Presenting Asset-Care® to your clients
How to present Asset-Care®

Step 1: Starting the conversation
Talk with your client(s) about their plan for funding long-term care expenses. Many have dollars set aside for such an event, but have done no further planning. It is important that they understand their responsibilities and potential risk.

Why is long-term care planning important?
• 69% of today’s 65 year olds will eventually need long-term care¹
• Less than 10% of 65 year olds have purchased a long-term care policy²

How do people pay for long-term care?
• From assets
• From insurance
• From the government

Doesn’t Medicare pay for long-term care?
• Generally, Medicare doesn’t pay for long-term care. Medicare pays only for medically necessary skilled nursing facility or home health care. However, you must meet certain conditions for Medicare to pay for these types of care.
• Most long-term care is to assist people with activities of daily living like dressing, bathing and using the bathroom. Medicare doesn’t pay for this type of care called “custodial care.”

What about Medicaid?
• You must qualify in order to receive Medicaid benefits. The amount of assets a person has and the amount of their income is used to determine eligibility. Generally, individuals must “spend down” their own assets first.
• It’s been said, “he who pays the piper calls the tune.” Do your clients want someone else (the government) controlling the care they receive?

Step 2: How much coverage is enough?
• The average nursing home costs $74,000 a year³
• 11% of today’s 65 year olds will spend between $100,000 and $250,000 for care⁴
• An additional 5% will spend over $250,000⁴
• These are not static costs, they will rise in the future
• These factors and other sources of income should be considered in an overall long-term care plan.

Step 3: Why Asset-Care?
• If your clients have not yet purchased long-term care insurance, by default they will use existing assets to fund any long-term care needs. Asset-Care allows clients to leverage assets for the purpose of LTC with the added value of a death benefit, while still realizing cash value growth.
• Asset-Care can be funded from many sources, including qualified money, non-qualified annuities, and cash equivalents such as CD, money market funds and savings.
• Asset-Care’s optional continuation of benefits rider can extend benefits up to lifetime with premiums that can never increase.
• If clients ask, “What if we never need LTC,” Asset-Care provides a “win-win” approach in that unused LTC coverage passes as a life insurance death benefit.

Step 4: Which asset should be used to fund Asset-Care?
Often, simply asking “If you need long-term care tomorrow, what asset would you use to pay for it?” can help you determine this. Asset-Care provides your clients with the flexibility to use almost any asset as premium. After examining your client’s overall financial picture, determine the asset(s) not needed for income which may be better served in a vehicle providing long-term care protection and the benefits of life insurance wealth transfer. Common funding sources include:
• Savings, CDs or money market accounts
• (Asset-Care I)
• Existing non-qualified annuities (Asset-Care II)
• IRAs, 401(k)s and other qualified monies
• (Asset-Care III)
• Existing cash value life insurance (Asset-Care I or II)

Step 5: Help your clients understand how Asset-Care works
Every prospective Asset-Care client should be presented with an illustration, outline of coverage and long-term care shopper’s guide. To help your clients further visualize what Asset-Care can do, it is also recommended that they be provided with a completed Asset-Care worksheet.

1. Department of Health and Human Services, 2006
2. Financial Planning, April 2010
Asset-Care I

1. Complete the circle under “Current taxable account.”
   This represents an asset (dollar amount) your client could use as Asset-Care I premium. Examples include CDs, savings and money market accounts.

2. Complete the circle under “Asset-Care premium.”
   This represents the premium amount for Asset-Care I and should be the same dollar amount as step 1. The goal of this exercise is to illustrate what can be done by repositioning the current asset into Asset-Care.

3. From the illustration, enter the total long-term care/death benefit.

4. This circle represents the additional life insurance benefits and long-term care benefits received by repositioning your client’s asset to Asset-Care. It can be determined by subtracting the Asset-Care premium #2 from the total long-term care/death benefit #3. These are dollars that would be unavailable by maintaining the asset as it is today.

5. From the illustration, enter the monthly long-term care benefit. Usually, this will be 2% of the total long-term care/death benefit #3.

6. Enter your client(s) name(s) and age. If this is a joint illustration, use the joint equal age listed within the Asset-Care illustration.

7. Enter the current credited interest rate from the illustration.

Asset-Care II

Note: You should elect the “Supplemental Illustration” option when running your Asset-Care II illustration.

1. Complete the circle under “Current annuity or life policy.” This represents the current annuity (dollar amount) you and your client intend to use as premium for Asset-Care II.

