



Nationwide®
is on your side

PRODUCER GUIDE

Nationwide® Long-term Care Rider

A lifeline if clients need it
and a legacy if they don't

The Nationwide[®] difference

Our innovative long-term care (LTC) rider¹ is just one of the many ways we help you prepare your clients for the future. This rider, available for an additional cost on select life insurance products, is designed for clients who need life insurance and also want to protect themselves from potentially devastating long-term care expenses.

Not only does this rider help your clients plan for tomorrow, it also offers them:

- An indemnity-style design that helps them keep control of their money; tax-free payments are made directly to the policyowner each month, and no monthly bills or receipts need to be submitted; tax laws are complex and subject to change; your clients should contact their tax and legal advisors for answers to their specific questions
- Flexibility to use any excess long-term care benefits not needed to pay for care for any purpose, including paying family members to supplement care
- Benefits for their premiums, either in the form of long-term care or death benefits; no “use it or lose it” risk
- The possibility of receiving benefits outside the United States (upon meeting qualifying conditions)
- Monthly benefit limited to Health Insurance Portability and Accountability Act (HIPAA) per diem amount to help avoid unintentional taxable events
- A guaranteed premium when added to a life insurance policy with a guaranteed death benefit — the premium will not suddenly go up as it can for traditional stand-alone long-term care insurance policies
- Nationwide Care Guide Network[®], a professional long-term care referral service
- The strength and stability offered by Nationwide, with all guarantees subject to its claims-paying ability

Keep in mind that as an acceleration of the death benefit, the long-term care rider payout will reduce both the death benefit and cash surrender values. Make sure life insurance needs will still be met, even if the rider pays out in full. Costs for long-term care vary by person, and there is no guarantee the rider will cover all long-term care costs. Nationwide pays the long-term care benefit to the policyowner; there is no guarantee the owner will use the benefit for long-term care expenses if the policy is owned by someone other than the insured.

Be sure to choose a product that meets long-term life insurance needs, especially if personal situations change (for example, marriage, birth of a child or job promotion). Weigh the costs of the policy, and understand that life insurance has fees and charges that vary with sex, health, age and tobacco use. Riders that customize a policy to fit individual needs usually carry an additional charge.

¹ The LTC rider is available in most states, but it may be known by a different name in some states. Contact our home office for updates or information on your state.

The details

What is it?

A Nationwide life insurance policy with the LTC rider is designed to provide your clients with a safeguard against the financial burden of long-term care. Life insurance with the LTC rider can help give your clients the ability to:

- Maintain their family's standard of living
- Preserve their spouse's financial security and independence
- Protect inheritances for family, gifts to charities and business continuation
- Manage long-term care costs

How does it work?

This rider provides an acceleration of the death benefit to help pay for costs involved with long-term care. Excess benefits not needed for long-term care may be used for any other expenses, not just those directly related to long-term care costs.

- Your clients select the long-term care specified amount when they purchase the policy; it can be as much as 100% of the policy's total specified amount, as little as 10% of the total specified amount or anywhere in between (in NY and Virgin Islands, the amount of the long-term care specified amount must be equal to the specified death benefit at issue)
- The long-term care benefits are paid out income tax free (after qualifying requirements are met)
- Benefits can be used for home health care, assisted living, a nursing home, adult day care or any other state-qualified service
- Excess benefits not needed to pay licensed care providers can be used to pay a family member to provide supplemental care
- If your clients never need long-term care, their beneficiaries will still receive an income tax-free death benefit

Although this provision may not cover all the costs incurred with long-term care, it may provide some of the security clients have been looking for.

How is it different?

If your clients are fortunate enough never to need long-term care, the death benefit will be paid to the beneficiary as with any life insurance policy. On many stand-alone long-term care insurance policies, if benefits are not used, clients receive nothing in return for premium payments.

What's covered?

