**Premium paid out-of-pocket**
60 years	$1,790	$8,210
61 years	$4,494	$5,506
62 years	$4,494	$5,506
63 years	$4,494	$5,506
64 years	$4,494	$5,506
65 years	$4,494	$5,506
66 years	$4,494	$5,506
67 years	$4,494	$5,506
68 years	$4,494	$5,506
69 years	$4,494	$5,506
Total:	**$42,236**	**$57,764**

Howard would pay approximately 42 percent of his total SecureCare III premium with pre-tax dollars.

6. The portion of premium that goes toward the premium waiver agreement, if elected, would not be deductible.

Contact us today

to customize a proposal that helps address a prospect's top LTC concerns:

1-888-900-1962 (Independent Distribution)

1-877-696-6654 (Securian Financial and Broker-Dealer)

Please keep in mind that the primary reason to purchase a life insurance product is the death benefit.

Life insurance products contain fees, such as mortality and expense charges, and may contain restrictions, such as surrender periods.

Insurance policy guarantees are subject to the financial strength and claims-paying ability of the issuing insurance company.

Additional agreements may be available. Agreements may be subject to additional costs and restrictions. Agreements may not be available in all states or may exist under a different name in various states and may not be available in combination with other agreements.

SecureCare III may not be available in all states. Product features, including limitations and exclusions, may vary by state.

SecureCare III includes the Acceleration for Long-Term Care Agreement. The Acceleration for Long-Term Care Agreement and Extension of Long-Term Care Benefits Agreements are tax-qualified long-term care agreements that cover care such as nursing care, home and community based care, and informal care as defined in these agreements. These agreements provide for the payment of a monthly benefit for qualified long-term care services. These agreements are intended to provide federally tax-qualified long-term care insurance benefits under Section 7702B of the Internal Revenue Code, as amended. However, due to uncertainty in the tax law, benefits paid under these agreements may be taxable.

The death proceeds will be reduced by a long-term care or terminal illness benefit payment under this policy. Clients should consult a tax advisor regarding long-term care benefit payments, terminal illness benefit payments, or when taking a loan or withdrawal from a life insurance contract.

This information is a general discussion of the relevant federal tax laws provided to promote ideas that may benefit a taxpayer. It is not intended for, nor can it be used by any taxpayer for, the purpose of avoiding federal tax penalties. Taxpayers should seek the advice of their own advisors regarding any tax and legal issues specific to their situation.

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SecureCare™ III
Long-term care and
nonparticipating whole life insurance

Insurance products issued by:
Minnesota Life Insurance Company

Taxation Guide

In 1996, the Health Insurance Portability and Accountability Act (HIPAA) outlined requirements for qualified long-term care (LTC) policies under the Internal Revenue Code (IRC) section 7702B.

This act also defined a linked-benefit contract with qualified LTC features as a 7702B policy. Some of the benefits and payments for these policies are afforded the same tax treatment as individual LTC policies.[1]

Qualified LTC premiums are considered a medical expense under IRC sections 7702B and 213. The premium associated with the face amount, or the base life insurance policy, and the premium waiver agreement, if elected, generally do not qualify as medical expenses. However, premiums associated with the Acceleration for Long-Term Care Agreement, the Extension of Long-Term Care Agreement, and the Long-Term Care Inflation Protection Agreement generally are considered payments towards a qualified LTC contract.[1] The premiums associated with these benefits are calculated and noted both within a proposal and the data pages of a policy.

In order to be a qualified long-term care contract, there can be no cash value. The three LTC agreements that are part of the SecureCare III policy do not have cash value and the premiums for the LTC portion of the contract are paid directly to Securian Financial for the LTC benefit. Since Securian Financial charges a premium and that premium is never part of the cash value of the life insurance policy, our clients have a reasonable argument that they should be able to deduct those premiums, subject to the age-based limitations.

Linked-Benefit annual premium

Not deductible (Life) →
- Face amount (base life insurance)
- Premium Waiver for Long-Term Care Agreement (not deductible)

Deductible (LTC) →
- Acceleration for Long-Term Care Agreement
- Extension of Long-Term Care Agreement
- Long-Term Care Inflation Protection Agreement

1. IRC section 7702B(e)(1) and IRC Section 7702B(e)(2). Payments made for the policy are not eligible for the advantageous tax treatment if they are a "charge against the cash surrender value of a life insurance contract." SecureCare III incorporates a separate long-term care premium payment, rather than a charge.

Tax treatment of SecureCare III to individuals

When are premiums for SecureCare III tax deductible?

Itemized deduction for medical expenses

If an individual has medical expenses that exceed 7.5% of their adjusted gross income (AGI), they may deduct all, or a portion of the premium payments for the tax-qualified agreements as itemized medical care expenses on their federal tax return.[2] However, only the amount of total medical expenses that exceed 7.5% of AGI are eligible. Premiums paid for a qualified LTC contract may be used in the calculation to satisfy the 7.5% threshold.

The deduction and limit on the deduction applies to each taxpayer and they may take this deduction for their spouse and dependents.[3] Deductions may be taken annually, for as long as the individual is paying premiums and they meet the deductibility requirements.

Return of Premium[4]

Upon surrender or cancellation of a SecureCare III policy, refunded premium that was previously deducted, or excluded, may be included in gross income and may be considered taxable.

If the client has itemized medical expenses that exceed 7.5% of AGI, there are three steps to determine when the premiums are tax deductible.

Please note: a client should always consult with his or her tax attorney or accountant on the deductibility of the premiums.

Step 1: Determine the amount of premium paid for:

- Acceleration for Long-Term Care Agreement
- Extension of Long-Term Care Benefits Agreement
- Long-Term Care Inflation Protection Agreement

Step 2: Review Age-Based Limitations

Attained-age before the close of the taxable year	2022 limit	2023 limit
40 or less	$450	$480
41-50	$850	$890
51-60	$1,690	$1,790
61-70	$4,510	$4,770
71+	$5,640	$5,960

Source: IRC Section 213(d)(1)(D)

Step 3: Potential itemized deductions

If itemized medical expenses exceed 7.5% of AGI, compare the totals from Step 1 and Step 2. Taxpayers may deduct whichever is less: the premium or the limit for the relevant year as indicated on the chart above.

2. Internal Revenue Code (IRC) Section 213(a).

3. As defined by IRC Section 152 without regard to subsections (b)(1), (b)(2), and (d)(1)(B) of IRC Section 152.

4. The death proceeds, return of premium amount and long-term care benefit amount depend, in part, on the return of premium option selected on the policy application. This option cannot be changed after the policy is issued.

