

One Choice

can impact generations

You are only one choice away from changing your life and the lives of those you love.

ICC21 PM-1228
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Facing the issue – What is long-term care?*

1

Referred to as custodial care, long-term care, or extended health care

2

Not necessarily nursing home care — most prefer home health care if given the option

3

Requiring assistance with activities of daily living (ADLs) — or a severe cognitive impairment.

Bathing
Eating
Dressing

Transferring
Toileting
Continence

The goal of long-term care is not to cure an illness, but to give an individual an optimal level of functioning. Long-term care includes a variety of medical, social, personal, supportive and specialized services needed by those who have lost some capacity for self-care because of a chronic illness or disabling condition.

** In OR convalescent care*

Facts & Figures

National average cost of care in 2020

Adult Day Health Care	\$1,603 month / \$19,236 annual
Assisted Living Facility	\$4,300 month / \$51,600 annual
Homemaker Health Aide	\$4,576 month / \$54,912 annual
Nursing Home Care – <i>semi-private room</i>	\$7,756 month / \$93,072 annual
Nursing Home Care – <i>private room</i>	\$8,821 month / \$105,852 annual

Source: Genworth 2020 Cost of Care Survey <https://www.genworth.com/aging-and-you/finances/cost-of-care.html>. 02/12/21

Facts & Figures

2.2 years¹

Average length of LTC need for Men

3.7 years¹

Average length of LTC need for Women

8 years²

Average length of LTC event for an Alzheimer's diagnosis

1. "How Much Care Will You Need?" LongTermCare.gov. U.S. Department of Health and Human Services. <https://longtermcare.acl.gov/the-basics/how-much-care-will-you-need.html>. Last modified 10/15/2020. 2. Alzheimer's Association. 2020 Alzheimer's Disease Facts and Figures. Alzheimer's Association. <https://www.alz.org/media/Documents/alzheimers-facts-and-figures.pdf>

Facts & Figures

Company	Largest claim (Male)	Total cost	Largest claim (Female)	Total cost
1	14 years, 2 months	\$2,276,381	16 years, 6 months	\$2,329,333
2	19 years, 3 months	\$2,205,800	15 years, 4 months	\$2,636,417
3	16 years, 2 months	\$2,091,083	9 years, 10 months	\$1,727,594
4	15 years, 8 months	\$1,700,000	14 years, 6 months	\$2,000,000
5	14 years, 3 months	\$1,461,256	11 years, 7 months	\$2,012,385
6	15 years, 4 months	\$1,413,934	15 years, 6 months	\$1,499,601
7	13 years, 2 months	\$1,179,502	18 years, 1 month	\$1,316,417

Source: <http://www.aaltci.org/long-term-care-insurance/learning-center//ltcfacts-2019.php#2019end>. November 2019