The tax-free monthly LTC benefit payments will help take care of qualifying costs, including costs associated with:

- **Home health care** — includes adult care and home health care aides to assist with activities of daily living or cognitive impairment including, but not limited to, Alzheimer's and dementia
- **Assisted living facilities** — includes 24-hour care and medical services to support needs of patients
- **Nursing home care** — includes 24-hour skilled, intermediate or custodial care under the supervision of a physician
- **Any state-approved long-term care service** — covers new services that may come along in the future

The rider also covers:

- **Nationwide Care Guide Network** — clients, family members and caregivers can use this service to identify resources for long-term care issues

The rider does not cover any expense that results from:

- Attempted suicide or self-inflicted injury
- Committing or attempting to commit a felony
- A condition for which clients can receive benefits under workers' compensation
- Mood, affective or personality disorders as defined by the diagnostic and statistical manual of the American Psychiatric Association
- Alcoholism or a drug addiction
- Service in the armed forces
- War or an act of war

How do clients qualify?

ACTIVITIES OF DAILY LIVING

If clients need long-term care assistance, they'll receive benefit payments if a licensed health care practitioner certifies that:

- They have a cognitive impairment (includes, but is not limited to, Alzheimer's and dementia)

OR

- They're unable to perform two or more of the activities of daily living for a period of at least 90 days; these include:

- Bathing
- Dressing
- Toileting
- Contenance
- Eating
- Transferring
(moving into or out of a bed, chair or wheelchair)

How do clients qualify?
(continued)

90-DAY ELIMINATION PERIOD

There is also a 90-day elimination period before the benefits will be paid. This can be satisfied by any combination of days in a long-term care facility or days requiring home health care, adult day care or any other qualified service. The days of care or services need not be consecutive but must be accumulated within a continuous period of 730 days.

While receiving benefits, the insured receives a planned program of observation and treatment. This program must:

- Be under the care of a licensed health care practitioner other than the owner or an employee of the long-term care facility
- Be continued in accordance with generally accepted standards of medical practice for the injury or sickness

When the elimination period is over, the policyowner receives a benefit that can be used for a nursing home, an assisted living facility, home care, adult day care or any other qualified service.

The monthly benefit is the lesser of:
2% of the long-term care specified amount or
The daily amount allowed by HIPAA × number of days in the month

HIPAA sets a per diem amount each year that helps determine the tax-free limits for qualified long-term care benefits. For 2015, the per diem amount is \$330.

The LTC specified amount represents the maximum amount of long-term care benefits available under the LTC rider chosen at issue and may be no less than 10% and no more than 100% of the total death benefit amount (including the Additional Term rider). In NY and the Virgin Islands, the amount of the long-term care specified amount must be equal to the specified death benefit at issue.

What if clients need help with decisions about long-term care?

Determining the care services needed at the time of claim and where to find the best care services can be time-consuming and as well as emotionally draining for clients and their families. The Nationwide Care Guide Network is a service for clients who have purchased the LTC rider.² It offers resource, referral and consultation services on long-term care issues and care services to help make the transition to care easier.

Here's how it works:

- The Nationwide Care Guide Network is available to policyholders who have purchased the LTC rider, as well as their spouses, parents, adult children, siblings and parents-in-law
- The Nationwide policyholder or caregiver may call toll-free at 1-866-442-6569, 24 hours a day, to speak with a professional care manager
- The professional care manager, usually a registered nurse or social worker, will evaluate the long-term care situation and begin to offer solutions in the form of a customized care plan (clients should keep in mind that care managers do not have information about Nationwide policies)
- The customized care plan is designed to provide all the information and guidance needed to make long-term care decisions; it assesses the personal, emotional and environmental long-term care needs and presents information on resources to help meet those needs

² The company that currently provides professional consultation services (some at an additional cost) through the Nationwide Care Guide Network is a member of the National Association of Professional Geriatric Care Managers. This service provider is not affiliated with Nationwide or its affiliates. The service provider may be changed or the Nationwide Care Guide Network discontinued at any time.

How long will benefits last?