What are the tax-free limits for benefit payments?

LTC Benefit

There are two ways qualified LTC benefit payments may avoid being taxed as income:

1. Any LTC benefit amount paid that does not exceed the per diem limit is excluded from income.
2. Any LTC benefit amount that exceeds the per diem limit may be excluded from income if the individual shows documented qualified LTC expenses. Otherwise, the benefits that exceed the per diem limit are included in income. This rule also takes into consideration any payments made to a terminally ill individual.

SecureCare III benefits paid are generally not included in the taxpayer's gross income.[5]

The per diem limit for 2023 is $420 a day and is typically adjusted annually for inflation.

Death Benefit

Are the death proceeds paid to beneficiaries income tax free?

Yes, the taxability of the death proceeds of a life insurance contract are generally exempt from income taxation.[6]

Trust-Owned SecureCare III policies

A SecureCare III policy may be owned by either a revocable or irrevocable trust. It is important to note, the taxation of benefits paid to the Trust for qualified LTC expenses follows the Individual Tax Guidelines as previously noted. This includes the IRS Per Diem limits.

Typically, with a revocable trust, the grantor of the trust will be both the trustee and the insured and therefore, an insurable interest generally exists.

With an irrevocable trust, the purpose of the trust must be considered. If the purpose is to exclude assets from estate taxes, then the grantor of the trust should not receive any benefits, including those from a qualified LTC policy. However, if the purpose is not to exclude assets from estate taxes, or the grantor is not the insured, suitability and insurable interest exists. Therefore, the trust provisions should ensure that distributions for LTC benefits may be made.

Can premiums for the three LTC agreements of a SecureCare III policy be paid from an HSA?

Yes. Qualified LTC premiums for the three LTC agreements are included in the definition of an HSA's qualified medical expense. However, if premiums are paid from an HSA they are not income tax deductible.

5. The long-term care payments are treated under Internal Revenue Code (IRC) Section 7702B(a) as received under a life insurance contract as reimbursement for expenses for medical care. A life insurance contract that has a long-term care insurance rider available, qualified or otherwise, will be deemed for the long-term care insurance rider to be treated as a separate contract under the IRC Section 7702B(e)(1). The Minnesota Life long-term care riders are qualified long-term care insurance contracts, and therefore would receive the favorable tax treatment indicated under IRC Section 7702B(a).

6. Under IRC Section 101(a). IRC Section 101(g) specifically states "any amount received under life insurance contract on the life of an insured who is a terminally or chronically ill individual shall be treated as an amount paid by reason of the death of an insured." Although long-term care payments from a rider on a life insurance contract are not paid "by reason of the death of the insured," IRC Section 101(g) allows tax-free receipt of the death benefit proceeds.

Tax treatment of SecureCare III in the business setting

A: Company-Owned:

In general, when a company/employer owns a SecureCare III policy and the benefits are paid under a Health Reimbursement Arrangement, the treatment of the benefits will be as follows:

- If an LTC claim is made, monthly benefits are paid to the company on an income tax-free basis.[7]
- The LTC payments that the company pays to the employee will be income tax-free, if paid in accordance with a Health Reimbursement Plan or a Welfare Benefit Plan.[8]
- The company may not take an income-tax deduction for life insurance premiums if it's a direct or indirect beneficiary of the policy.[9]

In addition, the company must be aware of, and incorporate, certain IRC requirements, including:

- Compliance with the Notice and Consent requirements under IRC section 101(j).
- ERISA and 409A consequences must also be considered.

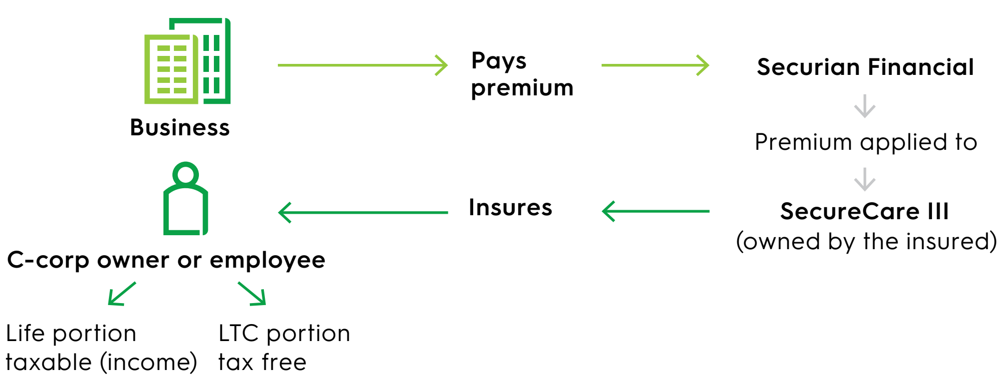
B: Individual-Owned:

1) C corporation owners & Non-owner employees

In general, all LTC premiums paid for owners/shareholders and employees, and their spouses and tax dependents are deductible, and no age-based eligible premium limits apply.

How it works:

- Business pays a premium to Securian Financial.
- Securian Financial applies this premium to a SecureCare III policy owned by the insured. This policy insures the life of the C corporation owner or employee.
- The premium associated with the life insurance base policy (and premium waiver agreement if elected) would be considered taxable income to the employee. The portion of the premium that goes toward the three LTC agreements are considered tax free.



7. The Secure Care III product is a qualified long-term care insurance product as specified under IRC section 7702B.

8. The long-term care payments must be made to reimburse the participant/ employee for expenses paid for "medical care" as defined under IRC Section 213(d). "Qualified long-term care services" constitute "medical care" expenses. Internal Revenue Code Section 213(d)(1)(C) specifically refers to IRC Section 7702B(c) but does not refer to IRC Section 7702B(d), which allows the per diem model for individually owned products.

9. IRC Section 264. However, the SecureCare III product will have a portion of the "premium" that is specified as the qualified long-term care component. Therefore, a deduction for this component is likely respected. A "charge" for the long-term care costs on a hybrid life insurance contract may not be deducted.