Facts & Figures

1

Higher demand

Number of people
needing care at the
same time

2

Longer life spans

Life expectancy
increases can result in
higher costs

3

Family dynamics

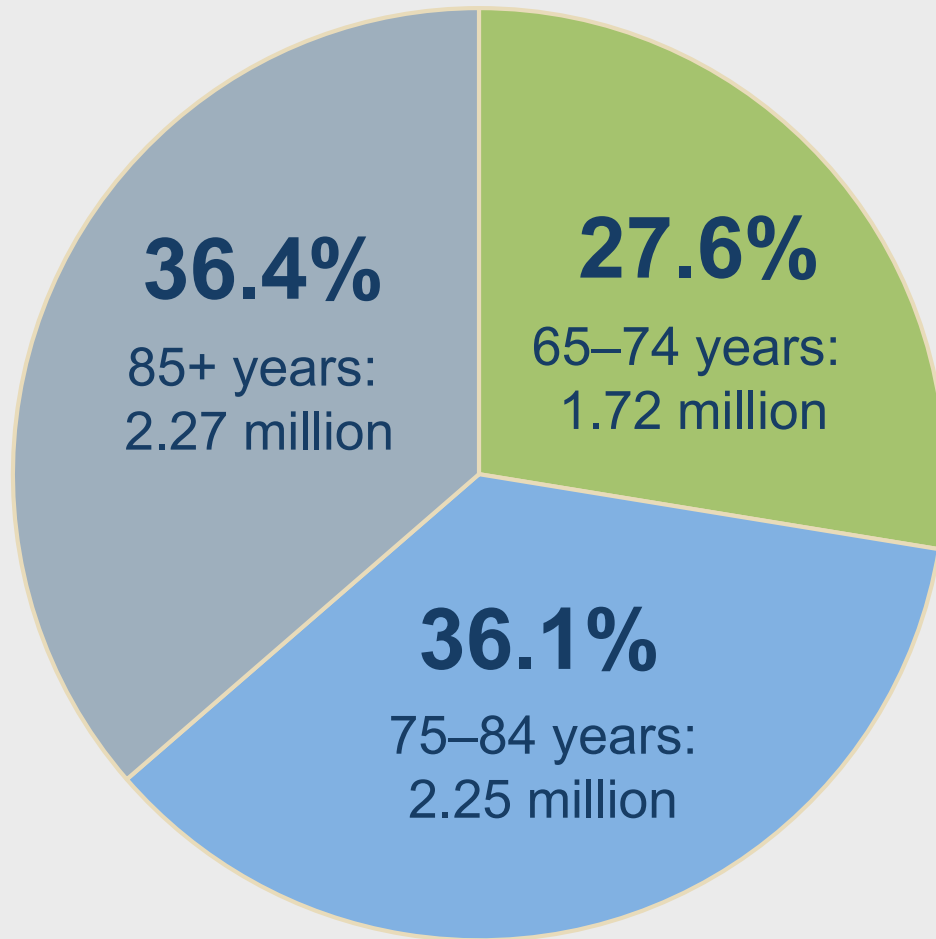
Who is providing care
now?

4

Government

What programs will be
available? Who will qualify?

Facts & Figures



Number and ages of people 65 or older with Alzheimer's Dementia, 2021

Source: <https://www.alz.org/media/Documents/alzheimers-facts-and-figures.pdf>, page 19, 2021. Percentages do not total 100 due to rounding.

Facts & Figures

6.2 million

Americans age 65+
that have Alzheimer's
disease in 2021

12.7 million

Americans 65+
projected to live with
Alzheimer's by 2050

Source: 2021 Alzheimer's Disease Facts and Figures. Alzheimer's Association.
<https://www.alz.org/media/Documents/alzheimers-facts-and-figures.pdf>. Published 2021.

Facts & Figures

70%

An American turning 65 today has an almost 70% chance of requiring LTC services in their lifetimes.

20%

And of those needing care, 20% will need it for longer than five years

Source: <https://acl.gov/ltc/basic-needs/how-much-care-will-you-need>. Last modified: 02/18/2020



You may not need care,
but if you do...

how will it affect your family?

Potential impact on spouses

Emotional impacts:

- Depression
- Mourning loss of previous life

Physical challenges:

- Excess stress
- Poor sleep, increased blood pressure, weight gain or loss, headaches, etc.
- Trouble physically helping due to size difference

Financial impacts

- Potential decline in retirement assets due to paying for spouse's care
- Budget adjustments due to increased spending on long-term care monthly bills

Potential impact on adult children

Emotional impacts:

- Caregivers may suffer from increased depression and stress.
- More likely to have substance abuse or dependence, and chronic disease.
- They describe feeling frustrated, angry, drained, guilty or helpless as a result of providing care.

Physical challenges:

- Caregivers are in worse health.
- Caregivers have lower levels of self-care.

Lifestyle challenges:

- Potential for marriage strain due to amount of time taking care of parent
- Financial losses due to potentially putting career on hold
- Less time in raising their own children

Source: <https://www.caregiving.org/caregiving-in-the-us-2020>

Potential impact on siblings

Lack of model to work together

- Some families may be able to work it out while others struggle
- Siblings may have different ideas about what the parent needs

Tension and resentment — may have fights over caregiving

Sibling caregiver who lives nearby

Sibling that doesn't work or needs a place to stay

- needs expectations spelled out clearly to avoid fighting

Potential impact on friends

If you are single and have no family nearby — you'll need to plan.