Monthly LTC benefits will last at least 50 months, assuming no withdrawals or loans have been taken. Total LTC benefits paid are the lesser of:

- The amount specified for long-term care when the policy was established or
- The total specified death benefit, less any loans or withdrawals made to the policy

Can the policy lapse while clients are receiving long-term care benefits?

Upon meeting the requirements for long-term care benefits, the LTC rider charge will be waived.

If the cash value in the policy is insufficient to cover monthly deductions while the client is receiving LTC rider benefits, monthly deductions will be waived and the policy is guaranteed not to lapse.

In addition, upon meeting the requirements for long-term care benefits, the LTC rider charge will be waived.

Also, keep in mind that as an acceleration of the death benefit, the LTC rider payout will reduce both the death benefit and cash surrender value. Care should be taken to make sure that your client's life insurance needs continue to be met even if the rider pays out in full.

What if the client already has long-term care coverage?

Even if a client already has a long-term care policy, Nationwide's rider is a cost-effective supplement that will allow them to access the death benefit for other expenses that frequently accompany a long-term care need. Keep in mind that receiving two separate benefits could create a taxable event. The tax-free amount on all combined LTC policy benefits on the insured is the greater of: the HIPAA per diem for the given year of claim or actual long-term care costs incurred.

Can the LTC rider be added to an existing policy?

The rider may be added to an existing policy with evidence of insurability. However, Nationwide reserves the right to charge \$200 from cash value to pay for the additional underwriting.

What happens when the client dies?

If the client dies while the policy is in force or while on claim and receiving LTC benefits, the beneficiaries will receive the minimum death benefit guarantee, which is the greater of:

- The death benefit, less the accumulated long-term care benefits paid and loans or
- The minimum guaranteed death benefit, that is, 10% of the base policy specified amount less any policy indebtedness
- This feature is not available in NY or Virgin Islands

Are there any tax ramifications?

The LTC rider is intended to be a qualified long-term care policy under Section 7702B(b) of the Internal Revenue Code. While considering the information below, please remember that federal tax laws are complex and subject to change. The features discussed in this brochure represent our current understanding of those laws and reflect the laws of the Pension Protection Act of 2006, which went into effect January 1, 2010. Nationwide and its representatives do not give legal or tax advice, so, your clients should consult their attorney or tax advisor for answers to specific tax questions. Clients should also be made aware of the following situations:

1. The cost basis of the policy is equal to the premium payments less withdrawals and cost of insurance charges for the LTC rider. The cost basis in the policy cannot go below \$0, and the cost of the rider will not be taxable. A 1099-R showing the reduction in cost basis will be sent to the policyowner each year. This amount is nontaxable and does not need to be reported on the policyowner's tax return.
2. The cost of insurance for the LTC rider is not a taxable distribution, and it cannot be deducted as a medical expense.
3. Because of its indemnity-style design, the LTC rider can generally be used in an irrevocable life insurance trust (ILIT).
4. In business situations, the tax-free long-term care benefit, while collected by the policyowner, is considered for tax formula purposes to be assigned to the insured. If multiple policies are owned on a single insured, the insured receives first access to any tax-free amounts, assuming he or she owns one of the policies. Any remaining tax-free amounts or taxes due will be divided pro-rata between other policies owned on the insured. The policyowner in a cross-purchase or business-owned situation will be responsible for paying any tax on amounts paid for the benefit of a single insured that exceed the tax-free amount allowed in a given tax year.
5. Policyowners who collect long-term care benefits outside the United States are responsible for determining if those benefits will be subject to U.S. taxation, taxation from the country of residence or any other form of taxation or legal consequences. They should consult their tax and legal advisors for advice.

Can benefits be collected outside the United States?

Nationwide cannot guarantee it will be legally permissible to send U.S. currency to the country in which the policyowner resides at the time of claim for LTC monthly benefits. This is because foreign countries or areas within foreign counties considered acceptable at policy issue may not be in that category at the time of claim. However, at the time of claim, you can refer to the Office of Foreign Assets Control (OFAC) website of the United States Treasury for more information.