2) Pass-through entities

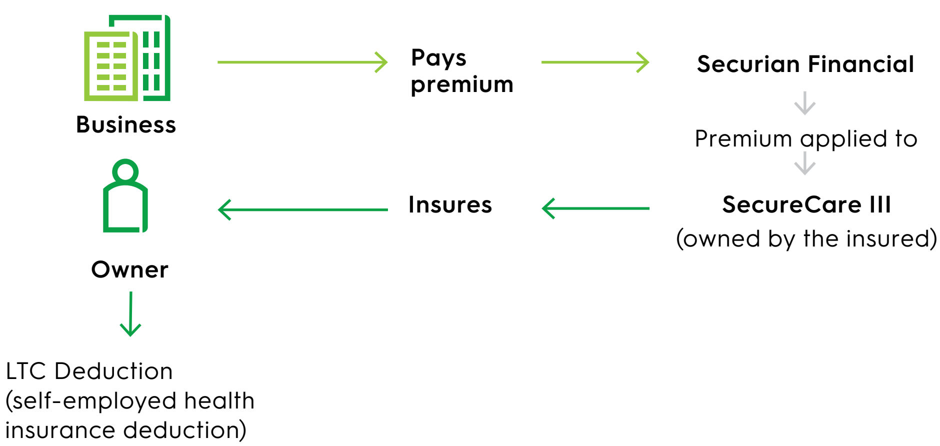
- **Sole proprietors and Partners in partnership:** may generally deduct whichever is less: the premium or the attained-age limit for the relevant year as a self-employed health insurance deduction.
- **S corporation owners:** may generally deduct whichever is less: the premium or the attained-age limit for the relevant year as a self-employed health insurance deduction. For an S corporation to claim a deduction for LTC coverage, the premiums must be paid by the business (premiums paid directly by the business or paid by the owner and reimbursed by the business).

Taxation of premiums

Policy owner	Business tax deductions	Life and LTC premium payments included in income	Income tax deduction as self-employed health insurance
Sole Proprietor	Deduction for both portions as compensation	Yes	Yes
Partner in partnership	Deduction for both portions as guaranteed payments	Yes	Yes
S corporation owner & employee	Deduction for both portions as compensation	Yes	Yes

How it works:

- Business pays a premium to Securian Financial.
- Securian Financial applies this premium to a SecureCare III policy owned by the insured. This policy insures the life of the pass-through business owner.
- Owner may deduct whichever is less: the portion of the premium that goes toward the three LTC agreements or the attained-age limit for the relevant year as a self-employed health insurance deduction.



Please keep in mind that the primary reason to purchase a life insurance product is the death benefit.

Life insurance products contain fees, such as mortality and expense charges, and may contain restrictions, such as surrender periods.

The optional Long-Term Care Inflation Protection Agreement is available with 3% simple interest, 3% compound interest, 5% simple interest or 5% compound interest.

Additional agreements may be available. Agreements may be subject to additional costs and restrictions. Agreements may not be available in all states or may exist under a different name in various states and may not be available in combination with other agreements.

SecureCare III may not be available in all states. Product features, including limitations and exclusions, may vary by state.

SecureCare III Universal Life Insurance includes the Acceleration for Long-Term Care Agreement. The Acceleration for Long-Term Care Agreement is a tax qualified long-term care agreement that covers care such as nursing care, home and community based care, and informal care as defined in this agreement. This agreement provides for the payment of a monthly benefit for qualified long-term care services. This agreement is intended to provide federally tax qualified long-term care insurance benefits under Section 7702B of the Internal Revenue Code, as amended. However, due to uncertainty in the tax law, benefits paid under this agreement may be taxable.

The death proceeds will be reduced by a long-term care or terminal illness benefit payment under this policy. Clients should consult a tax advisor regarding long-term care benefit payments, terminal illness benefit payments, or when taking a loan or withdrawal from a life insurance contract. Death proceeds will be reduced by outstanding loans and unpaid monthly deductions.

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Minnesota Life Insurance Company

QUICK QUESTIONNAIRE

Long-term care and chronic illness

Confidential analysis

Name ______________________ Spouse's name ______________________

DOB ______________________ DOB ______________________

Primary address ____

____

Primary phone ______________________ Email ______________________

When you imagine the later stages of your retirement, what do you see? Where are you? How is your health?

____

____

____

Do you believe you could live into your 80s, 90s or even to age 100?

- ○ Yes, because ____
- ○ No, because ____

What do you see in the future that could get in the way of a comfortable retirement?

____

____

____

Are you concerned about the cost of health care and how it could impact your retirement? Why or why not?

____

____

____

Have any of your family members or friends needed long-term care? ○ Yes ○ No

If yes, was there anything about their experience with long-term care you would want to avoid in your own?

____

____

____

If you need long-term care...

...where would you want to receive it?

- ☐ Home
- ☐ Assisted living facility
- ☐ Nursing home
- ☐ Other_______________

...who would you want to provide it?

- ☐ Spouse
- ☐ Child
- ☐ Licensed professional
- ☐ Other_______________

How do you plan to pay for any potential long-term care expenses?

- ☐ Medicare
- ☐ Out-of-pocket
- ☐ Medicaid
- ☐ Insurance
- ☐ Other_______________

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Individual: Long-Term Care (LTC) tax deduction worksheet

The Internal Revenue Service adopted rules that allow, under certain conditions, for the deduction of tax-qualified long-term care insurance premiums. The premiums associated with the tax-qualified riders of a linked-benefit product fall under these guidelines. Use this worksheet to determine if you may be able to deduct these premiums. You can only deduct LTC premiums if you itemize your deductions. Such deductions are limited to the extent that your qualifying LTC premiums, together with any qualified medical expenses, exceed 7.5% of your adjusted gross income. You may not deduct LTC premiums if you take the standard deduction.

Please note: If you are planning to pay an additional lump-sum premium in the first plan year, the premium amounts applied to your policy's face amount and LTC agreements will be different in year one than in subsequent years. Please refer to the Detailed Premium Report on page 3 of your SecureCare III proposal for more information.

Step 1: Portion of premium for LTC

Linked-benefit policies like SecureCare have a portion of the premium that goes towards the life insurance and a portion that goes towards the LTC.

Fill in the premium amounts for each agreement as shown in your product illustration or policy pages:

		Premium amount
Non-deductible (Life)	Face amount (base life insurance)	
	Premium Waiver for Long-Term Care Agreement	
Deductible (LTC)	Acceleration for Long-Term Care Agreement	
	Extension of Long-Term Care Agreement	
	Long-Term Care Inflation Protection Agreement	
	Total Deductible Amount (LTC)	

Step 2: Age-based limitations

Attained-age before the close of the taxable year	2022 limit	2023 limit
40 or less	$450	$480
41-50	$850	$890
51-60	$1,690	$1,790
61-70	$4,510	$4,770
71+	$5,640	$5,960
Total (as shown in appropriate row from the table above)		

Step 3: Itemized deductions

Compare the totals from Step 1 and Step 2, and enter the lower amount.

