

Long-Term Care Rider  
Available on Income Advantage<sup>SM</sup> IUL and  
Life Protection Advantage<sup>SM</sup> IUL policies

## Get More Out of Life

With a Long-Term Care Rider



### Planning for Long-Term Care Needs – Another Option

Almost 70 percent of people over age 65 will require chronic care later in life – for an average of three years. Plus, 20 percent of those individuals will need that care for longer than five years.\*

And, oh, by the way: long-term care services can be expensive. In fact, based on national average costs, people can expect to pay more than \$85,000 per year for a semiprivate room in a nursing home\*\* – and that figure is expected to keep rising.

### So, why haven't your clients purchased long-term care insurance yet?

Some may not realize they need it. In fact, most don't. That is, until they've experienced a parent or grandparent depleting their assets to pay for long-term care services. Perhaps that parent or grandparent even had to rely on family members to provide the care they couldn't afford.

Others have a hard time making the purchase because they're still young and can't imagine themselves in a nursing home or assisted living facility. At this point in their lives, they only see the long-term care insurance premiums as an expense. They may be thinking:

- If I purchase long-term care coverage now, will I be paying for it longer than I need to?
- If I purchase long-term care insurance, will I have spent my money on something I may never end up needing?

This kind of thinking can lead younger clients to postpone their long-term care planning.

However, by failing to plan, your clients face a bigger risk: the possibility of developing a condition that prevents them from qualifying for long-term care insurance once they're ready to purchase it.

There is, however, another option. Your younger clients with a need for life insurance can purchase a life insurance policy with a long-term care rider.



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## Case Study

Here's an example of how a long-term care rider on a life insurance policy would work for Bob, who is a healthy 40-year-old male:

- Bob purchases a \$500,000 Life Protection Advantage<sup>SM</sup> indexed universal life insurance policy and plans to pay \$275 per month
- This policy provides his loved ones with a sum of money at his death
- He also purchases an LTC Rider. For his maximum rider benefits, he selects:
  - a cumulative LTC benefit of \$500,000, which allows him to access his entire life insurance death benefit early for long-term care services
  - a monthly LTC benefit of 2 percent, which allows him to receive up to \$10,000 (2 percent of \$500,000) to reimburse his covered long-term care expenses
- If Bob dies at age 50, his beneficiaries will receive the full \$500,000 death benefit (\$467,000 more than his \$33,000 total premiums paid)
- If Bob dies at age 60 before needing long-term care, his beneficiaries will receive the full \$500,000 death benefit (\$434,000 more than the \$66,000 total premiums paid)
- If Bob needs long-term care at age 70, uses two years of maximum benefits and then dies, he will have taken \$240,000 in long-term care rider benefits. The remaining \$260,000 will be paid to his beneficiaries as a death benefit. In addition, he will have kept his estate intact because he didn't have to tap into his personal assets to pay for his long-term care.
- If Bob needs long-term care at age 70 and uses the full \$500,000 death benefit to reimburse himself for long-term care services, he will stop receiving benefits. At this point, Bob will have to tap into his personal assets to pay for his long-term care, but by having the life insurance policy, he didn't have to tap into \$500,000 of his personal assets for at least four years.



When you talk to clients about life insurance, be sure they understand the importance of planning ahead for long-term care services. Fortunately, you have a solution – an IUL policy with the LTC Rider – that can cover both planning needs in one policy.

\* Source: U.S. Department of Health and Human Services, National Clearinghouse for Long-Term Care Information, October 2017.

\*\* Source: Mutual of Omaha's Cost of Care Study, conducted by Long-Term Care Group, 2015, released 2016.