Who will be designated to care for you and are they ready and able to accept that responsibility?

Who will look out for you financially?

- Make sure bills for care are paid regularly and on time
- Plans available to handle bill administration

And if you do
need care...

how will you pay for it?



Finances – three ways to pay

1

Taxpayer assistance

- Differences between Medicare and Medicaid
- Requires spending down assets and/or income in order to qualify

2

Traditional Long-term Care Insurance

- Transferring risk to an insurance company is appropriate
- Many have not purchased for many reasons

3

Pay out of pocket

- Self-funding

Impact on income

Most believe they have “plenty of assets”.

Isn't a one-time payment

Ongoing monthly bill without an exact end date.

Income to fill this gap?

Long-term care is an income problem; not an asset problem.

Impact of self-funding

Liquidate assets faster than intended

Ripple effect on other planning

Spouse with retirement lifestyle less than desirable

Leaving children with little to no inheritance

Not efficient use of tax incentives to leverage own assets

Tax-free money to help pay



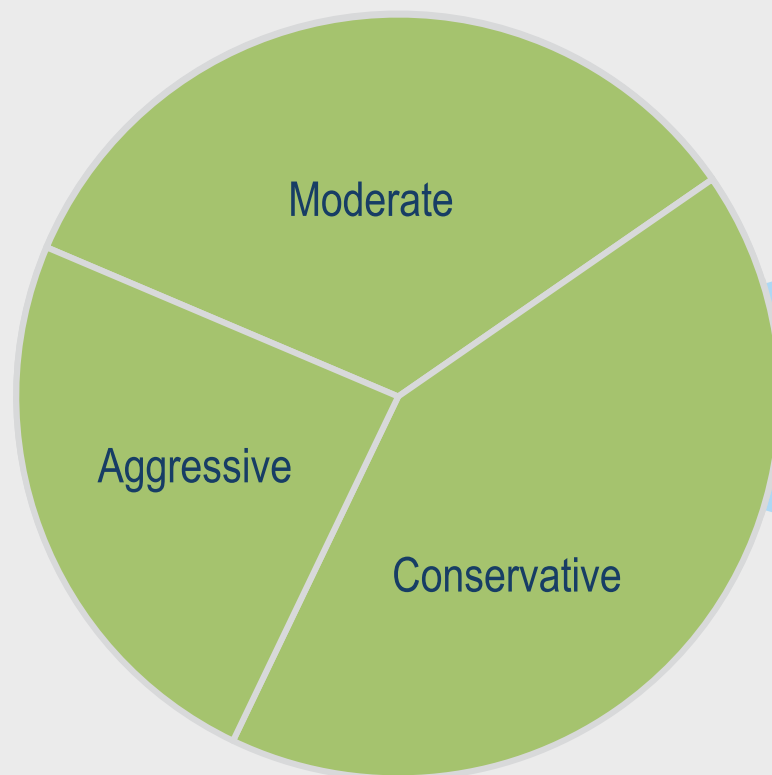
HIPAA Law of 1996

Gave tax-free use of life insurance death benefit to be used while living for qualifying long-term care expenses.

Pension Protection Act of 2006

Extended the HIPAA Law to certain annuities to be used for long-term care expenses tax-free.