Total	

Can premiums for the agreements of a SecureCare policy be paid from a Health Savings Account (HSA)?

Yes. Qualified LTC premiums for the agreements are included in the definition of an HSA's qualified medical expenses. However, if premiums are paid from an HSA they are not income tax deductible.

ICC21-1678726

Please keep in mind that the primary reason to purchase a life insurance product is the death benefit.

Life insurance products contain fees, such as mortality and expense charges, and may contain restrictions, such as surrender periods.

Additional agreements may be available. Agreements may be subject to additional costs and restrictions. Agreements may not be available in all states or may exist under a different name in various states and may not be available in combination with other agreements.

This information is meant to help you understand the SecureCare policy, not as a means to compare with other products. The amount of benefits provided will depend upon the benefits selected and the charges will vary as such. Some provisions may not apply or may vary depending on the state in which you live at the time of policy issue. Please refer to your state's Outline of Coverage for the exact language in your state.

SecureCare III includes the Acceleration for Long-Term Care Agreement and Extension of Long-Term Care Agreement. These two agreements are tax qualified long-term care agreements that cover care such as nursing care, home and community-based care, and informal care as defined in the agreement. These agreements provide for the payment of a monthly benefit for qualified long-term care services. These agreements are intended to provide federally tax qualified long-term care insurance benefits under Section 7702B of the Internal Revenue Code, as amended. However, due to uncertainty in the tax law, benefits paid under these agreements may be taxable.

This information is a general discussion of the relevant federal tax laws provided to promote ideas that may benefit a taxpayer. It is not intended for, nor can it be used by any taxpayer for the purpose of avoiding federal tax penalties. Taxpayers should seek the advice of their own advisors regarding any tax and legal issues specific to their situation.

This policy has exclusions, limitations and reduction of benefits, under which the policy may be continued in force or discontinued. For costs and complete details of the coverage, call or write your producer or Minnesota Life Insurance Company.

These are general marketing materials and, accordingly, should not be viewed as a recommendation that any particular product or feature is appropriate or suitable for any particular individual. These materials are based on hypothetical scenarios and are not designed for any particular individual or group of individuals (for example, any demographic group by age or occupation). It should not be considered investment advice, nor does it constitute a recommendation that anyone engage in (or refrain from) a particular course of action. If you are looking for investment advice or recommendations, you should contact your financial professional

POLICY FORM NUMBERS
ICC20-20212, 20-20212 and any state variations; ICC21-20220, 21-20220 and any state variations; ICC21-20221, 21-20221 and any state variations; ICC21-20222, 21-20222 and any state variations; ICC21-20223, 21-20223 and any state variations.

INSURANCE PRODUCTS ARE ISSUED BY MINNESOTA LIFE INSURANCE COMPANY in all states except New York. In New York, products are issued by Securian Life Insurance Company, a New York authorized insurer. Minnesota Life is not an authorized New York insurer and does not do insurance business in New York. Both companies are headquartered in St. Paul, MN. Product availability and features may vary by state. Each insurer is solely responsible for the financial obligations under the policies or contracts it issues.

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corebridge financial

Address potential long-term illness issues

Help protect your savings and retirement plans from health care costs. The need for care grows as you age, and it's important to protect your future from expenses relating to illness.

Accelerated Death Benefit riders associated with AGL life insurance policies are not qualified long-term care contracts or riders.

7 in 10

Americans turning age 65 will need long-term care in their remaining years.[1]

For whom and for how long?

20%	of today's 65-year-olds will need more than five years of long-term care.[1]
69%	of Americans will need at least three years of some form of long-term care.[1]
3.7 years	The average length women need long-term care[1]
2.2 years	The average length men need long-term care[1]

Can you afford your individual long-term care needs?

Median rates of typical long-term care services in the United States:[2]

$26/hour	Homemaker
$27/hour	Home health aide
$78/day	Adult day services
$4,500/month	Assisted living facility
$7,800/month	Nursing home room (semi-private)
$8,910/month	Nursing home room (private)

How does it affect those you love?

40% **of caregivers** are likely an adult child taking care of an aging parent.[3]

43% **of partnered caregivers** said it negatively affected their relationship with their spouse/partner.[3]

31% **of caregivers** said it negatively affected their relationship with their children at home.[3]

51% **of employed caregivers** said it negatively affected their ability to do their job.[3]

Give yourself more flexibility

Keep your options open if certified with a qualifying condition by a licensed health care practitioner. Unlock a portion of your life insurance benefits while you're facing expenses like nursing homes, home health aides, assisted living and more.

Policies issued by **American General Life Insurance Company (AGL)**, Houston, TX

Living benefits

Living benefit riders offer the financial protection you need in the event of qualifying conditions. This income tax-advantaged benefit lets you access funds from your life insurance policy while you are living.[4]

Who is it for?

Those who know they need life insurance to protect themselves and their families. Whether you have experienced a recent health care event or are in good health, you know it's best to have your options open in the event your health deteriorates later.

How does it work?

Unlike a long-term care policy, life insurance living benefits are not "use it or lose it." Your benefits are paid if you qualify, and it's up to the policy holder to decide how the funds are used.

With living benefit riders on your life insurance policy, you can access income life insurance benefits if diagnosed and certified with a qualifying condition. For information on how life insurance can help with future expenses, contact your financial professional.

Name

Title

555-555-5555

Email

1. How Much Care Will You Need? February 2020. https://acl.gov/ltc/basic-needs/how-much-care-will-you-need
2. Cost of Care Trends & Insights. February 2022. https://www.genworth.com/aging-and-you/finances/cost-of-care/cost-of-care-trends-and-insights.html
3. Caregiving. November 2021. https://www.genworth.com/aging-and-you/family/caregiving.html
4. Based on current federal income tax law. Assumes the use of withdrawals to basis and/or policy loans. If the policy is classified as a modified endowment contract (see IRC section 7702A), withdrawals or loans are subject to regular income tax and an additional 10% tax penalty may apply if taken prior to age 59 ½. Accelerated death benefits are available under the life insurance policy if certain terms and conditions are met. Consult your tax, financial, or legal advisor for specific implications.

