

LTC OPTIONS

BASICS	ADVANTAGES	DISADVANTAGES
<p>SELF-INSURE</p> <ul style="list-style-type: none"> • Use your portfolio as needed • Use traditional investments and savings • Pay as needed/as you go 	<ul style="list-style-type: none"> • No special rules when using for care • No qualification requirements • May be used as needed 	<ul style="list-style-type: none"> • Potential risk to market value if invested • Earnings need to keep up with increasing cost of care, more than 5-6% per year • Timing of sales in volatile markets • May not have enough saved
<p>TRADITIONAL LIFE INSURANCE</p> <ul style="list-style-type: none"> • Can be Whole, Universal or Term • Can be lifetime pay with/without cash value build-up • Must go through underwriting 	<ul style="list-style-type: none"> • Known annual out of pocket costs • Immediate benefit • Premiums may end while needing care • Death benefit may be tax free • Allows assets to be used for LTC needs 	<ul style="list-style-type: none"> • Only pays at death, no value for care • Must qualify for policy • Must be used with another method; self-insure, LTC policy, or hybrid policy • Insured must die for policy to pay benefit
<p>TRADITIONAL LONG-TERM CARE</p> <ul style="list-style-type: none"> • Specialized insurance policy that will pay for care if you are in need of qualified care based on doctor's evaluation • Typically no earnings and can only be used for long-term care needs 	<ul style="list-style-type: none"> • Typically most cost effective means to cover costs of care and most leverage of premium costs • Could qualify for partnership in Ohio for Medicaid • Premiums may end while receiving care • Money for care is tax-free on qualified contracts 	<ul style="list-style-type: none"> • Premium can be expensive and increase over time • Can only be used for care, no cash value or death benefit • Must qualify for policy, most rigorous underwriting • Premiums paid are lost if no care needed
<p>ANNUITY HYBRID</p> <ul style="list-style-type: none"> • Built for long-term care needs, but remains an asset for your use • Specialized annuity will pay for care if in need of qualified care based on doctor's evaluation • Earnings on annuity usually fixed with no risk to principal and amount of insurance is set at onset of contract 	<ul style="list-style-type: none"> • Could have tax-free withdrawals if used for care • Rates and benefit amount known from inception • Premiums remain your asset that can be used for other needs • Contract value may grow each year • Asset value can pass on to heirs 	<ul style="list-style-type: none"> • Large upfront cost • Earnings on annuity may be lower than other investments • Could have surrender penalties, not liquid • Withdrawals prior to 59½ subject to IRS penalty • May not provide enough death benefit or care benefits as traditional policies
<p>LIFE INSURANCE HYBRID</p> <ul style="list-style-type: none"> • Built for long-term care needs, but remains an asset for your use • Specialized life insurance policy that will pay for care if you are in need of qualified care based on doctor's evaluation. • All contract rates are set at onset of contract • Death benefit is higher than deposits 	<ul style="list-style-type: none"> • Could have tax-free withdrawals if used or care • Rates and benefit amount known from inception • Premiums remain your asset that can be used for other needs • Premiums are refundable • Higher death benefit to heirs 	<ul style="list-style-type: none"> • Low/no growth to premiums if cancelled • Could have surrender penalties, not liquid • May not provide enough death benefit or care benefits as traditional policies

LTC OPTIONS

Long-term care is not considered a medical expense; therefore, health insurance and Medicare do not cover the expenses. Medicare covers skilled nursing care and therapy services following a hospital stay.

Any information provided is for information purposes only and does not necessarily constitute a recommendation. This is intended to be used as a guide for deciding on how to fund and/or plan for the potential need for long-term care. This guide is not all inclusive; there could be several factors not included that could affect your decision making process. This is intended only for the person or persons to which it is addressed.

Annual contingent deferred sales charges (CDSC) could apply for any of the insurance coverages mentioned. Please reference any specific policy's brochure or sales literature for guidance on liquidity, fees, and/or charges before sending money. In general, annuities are not short term liquid investments, and withdrawals may be subject to income taxes and, prior to age 59½, a 10% federal penalty tax may apply. Insurance policies may involve continuous premiums; please consider your willingness and ability to make ongoing payments.

Investors should carefully consider the investment objectives, risks, charges of any contract or investment prior to investing or sending money.

Please remember to check with a qualified tax advisor regarding any tax consequences.



SELF-INSURE

USE YOUR ASSETS

- Age 50 and under
- No or low concern
- Good health (mortality)
- Net worth under \$100k
- Growth/Balanced Investor
- Up to \$1,000/year lifetime for investments and insurance

TRADITIONAL LIFE INSURANCE

- Age 50-65
- Moderate or more concern
- Good health (morbidity risk)
- Net worth \$250k-\$750k
- Moderate Conservation Investor
- 10%-12%/year of net worth for premiums & annual investment

TRADITIONAL LONG-TERM CARE

ANNUITY HYBRID

- Age 65+
- Moderate or more concern
- Fair to Good health (morbidity risk)
- Net worth \$500k+
- Conservation Investor
- 20%-30% of net worth one-time premium

LIFE INSURANCE HYBRID

- Age 40-65
- Low to Moderate concern
- Fair to Good health (mortality risk)
- Net worth \$350k+
- Moderate/Conservative Investor
- 14%-20% of net worth one-time premium per person or per year premium for 7-10 years

LONG-TERM CARE REVIEW

Date: _____

Client Name: _____

Co-Client Name: _____

On the date referenced above, _____ an advisor at _____, discussed methods to plan for the potential risk of long-term care needs whether in the client's home, in an assisted living facility, or nursing home.

After discussing the client's assets and concerns, along with the various options and potential solutions, the client(s) reference above opted to:

Make no plan at this time

Begin the process to implement one of the following:

- Traditional Life Insurance
- Traditional Long-Term Care Insurance
- Life Insurance Hybrid policies
- Annuity Hybrid policies

Client _____ Co-Client _____ Advisor _____

*Partial withdrawal of premium or full surrender of the policy may result in a taxable event and the owner should consult his/her personal tax advisor regarding this and other applicable tax matters.

Guarantees are based on the claims paying ability of the issuing company. Long-Term Care Insurance or Asset-Based Long-Term Care Insurance Products may not be suitable for all investors. Surrender charges may apply for early withdrawals and, if made prior to age 59½, may be subject to a 10% federal tax penalty in addition to any gains being taxed as ordinary income. Please consult with a licensed financial professional when considering your insurance options.

Not insured by FDIC/NCUA or any other government agency; not a deposit; not guaranteed by the financial institution; are subject to risks and may lose value.