

Alternatives to Traditional Long Term Care

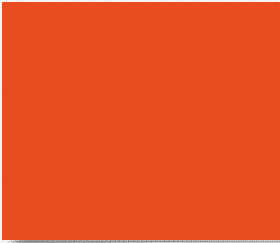
Presented By Michael Ashwill

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The Problem Isn't Going Away

- ❖ Our customers need liquidity to pay for expenses related to long term care services
- ❖ The government's safety net is not an appealing option for most of our customers

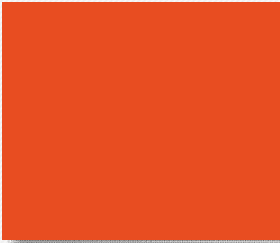
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Why Consumers Buy an Alternative to Traditional Long Term Care

- ❖ Use it or Lose it
- ❖ Rate Increases
- ❖ Underwriting
- ❖ Payment Options
- ❖ Incremental Difference in Premium Less Than Traditional

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7702B vs. 101 (g) triggers

- ❖ 2 of 6 ADL's or severe cognitive impairment
- ❖ 7702B allows temporary claims
- ❖ 101 (g) must be lifetime chronic illness
- ❖ SB 281 has allowed more 101 (g) riders to be approved in CA and we expect that to continue

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LTC Planning Spectrum

Term Life w/ ADB Rider

Universal Life w/ ADB Rider

LTCi

Linked Benefit Life

Single Premium Whole Life w/ ADB Rider

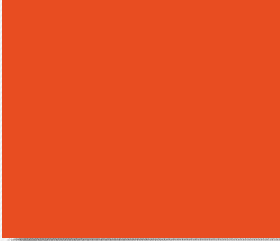
Annuities w/ Chronic Illness Benefits

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How Does BHIM/BJFIM Help You Sell this? Simplify this?

- ❖ Long Term Care Field Guide
- ❖ Pool of Money Reports
- ❖ Point of Sale Presentations

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Field Guide

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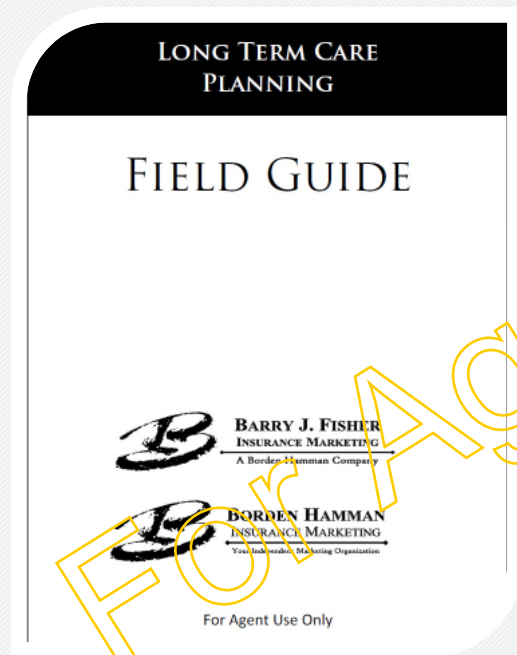
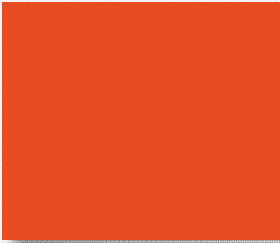


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Quote Request Form



Pool of Money

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Pool of Money Scenarios	A	B	C
Sample Client			
Current Age	65	65	65
Age Care Begins	81	81	81
Insurance Benefits			
Benefit - Today	\$4,500/Mon	\$4,500/Mon	\$4,500/Mon
Benefit Duration	3.00 Years	4.00 Years	4.00 Years
Beginning Pool of Money *	\$162,000	\$216,000	\$216,000
Inflation Benefit Annual Increase	3.0% Compound	3.0% Compound	5.0% Simple
Benefit - Start of Care	\$7,222/Mon	\$7,222/Mon	\$8,101/Mon
Future Pool of Money (start of care) **	\$267,839	\$362,529	\$425,250
Cost (Annual Premium)	\$3,605	\$4,197	\$4,730
Premium Duration	Annual	Annual	Annual
Investment Fund to Match Insurance Benefits			
Investment After Tax Rate of Return	4%	4%	4%
Lump Sum Deposit Needed Today, or	\$132,179	\$175,394	\$195,969
Annual Deposits Until Age Care Begins	\$10,907	\$14,473	\$16,171
Care Days: Investment Fund Versus Insurance			
Premium or Investment Deposit	\$3,605	\$4,197	\$4,730
Total Amount To Start of Care	\$57,680	\$67,152	\$75,680
If Invested At Above Rate of Return	\$81,825	\$95,261	\$107,359
Care Days Paid By Investment Fund	345	400	402
Care Days Paid By Insurance	1095	1460	1460