An Accelerated Death Benefit Rider (ABR) is not a replacement for Long Term Care Insurance (LTCI). It is a life insurance benefit that gives you the option to accelerate some of the death benefit in the event the insured meets the criteria for a qualifying event described in the policy. The rider does not provide long-term care insurance subject to California insurance law, is not a California Partnership for Long-Term Care program policy. The policy is not a Medicare supplement.

ABRs and LTCI provide different types of benefits. An ABR allows the insured to access a portion of the life insurance policy's death benefit while living. ABR payments are unrestricted and may be used for any purpose. LTCI provides reimbursement for necessary care received due to the inability to perform activities of daily living or cognitive impairment.

The activities of daily living are bathing, continence, dressing, eating, toileting and transferring.

LTCI coverage may include reimbursement for the cost of a nursing home, assisted living, home health care, homemaker services, adult day care, hospice services or respite care for the primary caretaker and the benefits may be conditioned on certain requirements or meeting an elimination period or limited by type of service, the number of days or a maximum dollar limit. Some ABRs and all LTCI are conditioned upon the insured not being able to perform two or more of the activities of daily living or being cognitively impaired.

This ABR pays proceeds that are intended to qualify for favorable tax treatment under section 101(g) of the Internal Revenue Code. The federal, state or local tax consequences resulting from payment of an ABR 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 payments. ABR payments may affect eligibility for, or amounts of, Medicaid or other benefits provided by federal, state or local government. Death benefits and policy values, such as cash values, premium payments and cost of insurance charges if applicable, will be reduced if an ABR payment is made. ABR payments may be limited by the contract or by outstanding policy loans.

Policies issued by **American General Life Insurance Company** (AGL), Houston, TX, except in New York, where issued by **The United States Life Insurance Company in the City of New York** (US Life). **AGL does not solicit, issue or deliver policies or contracts in the state of New York.** Guarantees are backed by the claims-paying ability of the issuing insurance company, and each company is responsible for the financial obligations of its products. Products may not be available in all states, and features may vary by state. Please refer to the policy for more information.

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MassMutual
Strategic Distributors

Living life on your terms takes some preparation

You may try to ignore the risk… but at some point you may need to pay for long term care expenses. Understanding the risks, realities and potential ways to pay for these expenses is the first step in preparing for the possibility that, at some point, you may need care.

The time to create a plan is now, while you are healthy. The earlier you begin the more options you may have to continue living life on your terms. Should a severe cognitive impairment, a serious illness, or an accident or injury cause you to need assistance with your daily activities, this plan can help you prepare to receive the care you want – in the setting you choose.

THE RISK

It's important to understand the difference between healthcare expenses and long term care expenses.

Healthcare – Medical services that are intended to cure, improve, or treat a specific medical condition, including:

- Medical Emergency
- Dental Care
- Medical Testing
- Surgery
- Medications
- Vision Care

Expenses may be paid by: Medicare; personal health insurance (i.e., Medigap policy); veteran's benefits; Medicaid may help individuals with income and assets below state requirements[1]

Long term care – Includes a variety of services to help meet personal care needs over a period of time. Commonly, these services include help performing Activities of Daily Living (ADLs), such as:

- Bathing
- Dressing
- Using the Toilet
- Transferring To/From
- Continence
- Eating

Expenses may be paid by: Personal savings, investments, or insurance values; insurance-related long term care benefits; Medicare generally only provides for long term care if it is part of a rehabilitative plan or skilled care; Medicaid may help individuals with income and assets below state requirements

[1] For more information regarding benefits provided by Medicare or Medicaid (Medi-CAL in California) visit **www.cms.hhs**.gov. Medicaid guidelines vary by state. Contact your local Medicaid office for details.

The Reality — The cost of long term care can easily exceed a family's savings.

MEDIAN COST PER DAY[2] FOR LONG TERM CARE

Living at Home

- $74 — Adult Day Care
- $23.50/hour — Homemaker Service
- $24/hour — Home Health Aide

Living in a Facility

- $141 — Assisted Living Facility: One bedroom unit, $4,300 per month
- $255 — Nursing Home semi-private room: $7,756 per month
- $290 — Nursing Home private room: $8,821 per month

Initially, you may only need a few hours a week to help prepare meals or bathe. It's important to remember that costs for home-based care would be in addition to your ordinary household living expenses.

If live-in or round-the-clock care becomes necessary, the costs of home care combined with household expenses could be much higher than a private room in a nursing home.

POTENTIAL COSTS VS RESOURCES

Average lifetime cost of long term care[3]

$172,000

Median Retirement Savings
Per family over age 75[4] (among savers)

$83,000

Potential Ways to Pay for Care — A variety of sources may be used when expenses do not qualify for Medicare or personal health insurance coverage.

Assets Owned by the Individual (and Spouse)

- **Long Term Care Insurance** — Or insurance-related long term care benefits
- **Personal Savings** — Investments, insurance values, and/or retirement accounts
- **Home/ Home Equity**
- **Family and Friends**
- **State Medicaid Program** — To qualify, income and assets must meet state requirements

There are multiple options to help you plan for the possibility that you or a family member may need care in the future. Creating a plan can help to ensure that you have more control in receiving the type of care you want — in the setting you choose. The choices you make today could impact your future lifestyle, and the quality of life you experience.

Now is the time to plan for long term care — for you and your loved ones. A MassMutual® agent/producer can help you prepare for the future you envision.

[2] Genworth 2020 Cost of Care Survey, conducted by CareScout®, December 2020.
[3] PWC Study. Formal Cost of Long Term Care Services. Conducted in 2016.
[4] 2019 Survey of Consumer Finances, Federal Reserve September 2020.

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The MassMutual Long Term Care in America Study

The MassMutual Long Term Care in America Study

As the Baby Boomer generation shifts toward retirement, America faces a major challenge in protecting its seniors against the risk of a long term care need.

Long term care is a variety of services and supports to help meet personal care needs over an extended period of time. Long term care may involve non-skilled personal care assistance, such as help performing everyday Activities of Daily Living (ADLs).

Long term care (LTC) has long been among the most significant hazards older Americans face, bringing with it the potential to wipe out retirement savings or severely burden one's family. Likewise, it regularly tops the list of retirement issues that most concern many Americans.[1,2]

Yet, new challenges create even greater pressure on seniors today: rising costs of care make paying for high quality, professional care increasingly difficult, and the changing makeup of families, such as being smaller and more geographically dispersed, means there may be fewer familial resources to fall back on.[3,4,5]

Massachusetts Mutual Life Insurance Company (MassMutual®) has focused on protecting our policyowners, since the company's founding in 1851, so it is of critical importance to the company to better understand the issue of long term care from the lens of today's consumer.