2. Complete the circle under “Asset-Care premium.”
   This amount reflects the Asset-Care annuity value at the end of year one and can be found under the “cash value accumulation fund” column in the annuity illustration ledger.

3. This circle represents the additional life insurance benefits and long-term care benefits received by repositioning your client’s annuity into Asset-Care II at the end of year one. It can be found at the top of the life policy ledger page of the illustration.

4. The total long-term care/death benefit is calculated by adding the values from #2 and #3 above.

5. From the illustration, enter the monthly long-term care benefit. Usually, this will be 2% of the total long-term care/death benefit.

6. Enter your client’s name and age. If this is a joint illustration, use the joint equal age at the top of the Asset-Care illustration pages.

7. Enter the illustrated interest rate from the “Non-guaranteed/illustrated basis” statement on the signature page.
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Asset-Care III

Note: You should elect the “Supplemental Illustration” option when running your Asset-Care III illustration.

1. Complete the circle under “Current annuity or life policy.” This represents the qualified money (dollar amount) your client will use as premium for Asset-Care III.

2. Complete the circle under “Asset-Care premium.” This amount reflects the Asset-Care IRA annuity value at the end of year one and can be found under the “cash value accumulation fund” column in the annuity illustration ledger.

3. This circle represents the additional life insurance benefits and long-term care benefits received by repositioning your client’s annuity into Asset-Care III at the end of year one. It can be found at the top of the life policy ledger page of the illustration.

4. The total long-term care/death benefit is calculated by adding the values from #2 and #3 above.

5. From the illustration, enter the monthly long-term care benefit. As a standard policy, this will be 2% of the total long-term care/death benefit, #4.

6. Enter your client’s name and age. If this is a joint illustration, use the joint equal age listed within the Asset-Care illustration.

7. Enter the illustrated interest rate from the “Non-guaranteed/illustrated basis” statement on the signature page.

Common client questions and answers:

How long are benefits available? Can additional coverage be purchased?
The typical Asset-Care provides 50 months of long-term care benefits. For joint life policies, this is a shared 50 months. Should additional coverage be desired, the optional continuation of benefits rider can provide benefit periods of up to lifetime with guaranteed premiums. Other options can accelerate the death benefit, to make it accessible over 33 months (3% per month) or 25 months (4% per month).

Can Asset-Care II and III be written on joint insureds as well as individuals?
Asset-Care II and III can be issued as a single life, or as a joint life policy for spouses. Asset-Care I can be written on a joint life basis with non-spouses as long as there is an insurable interest.

What if the entire benefit is not used for long-term care?
Long-term care benefits reduce Asset-Care’s death benefit dollar for dollar. Should the entire amount not be utilized for long-term care, the remaining amount will pass to the named beneficiary at death.

Does the premium paid continue to grow?
The illustration for any Asset-Care policy shows the cash value growth each year.

Can the policy’s cash value be accessed?
Loan provisions apply to all Asset-Care contracts. Asset-Care II and III feature a 10% free withdrawal provision from the annuity contract. The annual amount withdrawn to pay Asset-Care II and III’s life contract is included in this 10% free withdrawal.
Remember the advantages of Asset-Care

- Guaranteed tax-deferred cash value accumulation
- Guaranteed income tax-free long-term care benefits
- Guarantee that unused LTC coverage passes to named beneficiary.
- Guaranteed premiums that can never increase on the optional continuation of benefits rider
- Available lifetime protection for individuals and joint insureds

Need more help? Call 1-800-275-5101 to speak with the State Life Sales Desk.
About State Life
The State Life Insurance Company, a OneAmerica® company, is focused on providing asset-based long-term care solutions. State Life is a recognized leader in providing these solutions, which utilize life insurance, fixed-interest deferred and immediate annuities. The company’s extensive Care Solutions portfolio of products helps consumers build a secure future by creating, leveraging and protecting their assets.

About OneAmerica
OneAmerica Financial Partners, Inc., is headquartered in Indianapolis, IN. The companies of OneAmerica® can trace their solid foundations back more than 130 years in the insurance and financial services marketplace.

Note: Asset-Care® is whole life insurance that allows prepayment of the death benefit for qualifying long-term care expenses. It is medically underwritten and issued by The State Life Insurance Company, Indianapolis, Indiana. Policy Forms: L301, R501, SA31. Not available in all states.

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