Care Solutions Product Suite: Choosing Options for your Clients
Disclosures

As personal situations change, so will an individual’s life insurance needs. Care should be taken to ensure this product is acceptable for long-term life insurance needs. Any associated costs should be considered before making a purchase. Life insurance has fees and charges that include costs of insurance which vary based on gender, health, and age, and has additional charge for riders.

A fixed annuity is a long-term, tax-deferred insurance contract designed to create a fixed stream of income through a process called annuitization while providing a fixed rate of return. Withdrawals from fixed annuities may be subject to surrender charges and ordinary income taxes. If a withdrawal is made prior to age 59 ½, an additional 10% tax penalty may apply.

Products issued and underwritten by The State Life Insurance Company® (State Life), Indianapolis, IN, a OneAmerica company that offers the Care Solutions product suite.

Any individuals used in scenarios are fictitious and all numeric examples are hypothetical and were used for explanatory purposes only.
Riders are optional and carry an additional cost. The long-term advantage of an optional benefit will vary with the terms of the benefit option and the length of time the product is owned. As a result, in some circumstances, the cost of an option may exceed the actual benefit paid under the option.

Please note that the replacement of an existing annuity must not be made unless all factors are weighed and it is documented as suitable for the client.

Policy form series Asset-Care: L301, SA31, R501, L301 (FL), SA31 (FL) 1, R501 (FL), R509 (FL); Annuity Care: SA34, R508, SA34 (FL) 1, R504 (FL) TQ, R505 (FL), R505 (FL) TQ, SA34 (TX)-R; Annuity Care II: SA35, SA35 (ID), SA35 (FL) 1, R521 (FL), R522 (FL), SA35 (TX); Indexed Annuity Care: SA36, ICC14 SA36, R529, R529 PPA, ICC14 R529 PPA, ICC14 R529 R530, R530 PPA, ICC14 R530 PPA, ICC14 R530. Not available in all states or may vary by state.

All guaranteed are subject to the claims paying ability of State Life.

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Product Suite Overview Agenda

- Update on costs; Length of care
- Trends impacting costs
- Two questions every financial professional should ask
- Concept of Asset-Based LTC
- Product suite overview
- Concept of Asset-Care
- Concept of Annuity Care
Cost of Care

The Average Cost of Long-Term Care in the United States in 2014: • $223/day or $6,691/month for a semi-private room in a nursing home • $240/day or $7,300/month for a private room in a nursing home • $3,500/month for care in an assisted living facility (one-bedroom unit) • $20/hour for a home health aide •

Source: Genworth Financial, www.genworth.gov; April 22, 2015

$87,600 per year for private room in 2014

- If medical inflation is @ 3.5%

In 10 yrs with inflation = $123,568 per year

In 20 yrs with inflation = $174,305 per year

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Trends Affecting Costs

**Baby Boomers** – Number of people needing care at the same time

**Medical Technology** – Life expectancy increasing – Costs more

**Family Dynamics** – Who is providing care now?

**Government** – What programs will be available? Who will qualify?
Average Cost of Care

Estimated cost in 20 years based on averages:
- $174,305 per yr @ 2.2 yrs for men = $383,471
- $174,305 per yr @ 3.7 yrs for women = $644,928
- $174,305 per yr @ 8 yrs for Alzheimer’s = $1,394,440

According to the national long-term care clearinghouse:
About 70% of individuals over age 65 will require at least some type of long-term care service during their lifetime¹

Of all Americans age 65 and up today, 1-in-5 will require LTC services for 5 or more years.²


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Two Questions Every Financial Professional Should Ask Their Clients

1. You may never need care, but if you did, how will that affect your family?
   - Spouse?
   - Adult children?
   - Family Dynamics?
   - Finances?

2. And... if you did need care, how will you pay for it?
   - Government?
   - LTC insurance?
   - Self fund?

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Concept of Asset-Based LTC

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

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# Care Solutions

<table>
<thead>
<tr>
<th><strong>Asset-Care®</strong></th>
<th>Whole life insurance with LTC benefits</th>
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<tbody>
<tr>
<td>Asset-Care I</td>
<td>(Single Premium) Cash or cash equivalents</td>
</tr>
<tr>
<td>Asset-Care III</td>
<td>(Single Premium) Qualified money via direct rollover</td>
</tr>
<tr>
<td>Asset-Care IV</td>
<td>(Annual Premium) 10 years pay up to 20 years pay or whole life pay</td>
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# Asset-Care I example:
## Joint contract 60 & 60

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<th>Continuation of Benefits Rider is optional</th>
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<td>$125,000 → $250,000</td>
<td>$250,000</td>
</tr>
<tr>
<td>50 months</td>
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<tr>
<td>$5,000 per person</td>
<td>= $500,000</td>
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LIFETIME

$3,000 / year

Premiums guaranteed!

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Asset-Care Concept

**Base**

Base Policy

Ages: 35-80
Single or Joint

**FUNDING**
Cash, CDs, 1035 Life
Non-Qualified Annuity
Qualified Annuity
10 Pay through 20-Pay
Whole Life Pay

Cash Value & Death Benefit
Inflation options
2% Acceleration (50 months)
3% Acceleration (33 months)
4% Acceleration (25 months)

**Rider**

or

**Rider**

LIFETIME

Rider Policy

Ages: 35-80
10-Pay, 20-Pay, Annual Pay, Single Pay
Non-cancelable Premiums
Inflation options
Additional 50, 33, or 25 mos (matching Base)
Lifetime (Unlimited)
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# Care Solutions Product Suite

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Concept of Annuity Asset-Based LTC

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
Annuity Care & Indexed Annuity Care

**Base**

Base Policy

Ages: 40-85
Single or Joint

FUNDING
Cash, CDs, 1035 Life
Non-Qualified Annuity

24 months (Indexed single)
30 months (Indexed joint)
36 months (Annuity Care)
No Interview on base only

**Rider**

Rider Policy

Ages: 40-85
Annual Pay, Single Pay
Non-cancelable Premiums
Inflation options
Additional 24 & 48 months (Indexed single)
Additional 30 & 60 months (Indexed joint)
Additional 36 months (Annuity Care)
Lifetime (Annuity Care & Indexed)
Requires Teleinterview for Continuation of Benefits Rider
Annuity Care II

**Base Policy**
- Ages: 40-80
- Deferred, Fixed Annuity
- Single: 24 month for LTC
- Joint: 30 month for LTC
- Cash, Non-Qualified Annuities: tax-free for qualifying LTC expenses
- Teleinterview required
- Monthly charges to pay for Rider

**Rider Policy INCLUDED**
- Ages: 40-80
- Non-cancelable Premiums
- Inflation available
- 36 months up to age 80
- 72 months up to age 75
- 108 months up to age 70
- Monthly Rider charges taken from Base annuity

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