We recently commissioned a study of consumers to better understand how consumers view long term care and the financial and emotional aspects involved.

The MassMutual Long Term Care in America Study helps to better understand the issues of long term care and offers insights on:

- Consumer awareness and concern about long term care and how these are both shaped by prior family experiences.
- The role financial professionals play for Americans in helping address long term care needs.

Methodology

The MassMutual Long Term Care in America Study included a quantitative survey of consumers. MassMutual partnered with research firm Greenwald & Associates for the study.

SURVEY

A survey of 1,009 consumers was conducted online between October 1 and 11, 2019. Respondents were required to be between the ages of 45 and 70, have household assets of at least $500,000, and have liquid assets of at least $75,000. The results were weighted to be reflective of the broader population in these age and asset ranges. The margin of error for the survey is +/- 3% at the 95% confidence level.

A strain on American households

The unfortunate reality for American families today is that long term care is an all too familiar issue. Many families will have, at the very least, witnessed a loved one experience a long term care need.

Among those surveyed who had witnessed a long term care need in their family, the vast majority describe the experience as emotionally difficult for those involved. For roughly half, the care was also a challenge financially, despite the fact that those in the study were of relative affluence.

found the event **FINANCIALLY** difficult

found the event **EMOTIONALLY** difficult

In most cases, long term care needs require paid, professional care: 85% of survey respondents who had witnessed a family member's long term care experience said this was the case. The most common funding sources in these instances included:

- Personal savings
- Medicare/Medicaid
- Out-of-pocket cash
- Retirement funds

The responses revealed that many attempt to self-fund the cost of their own potential long term care need.

Self-funding might come at a secondary cost, however. Consumers who witnessed a loved one pay for care from their personal savings or cash are also more likely to report emotional difficulty for those involved.

Consumers Realize Long Term Care is a Concern

Given the pervasiveness of the long term care experience, it's not altogether surprising that the majority of those surveyed have thought of future long term care planning for themselves or their family.

Of those surveyed 71% have thought about long term care needs over the last year. That said, only 16% gave the issue a "great deal of thought," which may indicate that for many, consideration of long term care needs did not extend to detailed planning.

Certainly the increasing costs of covering long term care needs is a concern among many. So how do respondents expect to pay for their own long term care needs in the future?

When respondents were asked how they were going to pay for a potential long term care need, 82% predicted that at least half of their care would be paid care. Those anticipating paid care are most likely planning to use personal savings or retirement funds.

71%

have thought about
LONG TERM CARE NEEDS
over the last year

82%

predict that **AT LEAST HALF OF THEIR CARE WILL BE PAID FOR.**
Most likely using personal savings or retirement funds.

The respondents' confidence in being able to pay for long term care needs is revealing as well, especially when presented with a hypothetical cost of care that might last for multiple years. Of those with total household assets of $1M- $2.5M, only 33% are highly confident about their ability to pay for a potential $80,000 annual long term care cost for 4 to 5 years. Those with more than $2.5M in assets are better positioned to absorb that level of cost, but still just over half (56%) of this more affluent group feels highly confident.

33% of those with household assets of $1M to $2.5M are highly confident they can cover a potential $80,000 **ANNUAL LONG TERM CARE COST** for 4 to 5 years.

Confidence in paying for long term care and maintaining one's standard of living is also challenged by the idea of possibly living longer than expected. When asked to consider living 10 years beyond their self-reported life expectancy, a full 40% become less confident about paying for care.

This sensitivity to longevity is cause for alarm. It is certainly possible to experience a long term care need for an extended period of time, especially care related to Alzheimer's and dementia. It's also quite common to live longer than expected in general. As new research by the Society of Actuaries shows, consumers are already bad at estimating life expectancy: only half can estimate their own life expectancy within five years of what expert models suggest.[6]

When considering living 5 years beyond life expectancy:

23%

become LESS CONFIDENT about paying for LTC needs!

And when considering living 10 years beyond life expectancy:

40%

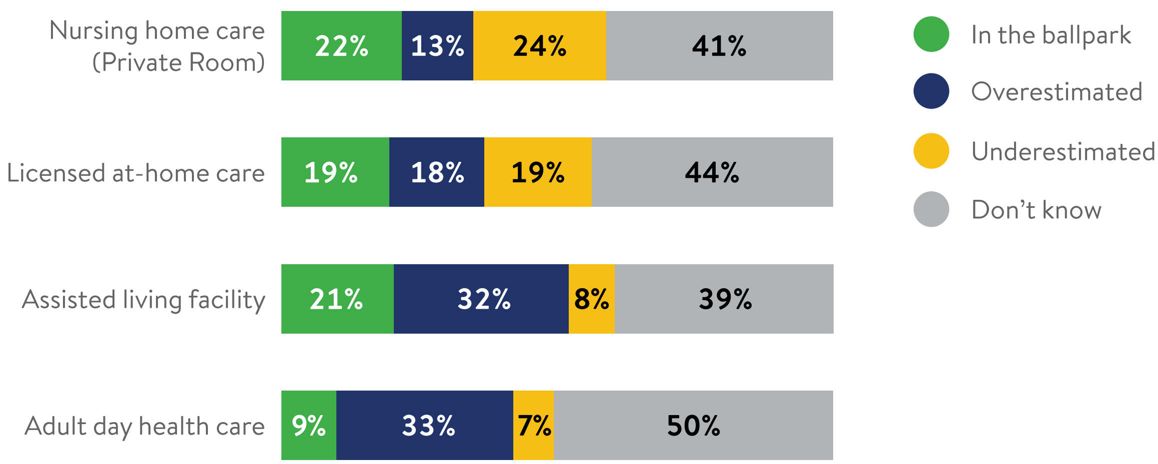
become LESS CONFIDENT about paying for LTC needs!

Underestimating the Need for Long Term Care

Another interesting observation from the study is people's denial that they may need long term care. Among those surveyed, only 15% consider it highly likely that it will happen to them. And, the reality is that 70% of adults who survive to age 65 will need long term care in the future.[7]

Expectations of needing long term care

HOW WELL CONSUMERS UNDERSTAND LONG TERM CARE: COMPARISON OF SURVEY ESTIMATES VS. NATIONAL MEDIAN ANNUAL COST[3]



Percentages in the chart above have been rounded.

Need for education

Many people have difficulty estimating the average length of care and how much long term care costs.