How asset-based LTC works



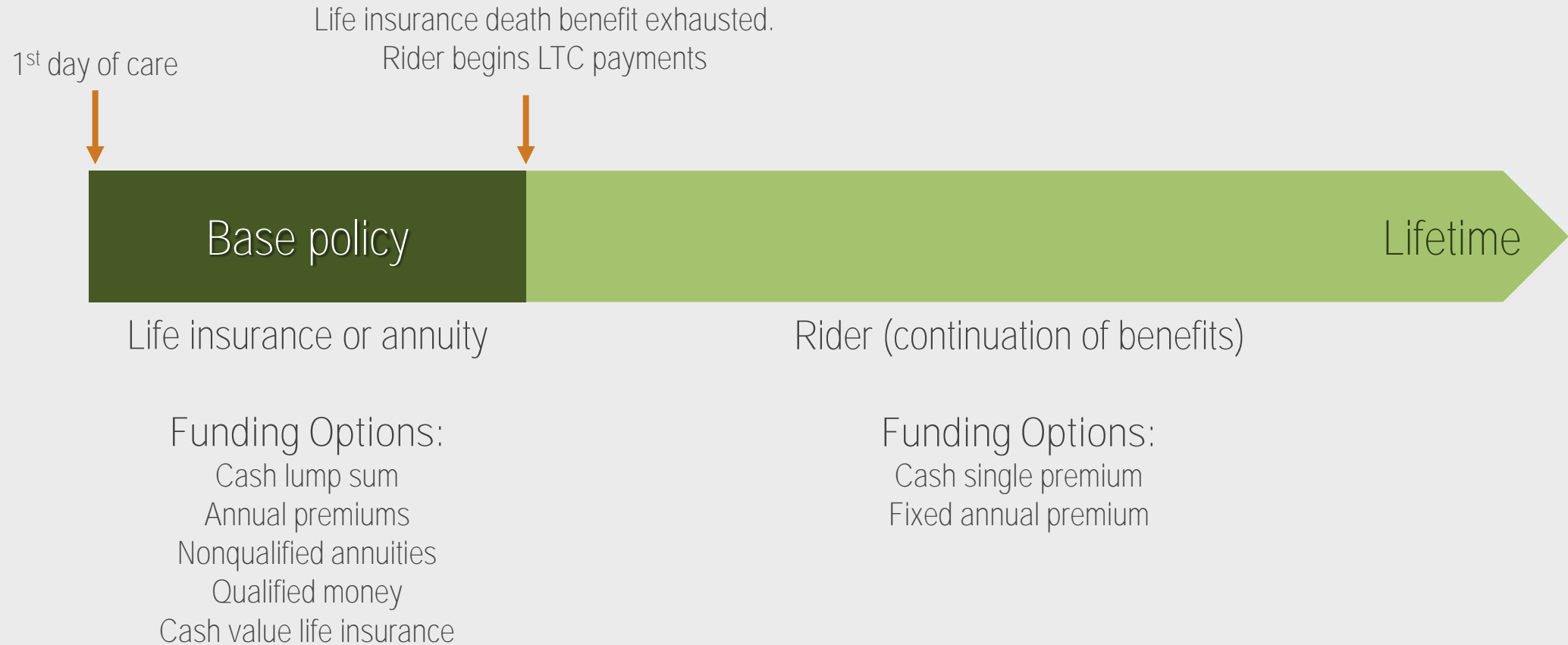
LIFETIME

**TO PAY FOR THE ENTIRE
LENGTH OF CARE**

Typical portfolio assets:

- **Aggressive** — assets positioned for significant growth with the acceptance of the risk of loss of principal
- **Moderate** — assets positioned for some growth with the acceptance of some downside risk
- **Conservative** — assets positioned for conservation of principal — often with guarantees

How asset-based LTC works



Life Insurance hypothetical examples

Funding with Savings

Hypothetical example
Male, age 60
Female, age 60

\$100,000 single premium



Base policy

Lifetime

\$40,933 per year EACH — lifetime LTC income to pay for care expenses

\$81,866 per year for BOTH — lifetime LTC income to pay for care expenses

Investing \$100,000 @ 40.9% guaranteed - would generate \$40,933 for lifetime for one

Investing \$100,000 @ 81.8% guaranteed - would generate \$81,866 for lifetime for both

Funding with Income

Hypothetical example
Male, age 49
Female, age 48

\$4,509 annual premium

\$2,684 \$1,826 (using HSA)