3 Option Presentation

Only

	<u>Option A</u> PAY AS YOU GO	<u>Option B</u> SINGLE PAY	<u>Option C</u> COMBINE with LIFE INSURANCE
Premium	about \$5,500	about \$185,000 single premium	About \$16,000 annually
Benefits	\$5,000 monthly benefit for 48 months for each individual. This will grow at a guaranteed rate of 3% compounded annually. By age 79 the monthly benefit will be _____	\$5,000 monthly benefit for 48 months growing at 3% compound. \$120,000 of death benefit each if either dies. Offset for any benefits paid for Long Term Care	\$360,000 life insurance for each. Death Benefit can be accelerated at 2% per month for LTC which would be \$7,200 a month
Pros	Comprehensive coverage without reducing other insurance benefits. Lower rates that can be paid from cash flow income	Return of Premium available after year 2. No premium payment management required. One asset allocation will solve this risk problem without rate increases.	Coverage included for additional rider fee within common policy. Lower cost to cover risk if incurred.
Cons	Rates can increase over time	----- Asset diminished by benefit paid.	----- Death Benefit reduced by LTC benefits paid. No inflation option

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Term Comparison

40 yr. old male PNS (\$500k)

	20 yr.	25 yr.	30 yr.
Best Price	\$39	\$57	\$66
Trendsetter LB	\$55	\$67	\$76
Difference per month	\$16	\$10	\$10

North American 101 (g)

60 year old male PNS (\$500k)

- ❖ \$8,083 annual premium
- ❖ The cost of the acceleration is determined at the time the benefit is elected.

At Age	DB Accelerated	Initial Election Annual Payment
65	\$120,000	\$87,298
75	\$120,000	\$98,298
80	\$120,000	\$103,982

Nationwide LTC Rider 7702B

60 year old male PNS (\$500k)

- ❖ \$9780 cost per year
- ❖ ABR max monthly acceleration is the lesser of:
2% of face amount: (\$10,000 Maximum Monthly Benefit)
or
HIPAA per diem amount: (\$9,900 Monthly Benefit Currently)
- ❖ Residual Death Benefit
- ❖ Indemnity-style Benefit

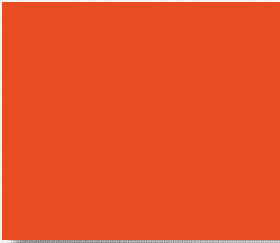
LTC Rider on IUL (GNW) 7702B

60 year old male PNS (500k run to endow at 7%)

- ❖ \$7,869 cost per year
- ❖ \$10,417 LTC @48 months

Option to Accelerate 24, 36, or 48 months

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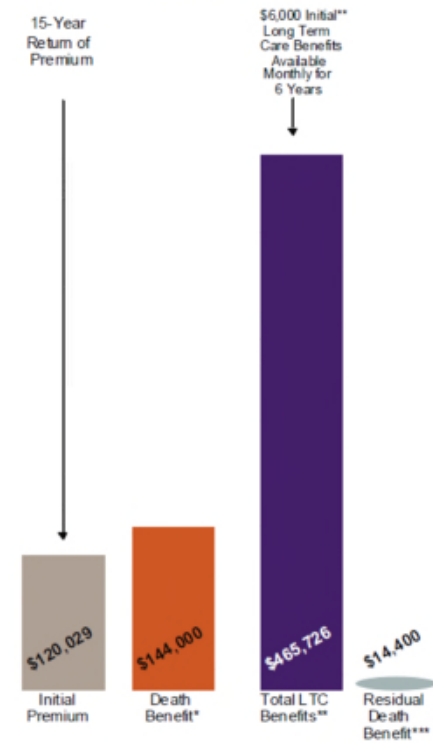
Genworth TLC

