



PROTECTION: A LONG-TERM CARE STRATEGY

How to prepare for life's unexpected turns



Meet Clara and Wade.

In sickness and in health. That's the vow Clara and Wade made to each other 45 years ago - to be there for one another, no matter what. But now that they're both 70, they may need some help should one of them suffer from:

- An illness
- An injury
- A physical or mental disability

For example, if Wade had a stroke and needed support after his hospitalization, could Clara physically help her 5' 11", 192-pound husband with such basic things as getting out of bed or bathing? The reality is that they may eventually need long-term care (LTC) for assistance either in their home or at a nursing facility for things they simply can't do for themselves.

Clara and Wade evaluated their options to pay for LTC should something happen:

1 Just use their retirement savings

Clara and Wade discussed simply tapping their retirement savings should something come up. But when they saw how expensive LTC could be, they realized that they could quickly exhaust their nest egg.

2 Use their existing health insurance

They already have insurance. Why not just use that? However, in looking at their health insurance policy and doing some research about their Medicare and Medicaid coverage, they noticed that most LTC needs might not be covered.

3 Buy traditional LTC insurance

If Wade and Clara were able to get approval for traditional long-term care insurance, what if they never used it? Most likely, any of their unused LTC insurance coverage wouldn't pass on to their kids.

Is there another option Clara and Wade should consider?

This is a solicitation of long-term care insurance by **Forethought Life Insurance Company** and an agent/insurance producer may contact you.

What is a fixed annuity?

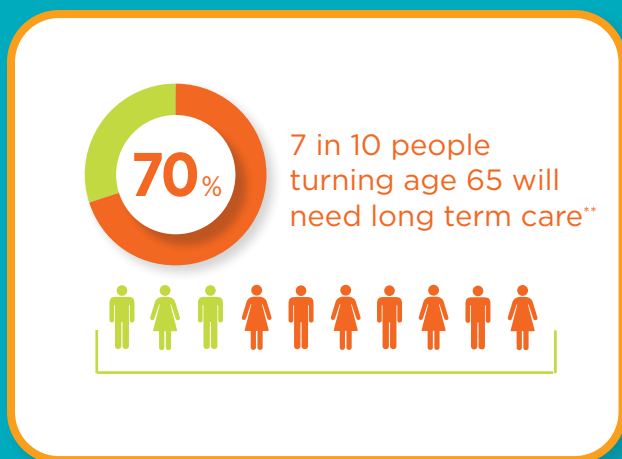
A fixed annuity like ForeCare offers Clara and Wade both protection and accumulation benefits, including:

- Tax-deferred growth where money grows faster by earning interest on dollars that would otherwise be paid in taxes.
- Minimum guaranteed interest rates.
- Principal protection from market losses.

What are some typical long-term care costs?

Long-term care can be expensive. Here are some average annual costs:*

- **\$74,820:** Semi-private nursing home room
- **\$30,660:** Home health aide (four hours/day)
- **\$27,740:** Homemaker services (four hours/day)



* "Cost of Care," U.S. Department of Health and Human Services, longtermcare.acl.gov/the-basics/who-needs-care.html, as of Feb 21, 2017. Costs are based on 12, 30-day monthly periods. Based on average U.S. costs from 2010.

** U.S. Department of Health and Human Services, longtermcare.gov, as of Feb 21, 2017

An alternative option: A ForeCare fixed annuity with long-term care benefits that offers growth potential, maximizes long-term care dollars and provides beneficiaries with any unused funds.

More care

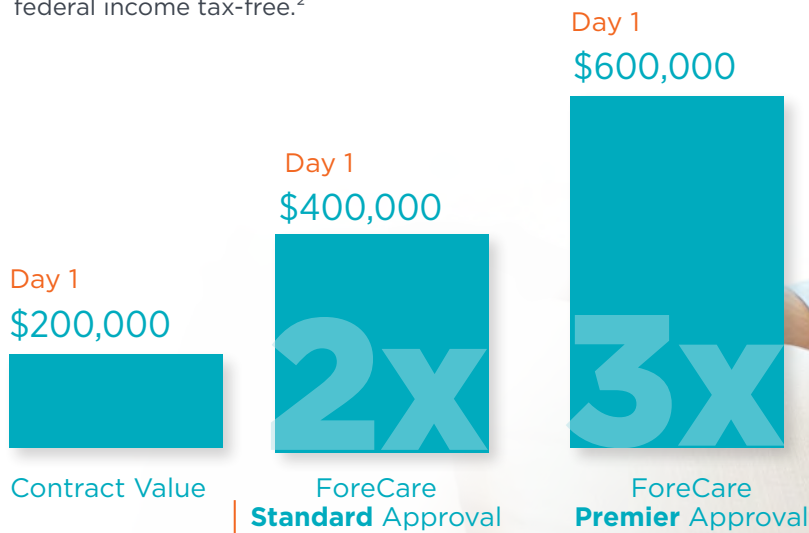
- If Clara and Wade use \$200,000 of their retirement savings to purchase a ForeCare annuity contract, they'd immediately get two- or three-times that amount for any qualified long-term care expenses, based on their approval. That'd be \$400,000 or \$600,000 available to them on day one.¹
- Plus, any of their withdrawals for qualified LTC needs will typically be federal income tax-free.²