Base policy

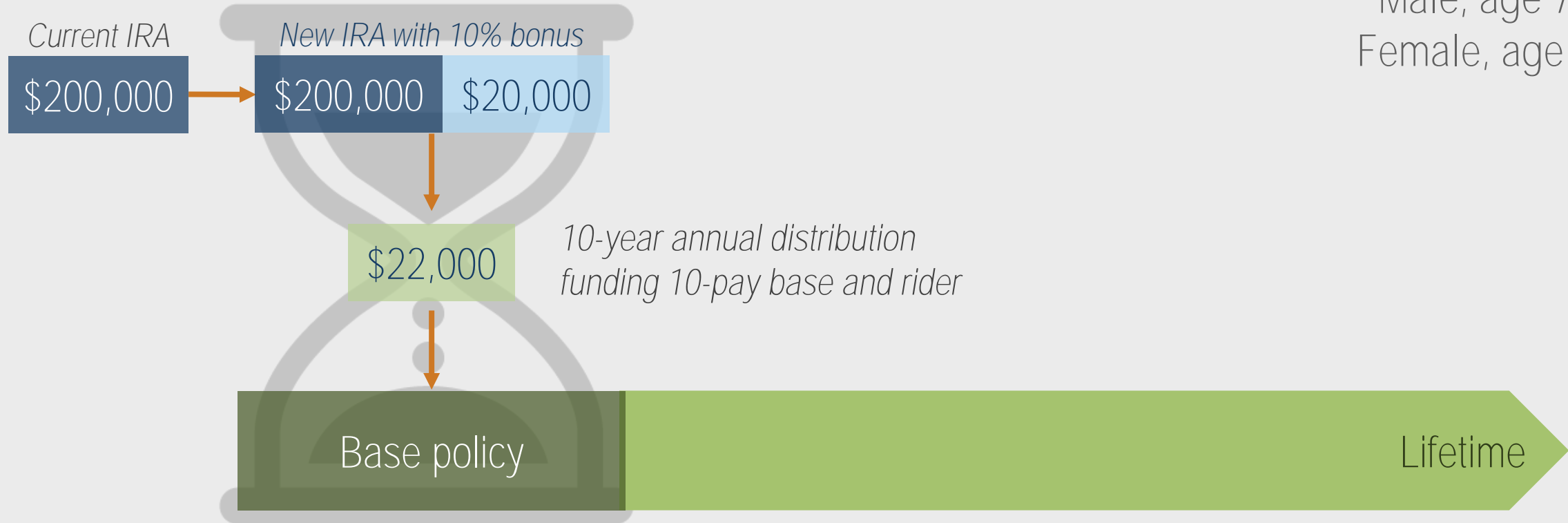
Lifetime

\$54,000 per year EACH — Lifetime LTC income to pay for care expenses

\$108,000 per year for BOTH — Lifetime LTC income to pay for care expenses

Funding with an IRA

Hypothetical example
Male, age 70
Female, age 71



\$52,656 per year EACH — Lifetime LTC income to pay for care expenses

\$105,312 per year for BOTH — Lifetime LTC income to pay for care expenses

***The Annuity Funded Asset Care policy moves money to an IRA annuity. The annuity then pays an upfront bonus that has an income rider which is 1/10th of the annuity value over 10 years. It is a bonus on an annuity and no additional premium is required.**