Cost, in particular, is a topic most are in the dark about. As many as 40% to 50% of respondents are unable to guess what the annual cost might be for different services, such as nursing home care or licensed at-home health care services. In addition, most of those who do attempt an answer are off by a considerable margin. For example, only about a quarter are "in the ballpark" (defined generously as within 25% of the answer, high or low) for the national median annual price of nursing home care.

Given the difficulty many have in estimating the likelihood of needing care and what it might cost, it's not surprising then that Americans are eager for help from financial professionals in getting more information about long term care and developing strategies for protecting against the risk.

The value of discussions with a financial professional

The demand for long term care planning help from financial professionals is clear: three-quarters of those working with a financial professional think these professionals should discuss long term care solutions with clients.

Two-thirds of those who work with a financial professional say they have discussed the topic of how to pay for long term care with their financial professional, yet only 20% say they have discussed the topic extensively.

Why is the discussion with a financial professional so important?

At some point, you may need to pay for long term care expenses. Understanding the risks, realities, and potential ways to pay for these expenses when they arise is the first step in preparing for the possibility that you may need care.

The time to create a plan is now — while you are healthy. The earlier you begin, the more options you may have to continue living life on your terms. Should a severe cognitive impairment, a serious illness, or an accident or injury cause you to need assistance with your daily activities, a plan can help you prepare to receive the care you want — in the setting you choose.

Financial professionals are positioned to discuss your questions around long term care needs. They can help you plan for the risk of needing long term care and can offer solutions to protect you and your family. There is not a better time to begin these discussions.

75%

Believe all financial professionals **SHOULD DISCUSS** long term care solutions with clients.

MassMutual...

Helping you secure what matters most.

Since 1851, MassMutual has been building a reputation for financial strength and integrity. At MassMutual, we operate for the benefit of our customers. Our business decisions are based on a single guiding principle: to help people secure their future and protect the ones they love.

For more information, please contact your financial professional for help with long term care planning.

[1] Greenwald & Associates and CANNEX, "Guaranteed Lifetime Income Study." Study conducted 2019.
greenwaldresearch.com/wp-content/uploads/2019/06/GLIS-2019-Supplemental-Data.pdf

[2] T. Rowe Price. "Retirement Savings and Spending: Behaviors and Attitudes Toward Retirement." Study conducted 2018.
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[3] Source: Genworth, "Cost of Care Survey 2004-2019."
www.genworth.com/aging-and-you/finances/cost-of-care/cost-of-care-trends-and-insights.html

[4] U.S. Census Bureau, "Current Population Survey: March and Annual Social and Economic Supplements." Published 2019.
www.census.gov/data/tables/time-series/demo/families/households.html

[5] AARP, "Valuing the Invaluable: 2019 Update"
www.aarp.org/content/dam/aarp/ppi/2019/11/valuing-the-invaluable-2019-update-charting-a-path-forward.doi.10.26419-2Fppi.00082.001.pdf

[6] Society of Actuaries, "Longevity Perceptions and Drivers: How Americans View Life Expectancy"
www.soa.org/globalassets/assets/files/resources/research-report/2020/longevity-perceptions-drivers.pdf

[7] U.S. Department of Health and Human Services. April 2017.
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LONG-TERM CARE INSURANCE

The Rising Costs of Long-Term Care Services

It's the $100,000 Question

You never know when the need for long-term care services may arise. It may come on slowly, giving families time to plan, or it can happen literally overnight. But no matter when it happens, the financial impact it can have on individuals and families can be devastating. And unfortunately, long-term care costs are only going up.

The Need

70% of people who reach age 65 will need long-term care services at some point in their lives.*

Today's Reality

The risk is real. The national average cost for a private room in a nursing home is over $100,000 per year. Most people simply can't afford to pay that out of their own pockets. And like everything from gas to groceries, the cost of LTC services continues to rise. In fact, over the past ten years, the national averages of nursing home rates have gone up over 30%.

Take a look at how care costs have changed over the last decade.

Service Type	Rate	2010 National Averages	2021 National Averages	Ten Year Growth Rate
Home Health Aide	Hourly	$18.81	$27.07	43.91%
Assisted Living Facility	Monthly	$3,159.32	$4,826.34	52.77%
Nursing Home: Semi-Private Room	Monthly	$6,300.90	$8,284.20	31.48%
Nursing Home: Private Room	Monthly	$7,210.80	$9,357.60	31.20%

DID YOU KNOW?

- Women require more long-term care than men – 69% to 31%.
- 52% of people choose to receive their long-term care services at home, while 26% choose assisted living and 22% in a nursing home.

*Source: U.S. Department of Health & Human Services

Continued on back

Mutual of Omaha

The Solution

Thankfully, a MutualCare® Solutions LTCi policy can provide the funds to help your clients pay for the care they need. And to help explain the need for LTCi, it's more important than ever to be armed with up-to-date cost of services.

The Mutual of Omaha Cost-of-Care survey is conducted in over 300 cities in all fifty states, and with this data we have created a variety of cost-of-care tools to help demonstrate the value an LTCi policy provides to your clients and prospects including:

Educational Materials

- Cost-of-Care Brochure
- Cost-of-Care Calculator on Sales Professional Access
- Home Health Care Sales Idea

Client-Approved Materials**

- Determine Your LTCi Needs Calculator
- Prospecting Post Card
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How to create a long-term care plan

Future care needs are unpredictable but creating a care plan can help you and your family face the future with confidence. Use this worksheet as a guide to help you get started.

This worksheet will help you answer four crucial questions:

1. **Where do you want to live and receive care?**
2. **How will you pay for care?**
3. **Do you have any health needs?**
4. **What are your wishes?**

By the end, you'll have a better understanding of your long-term care goals and a plan to help you reach them. When you're done, share this plan with loved ones and let them know where they can find it — if your health changes unexpectedly, this worksheet can be their roadmap to your care.

This plan is for:

Your name:

This worksheet was given to me by:

Name:

Phone number:

Where do you want to live?

It's important to consider what kind of environment will best support you in your later years. There are numerous options to consider:

- **Staying in your current home**
- **Moving to a home with a more accommodating layout and/or less upkeep**
- **Moving to be closer to family or other loved ones**
- **Moving into a housing community that offers amenities and takes care of maintenance**

Use the information below to help you start thinking about your preferred future living arrangements.

As we age, our ability to navigate the world around us changes. Will your current home — or any place you're considering — help you move around safely and comfortably?