Yes, they can. International claims must meet the following requirements to qualify:

1. All claims information and medical records must be submitted in English.
2. Assessment of the insured must be performed by a physician or licensed health care practitioner, within the meaning of §1861(r)(1) of the Social Security Act (42 USCS 1395x(r) (1)), licensed to practice in the United States. However, it is not required that the insured come back to the United States for assessment.
3. Care services must be consistent with what is expected of a U.S. claim.
4. Benefits are paid in U.S. dollars only.

Overcoming objections

Clients may have objections to purchasing long-term care coverage — it's too expensive; if I never need care, my money will go to waste; Medicare or Medicaid will cover my costs. You've seen the statistics, though, and the fact remains that many of your clients will need long-term care at some point in their lives, and the costs can be staggering.

If your clients need life insurance, show them how adding the Nationwide LTC rider to the policy can be a smart value. It's available for an extra cost and will help cover long-term care expenses if the need ever arises. If it doesn't, they'll still have the entire death benefit for their loved ones.

As you talk with clients about Nationwide's LTC rider, they may raise some objections. Here are some of the more common ones and suggestions for handling them.

Concern	Points to consider
Long-term care coverage is too expensive.	The Nationwide LTC rider can be surprisingly affordable. While the exact cost will vary based on your clients' age, sex and other factors, adding the rider to their life insurance policy may increase costs by as little as a few hundred dollars each year.
If I never need long-term care, the money I spend on a policy will be wasted.	With Nationwide's LTC rider, if your clients never need care, the death benefit will be paid to their beneficiaries as with any life insurance policy.
I already have a stand-alone long-term care insurance policy — I don't need any more coverage.	Nationwide's LTC rider can be used to supplement the coverage your clients already have in place. It can serve as a backup in case they exhaust their stand-alone policy's benefits or to provide additional funds to pay for expenses not covered by their reimbursement LTC policy. Please keep in mind that any amount of total benefits that exceeds whichever is greater, the daily HIPAA rate or the actual bills for care, will be taxed as ordinary income.

(Continued on the next page)

Overcoming objections *(Continued)*

Concern	Points to consider
Long-term care policies are just so much hassle — keeping track of receipts and paperwork for care expenses is overwhelming.	<p>Unlike many riders and policies, Nationwide has an indemnity-style long-term care benefit. Once your clients qualify for the benefit, the money is paid directly to the owner of the policy. No monthly bills or receipts need to be submitted, as they must with many other companies' riders and stand-alone policies. Please keep in mind that the LTC rider payout is an acceleration of the death benefit, so it will reduce both the death benefit and the cash surrender value dollar for dollar. Care should be taken to make sure that your clients' life insurance needs continue to be met even if the rider pays out in full.</p> <p>In NY and Virgin Islands, the cash value will be reduced on a pro-rata basis based on long-term care benefits taken. The surrender value will be the cash value minus any surrender charges and indebtedness.</p>
If I need care, Medicaid or Medicare will take care of the costs.	<p>To qualify for Medicaid, a person's assets can't total more than a few thousand dollars (the exact amount varies by state), and rules are strict to prevent people from giving away assets to qualify. For those who do qualify, there may be strict limitations on the type and place of care (often limited to nursing home care).</p> <p>Medicare is very limited in what sort of care it will pay for, and how long it will pay. Medicare will pay for up to 100 days' worth of skilled care; the first 20 days are at no cost, but the remaining 80 days require a substantial co-pay. Chronic care, as many Alzheimer's and dementia patients need, is not covered by Medicare.</p>

Life's unpredictable —
how your clients will pay
for it doesn't have to be.

If clients have a life insurance need and are looking for a way to plan for long-term care expenses, Nationwide's LTC rider can help them plan for whatever direction life takes.

**No matter your need, we're
always just a phone call away.**

National Sales Desk 1-800-321-6064

Nationwide Financial Network® 1-877-223-0795

Brokerage General Agents 1-888-767-7373



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

Life insurance underwritten by Nationwide Life Insurance Company or Nationwide Life and Annuity Insurance Company, Columbus, Ohio.

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