- Male 60 PNS
- 6k monthly LTC Benefit for 6 years
- 3% compound inflation
- Death Benefit \$144,000
- 15 year ROP

- Single Premium \$120,029

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HOW TLC WORKS



State Life 2nd to Die

Male 60 PNS/ Female 60 PNS

Base Benefit

- \$150,000 Death Benefit
- 25 Month Acceleration
- \$6,000 monthly benefit
- No inflation available
- Premium \$66,942

Continuation of Benefits Rider

- Lifetime Max Benefit period
- \$6,000 monthly benefit
- 3% compound inflation
- Premium \$110,557

Primary Insured's Name: Sample Client Premium: \$100,000
 Current Age: 60 LTC Nonretiree Rider Charge: Not Selected
 Gender: Male LTC Inflation Rider Charge: Not Selected
 Joint Insured's Name: N/A Initial Contract Value: \$100,000
 Current Age: N/A LTC Rider Monthly Charge (per \$1 of Contract Value): \$0.00098
 Gender: N/A Scheduled Accelerated Benefit Period: 24 Months
 State: CA Scheduled Extended Benefit Period: 48 Months
 LTC Coverage: Single Life - Premier Total Scheduled Benefit Period: 72 Months
ForeCare Long Term Care Benefit

End of Year	Age	Guaranteed Assumptions ¹ - END OF YEAR					Non Guaranteed Assumptions ¹ - END OF YEAR						
		Contract Value	Contract Withdrawal Value ²	Accelerated Benefit ³	Maximum Extended Benefit ⁴	Total Benefit ⁵	Contract Value	Contract Withdrawal Value ²	Accelerated Benefit ³	Maximum Extended Benefit ⁴	Total Benefit ⁵	Maximum Monthly Benefit ⁶	
1	01	101,540	93,424	101,540	200,000	301,540	4,187	101,540	93,424	101,540	200,000	301,540	4,187
2	02	101,540	95,965	101,540	200,000	301,540	4,187	101,540	94,871	101,540	200,000	301,540	4,187
3	03	101,540	98,446	101,540	200,000	301,540	4,187	101,540	97,387	101,540	200,000	301,540	4,187
4	04	101,540	101,431	101,540	200,000	301,540	4,187	101,540	99,916	101,540	200,000	301,540	4,187
5	05	101,540	104,471	101,540	200,000	301,540	4,187	101,540	102,585	101,540	200,000	301,540	4,187
6	06	101,540	107,480	101,540	200,000	301,540	4,187	101,540	105,270	101,540	200,000	301,540	4,187
7	07	101,540	110,502	101,540	200,000	301,540	4,187	101,540	108,013	101,540	200,000	301,540	4,187
8	08	101,540	113,517	101,540	200,000	301,540	4,187	101,540	110,816	101,540	200,000	301,540	4,187
9	09	101,540	116,513	101,540	200,000	301,540	4,187	101,540	113,680	101,540	200,000	301,540	4,187
10	10	101,540	119,540	101,540	200,000	301,540	4,187	101,540	116,608	101,540	200,000	301,540	4,187
11	11	101,540	122,540	101,540	200,000	301,540	4,187	101,540	119,611	101,540	200,000	301,540	4,187
12	12	101,540	125,540	101,540	200,000	301,540	4,187	101,540	122,644	101,540	200,000	301,540	4,187
13	13	101,540	128,540	101,540	200,000	301,540	4,187	101,540	125,706	101,540	200,000	301,540	4,187
14	14	101,540	131,540	101,540	200,000	301,540	4,187	101,540	128,800	101,540	200,000	301,540	4,187
15	15	101,540	134,540	101,540	200,000	301,540	4,187	101,540	131,916	101,540	200,000	301,540	4,187
16	16	101,540	137,540	101,540	200,000	301,540	4,187	101,540	135,061	101,540	200,000	301,540	4,187
17	17	101,540	140,540	101,540	200,000	301,540	4,187	101,540	138,245	101,540	200,000	301,540	4,187
18	18	101,540	143,540	101,540	200,000	301,540	4,187	101,540	141,468	101,540	200,000	301,540	4,187
19	19	101,540	146,540	101,540	200,000	301,540	4,187	101,540	144,730	101,540	200,000	301,540	4,187
