Asset-Based LTC:

Setting yourself apart with golden rule financial services.
Sound Familiar?

- My wealthy clients just won’t buy traditional LTC insurance...

- I feel like I offer the same LTC solutions as three other brokers down the street...

- To me, LTC means spread sheeting, haggling with underwriting, declines, and 20 companies selling the same product...
Dynamic, Unique, Different: A Full Portfolio Of Asset-Based Solutions

- **Asset-Care®**: Life insurance-based long-term care solution.
- **Annuity-Care®**: Annuity-based “self-funding” LTC approach.
- **ImmediateCare®**: SPIA based “crisis management” for those already receiving LTC.
- **Legacy Care®**: SPDA designed for the needs of the senior market.
Dynamic, Unique, Different: A Spectrum Of Asset-Based Solutions

- Over 15 years of market experience.
- Proven strategies.
- Products for almost all degrees of health.
Asset-Care®

Wealth accumulation, death benefits, tax advantages, estate planning, and LTC protection!

*Key aspects of the joint life Asset-Care have been awarded a patent by the U.S. Patent and Trademark Office.
The Appeal Of Asset-Care

The clients:
Joseph S., age 65
Carol S., age 64

Their Financial Advisor:
Bill W., fifteen years with Joseph and Carol
Looking For LTC And More...

- The Clients:
  - $400,000 in assets, not including home.
  - $100,000 CD at a local bank earning minimal interest that is not tax-deferred.
  - Good health, and enjoy golfing.

- Should Joe and Carol ever need LTC, they have identified their $100,000 CD as the funding source.

- Concerned $100,000 will not be enough should they both require care, but have never purchased LTCi.
An Ordinary Solution

Bill advises all his clients to purchase LTC protection, but only sells a few cases a year.

- Would like to offer Joe and Carol a solution his competition does not.
- Tired of spread sheeting similar traditional LTC products and recommending whatever has the lowest premium that month.
An Extraordinary Solution

Bill recommends *Asset-Care* to Joe and Carol, with their $100,000 CD as the funding source:

- *Asset-Care* can offer conservative, guaranteed growth with a minimum credited interest rate.

- And also offers:
  - *Tax-deferred accumulation*
  - *Income tax-free death benefit*
  - *LTC coverage*
  - *Optional Lifetime coverage*
The “Win-Win-Win” Of Asset-Care

- $100,000 CD as premium for a single premium Life/LTC policy:
  - $224,270 second to die, death benefit.
  - $224,270 shared pool of LTC benefit.
  - $4,485/monthly LTC benefit available for each insured.
- 50 months LTC benefit.
Comprehensive LTC Protection

- An additional annual premium of $2,022 (or $35,594 single premium) will purchase:
  - Rider with a lifetime monthly benefit of $4,485 for each insured after exhaustion of the initial 50 month benefit.
  - Optional 5% annual compound increase of the rider benefit amount. (additional premium required)
  - Noncancelable premium (no rate increases).
Better Off Than With Traditional LTCi?

- **If Joe and Carol should both pass away:**
  - $224,270 income tax-free death benefit to beneficiary.

- **If they should never need LTC:**
  - $100,000 single premium grows at a minimum credited interest rate, tax-deferred.

- **Should either or both require LTC:**
  - $4,485 monthly LTC benefit for each.
A Myriad Of Funding Options with *Asset-Care*Versions I - IV

- **Single Premium:**
  - Cash, mutual funds, CDs, 1035 exchanges of existing cash value life insurance policies. (AC I)
  - Existing non-qualified annuities. (AC II)
  - Even IRAs and qualified money! (AC III)

- **Annual Premium (AC IV):**
  - 10-pay.
  - Lifetime pay.
Annuity Care®

Self-funding approach to LTC
The “Self-Funders”

The clients
Herschel S., age 68
Hattie S., age 67

Their Insurance Representative
Jackson P., CLU, ChFC
"We’ll Pay For LTC Ourselves"

- The clients:
  - $1,000,000 estate.
  - Hattie has type I Diabetes.
  - Plan on utilizing their $130,000 non-qualified annuity should they ever need long-term care.

- Consider themselves too old and too unhealthy to qualify for LTCi.

- If long-term care is needed, they will self-insure. (and risk their entire estate)
Selling To The “Self-Funder”

- Jackson has pitched LTCi to Herschel and Hattie several times over the years.

- They have never purchased due to the high annual premiums and are determined to pay for LTC themselves.

- A solution utilizing an existing asset would open an opportunity for these clients.
Selling To The “Self-Funder”

- Utilizing their $130,000 existing annuity and making it work harder:
  - Helping to provide the LTC protection they need to:
    - Protect the estate.
    - Limit their risk.
  - Maintaining the asset.
Lifetime Protection

Optional Lifetime LTC Protection

$130,000 SPDA

“Short-Term LTC”

$2,287 Annual Premium

Noncancelable Extension of Benefits Rider
A “Self-Funding” Approach

- $130,000 single premium provides via 1035 exchange:
  - $3,768/monthly LTC benefit per insured for 36 months.

- $2,287 annual premium (or $27,838 single premium) provides:
  - $3,768 monthly lifetime LTC benefit per insured after exhaustion of the initial 36 month benefit.

- Helps protect for a lifetime for significantly less out-of-pocket than LTCi.
Another “Win-Win”

- $130,000 single premium to help protect the million-dollar estate.

