

NATIONWIDE LIFE AND ANNUITY
INSURANCE COMPANY



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is on your side

LONG-TERM CARE PLANNING

YOUR 5-MINUTE GUIDE

Planning now
puts you in
control later



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For some people, the words “long-term care” may bring to mind the image of a nursing home. But really, long-term care is a wide range of services and other support you may need to get through basic and personal tasks of everyday life as you get older.

And putting a plan in place now — as you would for any other future financial need — can help prevent potential long-term care expenses from impacting your family and finances later on.

Care should be taken to ensure the coverage you select is suitable for your long-term insurance needs. You should weigh any associated costs before making a purchase. If you choose a long-term care policy that is combined with life insurance, remember that life insurance has fees and charges associated with it that include costs of insurance that vary with your sex, health and age, and has additional charges for riders that customize a policy to fit your individual needs.

A long-term care policy may have exclusions, limitations, reductions of benefits and terms under which the policy may be continued in force or discontinued. For more details on cost and coverage options, contact your insurance professional.

- Not a deposit • Not FDIC or NCUSIF insured
- Not guaranteed by the institution
- Not insured by any federal government agency • May lose value

What are the odds?

Around 70% of all Americans age 65 and older will need long-term care at some point in their lives.¹



And the cost of LTC can be staggering.

In fact, it's estimated that one year of home health care — which costs around \$45,000 a year today² — will cost over \$72,000 by the year 2034 (assumes a 2.4% rate of inflation).

2014



2034



..... Home health care median annual rate

Putting a plan in place now to address these expenses can give you the freedom to select the services and providers you want later on. And it may even extend the length of time you're able to remain in your home.

¹ *Medicare & You 2015*, U.S. Department of Health and Human Services, December 2014.

² *Cost of Care Survey 2014*, Genworth Financial, March 2014.

Know your options

There are many misconceptions surrounding how long-term care expenses will be covered. So, the first step in creating a plan is to know what your funding options really are:

Health insurance and Social Security

DO NOT cover long-term care expenses

Medicare

May cover a portion of long-term care costs, but only up to 100 days. Requires a three-consecutive-day stay in hospital under treatment, as well as other qualifiers.

Medicaid

Covers long-term care expenses for individuals with assets of \$2,000 or less (varies by state); care may be limited to a nursing home

Adult children

Many people assume their adult children will care for them later in life, but this presents a huge financial, physical and emotional burden that some people aren't willing or able to take on

Out of pocket

Using income and savings or selling assets may be an option; however, considering the median annual cost for a private room in a nursing home is \$87,600,³ it may not be a very efficient option

Long-term care coverage

Long-term care coverage is simply a way to protect yourself and your assets from the potentially devastating impact of a long-term care expense

³ *Cost of Care Survey 2014*, Genworth Financial, March 2014.

Select the product that fits your needs

If you and your insurance professional decide that long-term care coverage is right for you, here are three common types of products to choose from.

- **Life insurance policies with a LTC rider:** Consider this option if you're most concerned with leaving a legacy or caring for loved ones when you pass, but would still like to have access to the death benefit yourself if long-term care needs should arise; premiums are flexible and can be guaranteed with certain solutions
- **Linked benefit policies:** If you are primarily concerned with LTC coverage and have less need for life insurance coverage, then a linked benefit LTC policy may be a good option for you; they offer an extension of LTC benefits beyond the life insurance coverage; premiums are guaranteed never to increase and are typically funded with a single premium or limited pay
- **Stand-alone policies:** If you don't need additional life insurance coverage and desire LTC coverage with lower premiums compared to other policies, then a stand-alone LTC policy may be right for you (please note that premiums may increase numerous times in the future, and there are no policy benefits other than LTC coverage)

Keep in mind that as an acceleration of the death benefit, the LTC rider payout will reduce both the death benefit and cash surrender values of life insurance policies. Care should be taken to make sure that your life insurance needs continue to be met even if the rider pays out in full. There is no guarantee that the rider will cover the entire cost for all of the insured's long-term care as these vary with the needs of each insured. Long-term care riders may not be available in every state and have an additional charge associated with them. A life insurance purchase should be based on the life policy, and not optional riders or features. The cost of a rider may exceed the actual benefit paid under the rider.

How benefits are paid

If you and your insurance professional decide that long-term care coverage is right for you, there are two common types of benefit plans available to choose from.

REIMBURSEMENT-STYLE

With a reimbursement-style policy, which is the most common, the policyowner (or care provider) submits bills or receipts to the insurance carrier for approval. If approved, the insurance carrier then reimburses the exact amount of the bill on a monthly basis, up to the amount the insured qualifies for, but never more.

CASH INDEMNITY-STYLE

In contrast, cash indemnity-style policies pay the policyowner directly each month, without requiring monthly bills or receipts. Because the monthly benefit amount is sent to the policyowner, it offers the flexibility to use the funds for individualized care needs, including:

- Home safety improvements
- Prescription medications
- Massage therapy
- Home maintenance or yard work

Don't leave your future up to chance

Taking control of your future long-term care expenses can be as simple as having a plan. Ask your insurance professional for more information about long-term care coverage today.

The insurance professional or company may contact you in response to your request for additional information.

Why Nationwide®?

As a stable, Midwestern company with more than 85 years of experience, we're conservative by nature. And, because we're in the business of offering annuities, life insurance, retirement plans and mutual funds, we know risk management and take many steps to protect our policyholders.

We're proud of the company we keep and the company we've built along the way. Nationwide is a Fortune 100 company⁴ with more than 30,000 associates, making us one of the largest financial services companies in America. Through the years, we've worked hard to build things you can rely on:

- Diversified sources of earnings and cash flows
- A strong balance sheet
- A sound and disciplined investment policy
- A long history of maintaining a quality investment portfolio

Spend some time with us, and you'll quickly see a difference. Our conservative, family-based culture allows us to bring a unique brand of personalized service to our customers.

⁴ Based on revenue, Fortune magazine (6/15).



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