20	20	101,540	149,540	101,540	200,000	301,540	4,187	101,540	148,031	101,540	200,000	301,540	4,187
21	21	101,540	152,540	101,540	200,000	301,540	4,187	101,540	151,371	101,540	200,000	301,540	4,187
22	22	101,540	155,540	101,540	200,000	301,540	4,187	101,540	154,750	101,540	200,000	301,540	4,187
23	23	101,540	158,540	101,540	200,000	301,540	4,187	101,540	158,168	101,540	200,000	301,540	4,187
24	24	101,540	161,540	101,540	200,000	301,540	4,187	101,540	161,625	101,540	200,000	301,540	4,187
25	25	101,540	164,540	101,540	200,000	301,540	4,187	101,540	165,121	101,540	200,000	301,540	4,187
26	26	101,540	167,540	101,540	200,000	301,540	4,187	101,540	168,656	101,540	200,000	301,540	4,187
27	27	101,540	170,540	101,540	200,000	301,540	4,187	101,540	172,230	101,540	200,000	301,540	4,187
28	28	101,540	173,540	101,540	200,000	301,540	4,187	101,540	175,843	101,540	200,000	301,540	4,187
29	29	101,540	176,540	101,540	200,000	301,540	4,187	101,540	179,495	101,540	200,000	301,540	4,187
30	30	101,540	179,540	101,540	200,000	301,540	4,187	101,540	183,186	101,540	200,000	301,540	4,187
31	31	101,540	182,540	101,540	200,000	301,540	4,187	101,540	186,916	101,540	200,000	301,540	4,187
32	32	101,540	185,540	101,540	200,000	301,540	4,187	101,540	190,685	101,540	200,000	301,540	4,187
33	33	101,540	188,540	101,540	200,000	301,540	4,187	101,540	194,493	101,540	200,000	301,540	4,187
34	34	101,540	191,540	101,540	200,000	301,540	4,187	101,540	198,340	101,540	200,000	301,540	4,187
35	35	101,540	194,540	101,540	200,000	301,540	4,187	101,540	202,226	101,540	200,000	301,540	4,187
36	36	101,540	197,540	101,540	200,000	301,540	4,187	101,540	206,151	101,540	200,000	301,540	4,187
37	37	101,540	200,540	101,540	200,000	301,540	4,187	101,540	210,115	101,540	200,000	301,540	4,187
38	38	101,540	203,540	101,540	200,000	301,540	4,187	101,540	214,118	101,540	200,000	301,540	4,187
39	39	101,540	206,540	101,540	200,000	301,540	4,187	101,540	218,160	101,540	200,000	301,540	4,187
40	40	101,540	209,540	101,540	200,000	301,540	4,187	101,540	222,241	101,540	200,000	301,540	4,187



ForeCare

Premier Class

Triple Deposit for LTC
Accelerated over 72 months SL
and 90 months JL

Standard Class

Double Deposit for LTC
Accelerated over 72 months SL
and 84 months JL

ForeCare™ Fixed Annuity
with Long-Term Care Benefits

FORETHOUGHT™
THINKING AHEAD™

THE FACTS for Sample Client

The ForeCare™ Calculator shows how much long term care coverage you could have in three different vehicles:

Taxable Investment	<ul style="list-style-type: none">• Value on 2/24/2015: \$100,000• Assumed Annual Interest Rate: 3%• Years before the value of a Taxable Investment is equal to or greater than the long term care coverage provided by the ForeCare Fixed Annuity: 51 years
Tax-Deferred Investment	<ul style="list-style-type: none">• Value on 2/24/2015: \$100,000• Assumed Annual Interest Rate: 3%• Years before the value of a Tax-Deferred Investment is equal to or greater than the long term care coverage provided by the ForeCare Fixed Annuity: 37 years
ForeCareSM Fixed Annuity	<ul style="list-style-type: none">• Single Annuity Deposit on 2/24/2015: \$100,000• Long Term Care Coverage: \$300,000 available as of 2/24/2015• Assumed Rating: Premier• Maximum Monthly Benefit: \$4,167*• Federal Taxable Amount if used exclusively for long term care expenses: \$0