Annuity hypothetical examples

Funding with an Existing Annuity

Hypothetical example
Female, age 71

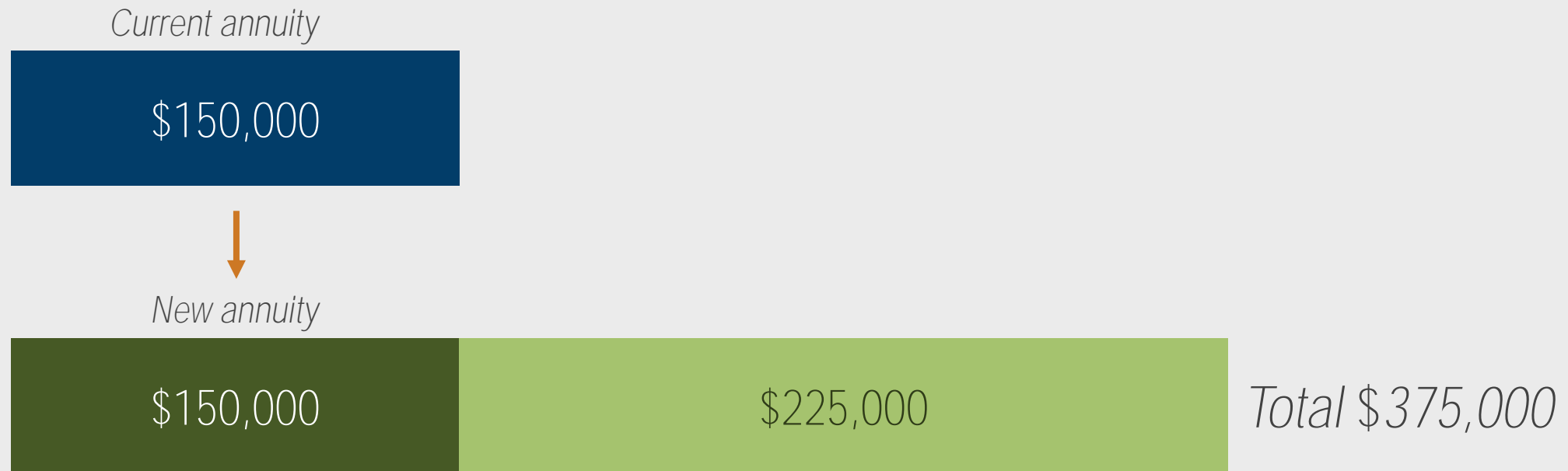


\$59,676 per year — lifetime LTC income to pay for care expenses

Investing \$200,000 @ 29.8% every year would generate \$59,676 for lifetime

Funding with an Existing Annuity

Hypothetical example
Male, age 63



\$6,248 per month — 60 months LTC income to pay for care expenses

\$74,976 per year — 5 years LTC income to pay for care expenses

Funding with an Existing Annuity

Hypothetical example
Female, age 75



\$4,209 per month — Lifetime LTC income to pay for care expenses
\$50,508 per year — Lifetime LTC income to pay for care expenses



Fork in the road?

You have choices!

Explore your options

Whatever your plan might be, begin now....

You are only one
choice away from
changing your life...
and for those you love.



Let's explore all of your choices today!

[To schedule an appointment, contact:]

- [First Name Last Name]
- [Company Name]
- [Insurance License # [XXX]]
- [Phone]
- [Email]

Disclosures

Products are issued and underwritten by The State Life Insurance Company® (State Life), Indianapolis, IN, a OneAmerica company that offers the Care Solutions product suite. Asset Care Form numbers: ICC18 L302, ICC18 L302 JT, ICC18 L302 SP, ICC18 L302 SP JT, ICC18 R537, ICC18 R538, ICC18 SA39 and ICC18 R540; L302, L302 JT, L302 SP, L302 SP JT, R537, R538, SA39 and R540. Annuity Care and Annuity Care II Form numbers: SA34, R508; SA35; ICC15 SA35, ICC15 R521 PPA ND, ICC15 R521 PPA, ICC15 R522 PPA. Indexed Annuity Care Form numbers: SA36, R529 PPA, R529, R530 PPA and R530; ICC14 SA36, ICC14 R529 PPA, ICC14 R529, ICC14 R530 PPA & ICC14 R530. In ID: SA34, R508; SA35 (ID). Not available in all states or may vary by state.

This is a solicitation of insurance. An insurance agent or insurance company will contact you. To be eligible for benefits, the covered person must be a chronically ill individual with qualified long-term care services provided pursuant to a plan of care prescribed by a licensed health care practitioner. The insurance company will do limited medical underwriting to determine if an applicant(s) is/are eligible for coverage.

Disclosures

No medical exams are required for the Annuity Care products. Asset Care may require a medical exam depending on age and face amount. The policies and long-term care insurance riders have exclusions and limitations. For cost and complete details of coverage, contact your insurance agent or company. All numeric examples and any individuals shown are hypothetical and were used for explanatory purposes only. Actual results may vary.

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