



Nationwide[®]
On Your Side

Long-term care rider

Vital statistics

Did you know?

At least 60% of people over 65 will require some long-term care services at some point in their lives.¹

Approximately 40% of individuals who require long-term care are between the ages of 18 and 64.¹

The 2008 average daily rate for a private room in a nursing home is \$212 (\$77,380 annually).²

According to estimates, there is a projected increase in the population of 85+ seniors of 233% by 2030.³

¹ National Clearinghouse for Long-Term Care Information, U.S. Department of Health and Human Services (2008).

² The MetLife Market Survey of Nursing Home & Assisted Living Costs (Oct. 2008).

³ Aging into the 21st Century, National Aging Information Center and the Administration on Aging.

Will the next life insurance policy you recommend to your clients help protect against potentially devastating long-term care costs?

If not, look no further. Nationwide Financial[®] offers the Acceleration of Life Insurance Death Benefit for Qualified Long Term Care Services Rider to clients who want to combine the benefits of life insurance protection with long-term care (LTC) protection.

How does the rider work?

- The long-term care specified amount is equal to the base policy specified amount
- The long-term care benefits are paid out as an accelerated death benefit or as a lump sum for qualified terminal illness (after qualifying requirements are met) and are tax free; the amount of the tax-free benefit is limited by HIPAA
- Even if your clients never need long-term care, an income tax-free death benefit will be paid to their beneficiaries, unlike most traditional long-term care policies

How do clients qualify for benefits?

The insured individuals will qualify for LTC benefits if they meet the following criteria:

1. Cognitive impairment or requiring assistance with at least two of the following Activities of Daily Living (ADLs):
 - Bathing
 - Eating
 - Continenence
 - Toileting
 - Dressing
 - Transferring (moving into or out of a bed, chair or wheelchair)
2. A 90-day elimination period
 - Can be satisfied by any combination of days in a long-term care facility or home health care (no elimination period for the receipt of a lump-sum benefit)
 - Need not be consecutive, but must be within a continuous period of 730 days
 - Needs to be satisfied only once while the rider is in effect

Exclusions may vary but generally include:

- An attempted suicide or self-inflicted injury
- Committing or attempting to commit a felony
- Conditions that qualify for Worker’s Compensation
- Mood, affective or personality disorder without evidence of organic disease
- Alcoholism or drug addiction, unless as a result of administration of drugs for treatment prescribed by a physician
- Service in Armed Forces or Auxiliary
- War, or any act of war, declared or undeclared

Pre-existing conditions:

- Home health care or long-term care confinements due to pre-existing conditions that are listed on the application and approved will be covered immediately; benefit payments will begin after 90-day elimination period is met
- If the pre-existing condition is not listed on the application, it will not be covered if confinement begins during the first six months of the policy

How are the long-term care benefits calculated and distributed?

The long-term care benefits are distributed directly to the owner and can be used for services including home health care, assisted living, a nursing home⁴ or adult day care.

Upon certification by a licensed health care practitioner that the insured has a life expectancy of 12 months or less, a lump-sum benefit with a cap of \$50,000 is available.

Monthly benefits provided for: • Nursing Homes • Home Health Care are the lesser of	2% of the long-term care specified amount
	Daily amount allowed by the HIPAA ⁵ X number of days in the month

⁴ Home health care must be provided by either a hospital or a home health care service agency that has a valid certificate of approval. The rider does not cover care provided by a family member. Home health care includes adult day care and home health care aides who assist in daily living activities.

⁵ The 2009 per diem amount allowed by Health Insurance Portability and Accountability Act is \$280.

How are the long-term care benefits calculated and distributed?

Maximum lifetime benefit

Insured will receive the base policy specified amount less any outstanding withdrawals, loans and loan interest.

What can your client expect while receiving long-term care benefits?

- An accumulated benefits account that charges 0% interest will be established upon receiving any benefits under the rider
- While receiving LTC benefits, the cash value is reduced on a pro-rata basis; upon surrender of the policy, the insured will receive the cash surrender value
- Upon the death of the insured, the beneficiary will receive the death benefit less the accumulated benefits amount, less any outstanding withdrawals, loans and loan interest
- Policy no-lapse provision — While receiving LTC benefits, monthly deductions will continue to be deducted from the policy cash value; however, if the insured is receiving LTC benefits and the policy cash value becomes insufficient to cover monthly deductions, the policy will not lapse and monthly deductions will be waived for as long as the insured is receiving LTC benefits
- The insured may not take any loans or withdrawals during the benefit period
- The cost of insurance (COI) on the rider is waived; however, the COI on the life insurance portion is not waived unless the cash value has been reduced to \$0 and the insured is collecting LTC benefits

Are there any tax implications?

The Acceleration of Life Insurance Death Benefit for Qualified Long Term Care Services Rider is intended to be a qualified long-term care policy under Section 7702B(b) of the Internal Revenue Code. While considering the information below, please remember that federal tax laws are complex and subject to change. The features discussed in this brochure represent our current understanding of those laws. Because neither Nationwide® nor its representatives give legal or tax advice, your clients should consult their attorney or tax advisor for answers to specific tax questions. Clients should also be made aware of the following situations:

1. The cost basis of the policy is equal to the premium payments less withdrawals and less the cost of the insurance charges for the rider. Cost basis cannot go below \$0.
2. Keep in mind if you are collecting LTC benefits from more than one policy that you may receive tax free the greater of actual costs incurred or the HIPAA per diem rate for the given year. Nationwide allows you to take less than your qualifying benefit if you so desire to help manage such a circumstance.
3. Generally, the rider can be used in an irrevocable life insurance trust (ILIT). The benefit is paid to the trust, who in turn may write a check to the beneficiary/family member. The ILIT can also be set up with collateralized arms-length loans so the grantor may borrow the cash generated from the LTC rider benefit from the trust. Please consult an estate planning attorney for proper structure of the ILIT with loan provisions.

What else should your client know?

- For an additional premium, the rider can be added to existing policies with evidence of insurability; we reserve the right to charge a \$200 processing/underwriting fee
- There is a 30-day “free look” period for the rider
- Rider has no cash surrender value and no loan value
- The long-term care benefit stays level, even if your clients choose death benefit option 2 (increasing death benefit), or if corridor forces the death benefit higher
- Claim payment flexibility allows your clients to receive less than the formula calculated amount per month if they do not need the full amount

As your clients’ personal situations change (e.g., marriage, birth of a child or job promotion), so will their life insurance needs. Care should be taken to ensure these strategies and products are suitable for their long-term life insurance needs. You can help them weigh their objectives, time horizons and risk tolerance as well as any associated costs before they invest. Also, be aware that market volatility can lead to the possibility of the need for additional premium in the policy.

Our National Sales Center is ready to assist you with more information or help getting illustrations at:

Investment Dealers	1-800-321-6064
Financial Institutions	1-800-893-5399
Wirehouse/Regionals	1-800-720-1511
Brokerage General Agents (BGAs)	1-888-767-7373
Nationwide Financial Network®	1-877-223-0795



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