More convenience

- The ForeCare underwriting process is streamlined - it usually takes about 30 minutes.
- 93% of applicants in 2016 were approved for ForeCare. Of those applicants approved:
 - 87% received Premier Approval: that's three times the amount of their ForeCare premium for LTC coverage.
 - 13% received Standard Approval: that's two times the amount of their ForeCare premium for LTC coverage.

More control

- With ForeCare, they can choose from the options their doctor prescribes. Whether they receive care at home or in an assisted living community, ForeCare affords them more control to choose what's best for their unique needs.
- If they don't use their contract value for long-term care benefits, they don't lose the money. Any remaining contract value passes to their beneficiaries as a death benefit.



Amount available for long-term care coverage

Let's compare two different options to prepare for long-term care.

Imagine that Wade has a massive stroke and after his hospitalization, he's unable to perform at least two activities of daily living (ADLs) such as eating and bathing. As a result, he needs a home health aide and homemaker services. After that, Wade needs additional care in a nursing home.

Option 1: Wade and Clara self-fund their LTC needs

Year 1



\$58,400: home health aide and homemaker services (4 hours a day each) for 12 months³

Of their \$200,000 LTC budget, only \$141,600 remains after year one.

Years 2 - 3



\$141,600: Cost for a semi-private nursing home room for less than two years³

Regardless of the status of Wade's recovery, they exhaust their money in just over 10 months in year three.

The result:

\$0

Dollars remaining for qualified LTC expenses

Option 2: Wade and Clara purchase ForeCare

Year 1



\$58,400: home health aide and homemaker services (4 hours a day each) for 12 months³

Before the incident, they received Premier Approval. Of their \$600,000 LTC coverage, \$541,600 remains after year one.⁴

Years 2 - 3



\$141,600: Cost for a semi-private nursing home room for less than two years³

At the end of year three, Wade and Clara still have \$400,000 of LTC coverage through ForeCare.⁴

The result:

\$400,000

Dollars remaining for qualified LTC expenses

This hypothetical example of a long-term care need is for illustrative purposes only and not intended to show the actual performance of a specific product.

¹ This is called the ForeCare Multiplier: it provides two or three times (depending on underwriting eligibility) the amount of contract value in long-term care coverage to spend on qualified long-term care expenses. Benefits are subject to a maximum monthly benefit. The additional coverage in excess of the Contract Value is only available to use for a qualified long-term care benefit and will not become part of the contract value or the death benefit. Withdrawals, other than for qualified long-term care expenses, will adversely affect the amount of coverage for long-term care benefits in the future.

This example assumes the optional inflation and nonforfeiture riders are not purchased. Note: California policies apply the multiplier to the initial premium, and not the current contract value.

² Pay no taxes on investment income growth assuming all funds are used to pay for qualified long-term care services, no non-qualified withdrawals are taken and no death benefit is paid.

What option did they choose?

With Premier Approval, **ForeCare** provides Clara and Wade with a \$600,000⁴ long-term care coverage that one or both of them can use for any qualified LTC expenses. This gives them more care, convenience and control than a typical LTC policy. Plus, any remaining contract value passed on to their beneficiaries (note that the contract value is different than the amount available for LTC coverage).

After talking it through, Clara and Wade choose the ForeCare fixed annuity with Long-Term Care benefits for:

- More money for their LTC expenses
- More convenience through a simple application process
- More control over where and how they receive their care

To learn more about ForeCare and how it may help you, ask your financial professional for a personalized ForeCare illustration and additional product details.

³ “Cost of Care,” U.S. Department of Health and Human Services, <https://longtermcare.acl.gov/costs-how-to-pay/costs-of-care.html>, as of Feb 21, 2017. Costs are based on 12, 30-day monthly periods. Average annual cost for home health aide is \$30,660, assuming four hours a day. Average annual cost for homemaker services is \$27,740, also assuming four hours a day. Based on average U.S. costs from 2010.

⁴ Assumes the following are not also purchased: the Optional Inflation Protection Benefit, or the Optional Nonforfeiture Benefit.

This strategy involves the purchase of a fixed annuity with a long-term care benefit provided for a charge. A fixed annuity is intended for retirement or other long-term needs. It is intended for a person who has sufficient cash or other liquid assets for living expenses and other unexpected emergencies, such as medical expenses. A fixed annuity is not a registered security or stock market investment.