- Should LTC never be needed:
  - Annuity Care’s SPDA cash value will pass to named beneficiary just as if the original asset was never used.

- Funding options
  - Cash, existing non-qualified annuities, qualified money and IRAs.
  - Consolidation Plan option.
Imm ediateCare®
Crisis management, estate conservation for those with an immediate LTC need

Legacy Care®
SPDA designed for the needs of the senior market
ImmediateCare®

- Minimize the depletion of assets individuals have worked a lifetime to accumulate.

- Provide a way to help pay for long-term care or serious illness costs with a medically underwritten SPIA.
ImmediateCare®: Helping To Contain The Cost Of Care

The clients
John P., age 87
...AND HIS CHILDREN
WILLIAM AND BETH

Their Family Investment advisor
Mary J., Cfp®, csa
Helping To Contain The Cost Of Care

- The Clients:
  - **John**: An 87 year-old male with moderate Alzheimer’s.
  - **William**: John’s son and power of attorney.
  - **Beth**: John’s daughter and current caregiver.

- With her career and family, Beth can no longer care for her father herself.
  - She and William have decided that a move to assisted living is the best choice, but are concerned about how to best pay for the cost.
William and Beth want to:
- Ensure that as long as their father needs care, it can be paid for.
- Protect as much of John’s hard-earned estate (his legacy) as possible from dwindling away.

Mary wants to identify a solution to a difficult situation, and maintain the bulk of John’s assets she has under management.
Finite Assets And A Virtually Limitless Risk

- John’s assets: $450,000

- John’s income:
  - $1,200/monthly from Social Security
  - $800/monthly from a pension

- Assisted living will cost $5,000 a month.

- With an income of $2,000 per month, John is left with a $3,000 a month shortfall.
A Piece To Help
Protect The Rest

- $319,386
- $130,614

ImmediateCare Premium
Remaining Assets
**ImmediateCare In Action**

Assuming care lasts six years and John’s income shortfall continues at $3,000 a month:

<table>
<thead>
<tr>
<th>Purchasing a $3000/monthly benefit from ImmediateCare</th>
<th>Paying From Assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost of six years of care</td>
<td>$130,614</td>
</tr>
<tr>
<td></td>
<td>$216,000</td>
</tr>
</tbody>
</table>

Savings vs. paying from assets: **$85,386**
Financial Security And A Good Night’s Sleep

- A known cost of $130,614 versus the risk of significantly depleting or exhausting assets.
  - William and Beth at ease,
  - John’s legacy better protected,
  - A future more secure.
Policy Options*

- Refund of premium options.
- Monthly income increase options.
- Care coordination / Care advocacy services.

* Additional premium required.
Legacy Care®: An Annuity For The Senior Market

The clients

Emily F., age 76

Lester F., age 77

Their Insurance Advisor:

Jonathan T., 22 Years of Experience
A Tough Situation

- The Clients Have:
  - Seven children and 13 grandchildren.
  - Approximately $800,000 in assets.
  - Lived in the same house for 45 years.

- Emily has been diagnosed with Parkinson’s Disease
- Lester purchased LTCi over three years ago.
- Due to her Parkinson’s, Emily was unable to qualify.
- LTC expenses are a major concern.
  - More a “when” than an “if” for Emily.
A Tough Situation

- The Insurance Advisor:
  - Jonathan has been able to provide solutions for almost all of Emily’s and Lester’s needs through the years.
  - Currently has nothing to offer Emily for her LTC concerns but would like to help a long-time client.
A Designated Fund

- Emily and Lester have already set aside $100,000 at their bank as an “LTC fund”.

- Their goals:
  - Planning for the potential risk.
  - Maximize available resources.

- Jonathan recommends using the $100,000 to purchase *Legacy Care*. 
Legacy Care As The Designated Fund

- High issue age.
  - Through age 99.

- Five-year surrender schedule.

- A benefit increase rider that can make the transfer to ImmediateCare (with its lifetime income for LTC expenses) that much more attractive if LTC is needed in the future.*

- Bailout provision.
  - To provide flexibility should the interest rate decline.

*Please review the Legacy Care Producer’s Guide (part no. 35512) for details about this provision.
Legacy Care

- Maximizing available funds, should LTC be needed.
- Access to *ImmediateCare* to help pay for LTC expenses.
- Conservative growth with a minimum credited interest rate and bailout interest rate.
- Still your client’s asset, should LTC never occur.
Summary

Keep an eye out for a follow-up e-mail from us with further information and a quote request form attached!

The example cases herein are hypothetical and designed for educational purposes. See product brochures and illustrations for coverage details and other information. Premiums and benefits vary by age and other factors.

Policy Forms: Asset-Care: GRI-L-20.1, -22.1, -32, -33, -40, -41, -42, -43, -50, -51, -52, -53, -60, -61, -62, -63.; GRI-AN-4N, - 4Q; SA-S-574, -574R; Annuity Care: GRI-AN-6, -6.762, -6.763; SA-S-762, -763, -882; Legacy Care: GRI-AN-23; SA-S-1275, -1276; ImmediateCare: GRI-AN-19; Or state variation. All policies are not available in all states. Policies are medically underwritten (except Legacy Care) and issued by Golden Rule Insurance Company, Indianapolis, Indiana.

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