Does it have:

☐ No-step entry into the home

☐ Wide doors and hallways to accommodate wheelchair or walker

☐ Carpeting with a short enough pile to accommodate a wheelchair or walker

☐ Sturdy railing by any stairs

☐ Bedroom and bathroom on the main floor

☐ Walk-in shower

☐ Grab bars near toilet and on shower wall

☐ Stove that alerts you when a burner is left on

☐ Slide-out drawers or trays to existing cabinets for easier access

☐ Ample indoor and outdoor lighting to help with visibility

☐ Appliances you could still access/operate from a wheelchair

☐ Lever handles instead of doorknobs (easier to use with stiff hands or limited mobility)

What parts of the home could create challenges in the future?

Is your current home — or new place you're considering — conveniently located to amenities that are important to you, such as:

☐ Grocery store

☐ Pharmacy

☐ Doctor's office/medical care

☐ Gym

☐ Dining/shopping

☐ Recreational activities/hobbies

☐ Parks/nature

☐ Place of worship

☐ Family/friends

☐ Other

Would you need to rely on others to get you to these places if you couldn't drive yourself?

☐ Yes ☐ No

If yes, who would do the majority of the driving?

Name: Phone number:

Would you like loved ones to be involved in your care?

☐ Yes ☐ No

If yes, what would you like them to help you with?

☐ Household chores (cleaning, grocery shopping, meal preparation, help with pets, etc.)

☐ Yard work

☐ Money management

☐ Drive to appointments

☐ Medical advocacy

☐ Bathing

☐ Meal preparation

☐ Creating a long-term care plan

If yes, who would you prefer to provide the majority of that care? Are they aware of your wishes?

Name: ☐ Yes ☐ No

If no, who would you like to be involved in your care?

☐ Home aide

☐ Nurse

☐ Other:

Think about what makes a place feel like home to you. Is it proximity to family or loved ones? The ability to do your favorite activities, attend religious services or eat familiar foods? List your priorities below:

Research what local support resources are available to you as you age. Visit eldercare.acl.gov or call 1-800-677-1116 to learn more.

Name of local department on aging:

Phone number:

Website:

Discover what other living arrangements are available in your area such as home sharing, home senior housing communities, continuing care retirement communities, assisted living and nursing homes.

Notes:

Have you toured any care-providing facilities?

☐ Yes ☐ No

If yes, which facility(s) did you tour and what did you like/dislike?

Notes:

Your housing and community goal

After exploring the different housing options available to you and considering what you need to feel at home, it's time to come up with your personal housing and community goal.

Here are a couple examples:

My home will be too much house to maintain as I get older. Within the next 10 years, I'd like to sell my house and use the money from the sale to buy into a continuing care retirement community. I'd like to move to a community in a warmer climate and in a city with a decent public transportation system.

I want to stay in my current home for as long as I can. For the parts of my house that may create challenges as I get older, I will begin saving to implement safer alternatives. I will also begin saving for a home care service.

Your goal:

How will you pay for care?

Paying for long-term care can be expensive. As costs continue to rise, it's important to identify how you'll pay for care, if you need it. If you're counting on Medicare to cover future long-term care expenses, it's important to understand that Medicare is not designed to pay for long-term care. In fact, it only covers some long-term care costs for the first 100 days, but after that, there is no coverage.

Luckily, there are other options. And by looking at your financial situation today, you can begin to develop a strategy to help you reach your long-term care goals.

Discover what long-term care costs in the area you want to live at https://www.ltcnews.com/resources/states. Make sure to look at both today's costs and the projected costs down the road when you may need care.

	Today's cost	Cost in ___ years
Homemaker services		
Home health aide		
Adult daycare		
Assisted living facility		
Nursing home		

Do some research to learn about the long-term care coverage government programs may help provide: https://www.securian.com/insights-tools/articles/long-term-care-government-benefits.html

Notes:

Make a list of the assets you could use to help pay for long-term care:

Retirement income

Social Security (monthly benefit)	$
Pension (monthly benefit)	$
401(k) (monthly benefit)	$
IRA/Roth (monthly benefit)	$

Other assets

Checking/savings (current balances)	$
House/jewelry/boat/car/other tangible assets (current value)	$
Stocks/bonds/mutual funds/annuities/etc. (current value)	$
Life insurance (accessible cash value)	$

Do some research and talk with a trusted financial resource to uncover strategies that may help you accomplish your future goals and protect your assets from the impact of long-term care expenses.

Notes:

Do you have any health needs?

Your health is one of your greatest assets — take steps today to continue to protect it! Use this part of the worksheet to keep track of your health needs and regularly update it.

Create a family health portrait to learn about your risk for certain conditions. Use the online tool "My family health portrait" from the Surgeon General to help you complete this task: **http://kahuna.clayton.edu/jqu/FHH/html/index.html**.

When you're done, attach a copy to this worksheet and share with loved ones. Date completed:

Are there any health problems you are concerned about?

What can you do to help prevent these health problems as you age?

My medical conditions

My allergies

Date of my last screening:

My care team

Who would you like to be the primary point of contact for care purposes?

Name:

Phone number:

Primary care physician

Name:

Phone number:

My pharmacy/drugstore

Address:

Phone number:

Other health care practitioners I see

Clinic name:

Practitioner:

Speciality:

Clinic name:

Practitioner:

Speciality:

Clinic name:

Practitioner:

Speciality:

Clinic name:

Practitioner:

Speciality:

My medications

Make sure to include all prescription drugs, over-the-counter drugs, vitamins and herbal supplements

What I'm taking	Reason for use	How much and when	Doctor who started the med	Date started/stopped

What are your wishes?

If you're ever unable to make your own medical or financial decisions, would your loved ones know your wishes and be empowered to act on them? It's crucial to articulate your wishes to your loved ones so they don't have to guess about what you want.

Would you ever want to undergo a life-sustaining medical treatment? Under what conditions? Why or why not? Write your thoughts down below and share them with your loved ones.

Who do you want to have health care power of attorney? Make sure to tell them and talk about your wishes.

Name: Phone number:

Who do you want to have financial power of attorney? Make sure to tell them and talk about your wishes.

Name: Phone number:

Prepare your living will and powers of attorney. You can complete these documents on your own or by meeting with a lawyer.

Date completed:

Where are these documents kept?

My legal and financial team:

Lawyer

Name: Phone number:

Financial planner

Name: Phone number:

Insurance agent

Name: Phone number:

Anyone else?

Title:

Name: Phone number:

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