There are a multitude of different products that may be accessed for retirement and long-term care needs. For example, stocks, bonds, mutual funds and variable annuities are securities and have different risk/reward characteristics, liquidity properties and tax consequences, particularly when compared to products such as CDs, savings accounts, money market accounts and fixed annuities. Certificate of Deposits (CDs) are bank products that are FDIC insured. Money Market funds are securities and are not FDIC insured and although these funds seek to preserve the value of an investment at \$1.00 per share, there is no guarantee they will maintain this value.

Repositioning of assets from an existing product into a ForeCare fixed annuity contract may not be suitable for all clients. Clients should carefully consider factors such as remaining surrender charge schedule, possible market value adjustments and LTC charges deductions as well as any other charges before determining if repositioning and/or exchanging of an existing annuity contract is right for their particular situation. State insurance replacement regulations may also apply.

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Guarantees are based on the claims-paying ability of Forethought Life Insurance Company and assume compliance with the product's benefit rules, as applicable.

Exclusions and Limitations

The qualified long-term care insurance rider has exclusions and limitations.

In addition to the above, no payment will be made for any room and board, care, treatment, services, equipment or other items:

Arizona - For expenses incurred for services or items to the extent that the expenses are reimbursable under Title XVIII of the Social Security Act or would be reimbursable but for the application of the deductible or coinsurance amount; or

Nebraska - The monthly payment of Long-Term Care Benefits upon an Insured's receipt of Qualified Long-Term Care Services, is subject to the applicable Elimination Period and Waiting Period, if any, while he or she is a Chronically Ill Individual. A waiting period is the period of time that this Rider must be in force before any Long-Term Care Benefits become payable under this Rider. The elimination Period is the days of care, as specified for each type of Covered Service, that an Insured must be a Chronically Ill Individual and must be receiving any Qualified Long-Term Care Services other than Respite Care Services, before We will pay Long-Term Care Benefits.

Other Information - For costs and further details of the coverage, including exclusions, any reductions or limitations and terms under which the contract may be continued in force, talk to your agent.

No payment will be made for any room and board, care, treatment, services, equipment or other items: (1) Provided by a member of an Insured's Immediate Family, unless: (a) He or she is a regular employee of the organization that is providing the services; and (b) Such organization receives payment for the services; and (c) He or she receives no compensation other than the normal compensation for employees in her or his job category; (2) For which no charge is normally made in the absence of insurance; (3) Provided outside of the United States of America, and its territories and possessions; (4) Provided by or in a Veterans Administration or federal government facility, unless required by law; (5) Due to an Insured's alcoholism or addiction to drugs or narcotics; but not addiction that results from the administration of those substances in accordance with the advice and written instructions of a duly licensed physician; or (6) Resulting, directly or indirectly, from: (a) War or act of war, whether declared or not; or (b) Attempted suicide or an intentionally self-inflicted injury.

The Rider for Long-Term Care Benefits is intended to be federally tax-qualified Long-Term Care Insurance. Tax treatment of long-term care coverage is complex and subject to change. As with all matters of a tax or legal nature, your clients should consult tax or legal counsel for advice. The qualified long-term care insurance rider has exclusions and limitations.

The Rider for Long-Term Care Benefits may be terminated by a written request from the Owner within the 30-day period following a Contract Anniversary. The Rider will also terminate: when the requirements specified for the insured are no longer met, when the Owner is changed, when the Contract is surrendered, upon the death of the last surviving insured, upon annuitization (if elected prior to the Maturity Date), on the Maturity Date, except 1) when annuitization is elected on the Maturity Date; and 2) when the Contract Value is \$0 but unused Long-Term Care Extended Benefit coverage is still available, or upon the date all Long-Term Care Benefits available under the rider have been paid.

ForeCare fixed annuity is issued by Forethought Life Insurance Company, 10 West Market Street, Suite 2300, Indianapolis, Indiana. Available in most states with contract FA1101SPDA-01 (certificate series GA1101SPDA-01, as applicable) with Rider for Long Term Care Benefits Form LTC2000-01, Optional Inflation Protection Benefit Rider Form LTC2001-01 and Optional Nonforfeiture Benefit Rider Form LTC2002-01 (certificate series LTCG2000-01, LTCG2001-01 and LTCG2002-01, as applicable). This is a solicitation of Long-Term Care insurance.

Products and features are subject to firm and state availability. Read the contract for complete details.

Taxable distributions (including certain deemed distributions) are subject to ordinary income taxes, and if made prior to age 59½, may also be subject to a 10% federal income tax penalty.

This information is written in connection with the promotion or marketing of the matter(s) addressed in this material. The information cannot be used or relied upon for the purpose of avoiding IRS penalties. These materials are not intended to provide tax, accounting or legal advice. As with all matters of a tax or legal nature, you should consult your tax or legal counsel for advice.

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Not a bank deposit	Not FDIC/NCUA insured	Not insured by any federal government agency	No bank guarantee	May lose value	Not a condition of any banking activity
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