ForeCare Health Questions

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1. Are you currently using, or in the past 12 months have you used or been medically advised by a Healthcare Professional to use any of the following?			
a. Care in a nursing facility		<input type="checkbox"/> Yes	<input type="checkbox"/> No
b. Home Health care services		<input type="checkbox"/> Yes	<input type="checkbox"/> No
c. Adult Day Care services		<input type="checkbox"/> Yes	<input type="checkbox"/> No
d. Hospice Care		<input type="checkbox"/> Yes	<input type="checkbox"/> No
2. Are you currently hospitalized or confined to a bed or residing in an Assisted Living Facility?		<input type="checkbox"/> Yes	<input type="checkbox"/> No
3. Do you use or have you been medically advised by a Healthcare Professional to use any of the following?			
a. Walker		<input type="checkbox"/> Yes	<input type="checkbox"/> No
b. Wheelchair		<input type="checkbox"/> Yes	<input type="checkbox"/> No
c. Multi-prong cane		<input type="checkbox"/> Yes	<input type="checkbox"/> No
d. Motorized Scooter		<input type="checkbox"/> Yes	<input type="checkbox"/> No
e. Hospital bed		<input type="checkbox"/> Yes	<input type="checkbox"/> No
f. Stair Lift		<input type="checkbox"/> Yes	<input type="checkbox"/> No
g. Oxygen		<input type="checkbox"/> Yes	<input type="checkbox"/> No
h. Respirator		<input type="checkbox"/> Yes	<input type="checkbox"/> No
i. Dialysis machine		<input type="checkbox"/> Yes	<input type="checkbox"/> No
j. Defibrillator		<input type="checkbox"/> Yes	<input type="checkbox"/> No
4. Do you require assistance or supervision in performing any of the following activities?			
a. Taking medication		<input type="checkbox"/> Yes	<input type="checkbox"/> No
b. Bathing		<input type="checkbox"/> Yes	<input type="checkbox"/> No
c. Dressing		<input type="checkbox"/> Yes	<input type="checkbox"/> No
d. Transferring		<input type="checkbox"/> Yes	<input type="checkbox"/> No
e. Eating		<input type="checkbox"/> Yes	<input type="checkbox"/> No
f. Toileting		<input type="checkbox"/> Yes	<input type="checkbox"/> No
g. Bowel or bladder control		<input type="checkbox"/> Yes	<input type="checkbox"/> No
h. Mobility		<input type="checkbox"/> Yes	<input type="checkbox"/> No
5. In the last 7 years, have you had, been diagnosed or treated by a Health Care Professional, been prescribed or taken medication for any of the following?			
a. Alzheimer's disease or dementia		<input type="checkbox"/> Yes	<input type="checkbox"/> No
b. Recurrent memory loss		<input type="checkbox"/> Yes	<input type="checkbox"/> No
c. Mild cognitive impairment (MCI)		<input type="checkbox"/> Yes	<input type="checkbox"/> No
d. Organic brain syndrome		<input type="checkbox"/> Yes	<input type="checkbox"/> No
e. Mental incapacity or retardation		<input type="checkbox"/> Yes	<input type="checkbox"/> No
f. Stroke		<input type="checkbox"/> Yes	<input type="checkbox"/> No
g. Parkinson's disease		<input type="checkbox"/> Yes	<input type="checkbox"/> No
h. Paralysis		<input type="checkbox"/> Yes	<input type="checkbox"/> No
i. Paraplegia or quadriplegia		<input type="checkbox"/> Yes	<input type="checkbox"/> No
j. Multiple sclerosis		<input type="checkbox"/> Yes	<input type="checkbox"/> No
k. Muscular dystrophy		<input type="checkbox"/> Yes	<input type="checkbox"/> No
l. Lou Gehrig's disease (ALS)		<input type="checkbox"/> Yes	<input type="checkbox"/> No
m. Cystic fibrosis		<input type="checkbox"/> Yes	<input type="checkbox"/> No
n. Huntington's disease		<input type="checkbox"/> Yes	<input type="checkbox"/> No

Contact Information

- Michael Ashwill
- mdashwill@bordenhamman.com
- Office: 214-420-4136
- Cell: 214-794-0014

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