



**Nationwide®**  
is on your side

Nationwide®  
Long-Term Care Rider II

Product guide

# Take comfort in the familiar

Create a long-term care plan that lets you decide what's best

There is a good chance that you will need some long-term care (LTC) services in your lifetime.<sup>1</sup> Combining life insurance and LTC benefits offers diverse options for care.

Life insurance covers many needs, including family protection and legacy enhancement. If you have a life insurance need, the addition of an LTC rider to your policy can help provide a source of funds to cover unexpected long-term care expenses.

As you think about your ideal care situation, you'll want to be sure you can fund your plans with the freedom to use your LTC benefits without any policy restrictions.

With our Long-Term Care Rider II, Nationwide® can help you plan ahead to reduce the potential impact of LTC expenses on your family members and finances. Once your claim is approved, you have the flexibility to choose how your LTC benefits will be used — so you stay in total control.

## Overview

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<sup>1</sup> "What Is the Lifetime Risk of Needing and Receiving Long-Term Services and Supports?" U.S. Department of Health and Human Services (Apr. 4, 2019).



# A little familiarity can go a long way

We all enjoy being at home with the ones we love. So it should come as no surprise that when faced with the prospect of long-term care (LTC), **over 70%** of people age 65 and older want to stay in their own home as long as possible.<sup>2</sup>

## Know your options

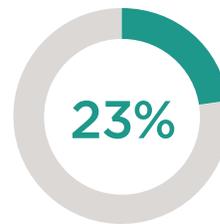
Many people equate LTC with nursing home care. In reality, more than half of all LTC claims paid were for care provided in the home.<sup>3</sup>



Home health care



Assisted living



Nursing home

# Plan for tomorrow, today

The annual cost of long-term care is expected to increase significantly over the next 20 years.<sup>4</sup>



### Home health aide

2019: \$52,624  
2039: \$95,045  
annually



### Assisted living

2019: \$48,612  
2039: \$87,799  
annually



### Nursing home (private room)

2019: \$102,220  
2039: \$184,585  
annually

<sup>2</sup> "The Nationwide Retirement Institute Long-Term Care Costs in Retirement Consumer Survey," conducted by The Harris Poll on behalf of Nationwide Retirement Institute. This online survey was conducted March 25 through Apr. 10, 2019, among 1,462 U.S. adults age 50 or older with investable assets of \$50,000 or more and 516 U.S. adults age 50 or over who are caregivers.

<sup>3</sup> "Most Long-Term Care Insurance Claims Begin At Home," American Association for Long-Term Care Insurance (January 2019).

<sup>4</sup> Annual Median Costs (National 2019 vs. 2039). Cost of Care Survey 2019. Genworth.com. 11/21/2019.



# Knowledge is power

Many people assume that Medicare or health insurance will cover LTC expenses, but the truth is that you'll need to cover many of the costs yourself unless you have LTC insurance. Here's a closer look at coverage limits for LTC services:

Long-term care services	Medicare	Private Medigap insurance
<b>Home health care</b>	<p><i>Limited to:</i></p> <ul style="list-style-type: none"> <li>Reasonable, necessary part-time or intermittent skilled nursing care and home health aide services</li> <li>Some therapies that are ordered by your doctor and provided by Medicare-certified home health agencies</li> </ul> <p><i>Does not cover:</i></p> <ul style="list-style-type: none"> <li>Ongoing personal care</li> <li>Custodial care needs (help with activities of daily living)</li> </ul>	May cover the \$176.00/day <sup>5</sup> for 2020 copayment if your care services meet all Medicare requirements
<b>Adult day services</b>	Not covered	Not covered
<b>Assisted living facility (and similar facility options)</b>	Not covered	Not covered
<b>Nursing home care</b>	<p><b>Day 0-20:</b> Covers in full if you're hospitalized, admitted and under treatment for at least three consecutive days before entering a Medicare-approved skilled nursing facility</p> <p><b>Day 21-100:</b> May cover the difference between the total daily cost and your copayment of \$176.00/day<sup>5</sup> for 2020</p> <p><b>Day 100+:</b> Not covered</p>	May cover the \$176.00/day <sup>5</sup> for 2020 copayment if your care services meet all Medicare requirements

Medicaid	Private health insurance
Covers, but states have option to limit some services, such as therapy	Generally covers only services relating to a temporary medical condition and doesn't cover chronic health conditions
Varies by state, financial and functional eligibility required	Not covered
In some states, may cover care-related costs, but not room and board	Not covered
A single individual will not qualify for Medicaid in most states unless he or she has less than \$2,000 in countable assets and meets additional qualifications	Varies, but generally covers services for only a short time following a hospital stay, surgery or while recovering from an injury; it does not cover services for chronic care

<sup>5</sup> Centers for Medicare and Medicaid Services (January 2020).

# Our rider gives you flexible choices when it comes to your care

Because it offers a cash indemnity benefit, the Long-Term Care Rider II gives you the flexibility to use the money as you see fit.<sup>6,7</sup> That means you may use your benefit to pay for licensed professionals or, if you prefer, pay family members or less expensive informal caregivers to provide your care.<sup>7</sup> Whatever your unique needs, you will be able to choose a type of care that is familiar and comfortable for you.

If you are between the ages of 21 and 80, need life insurance and want a plan for dealing with potential LTC costs, then adding the Long-Term Care Rider II to your Nationwide life insurance coverage may be a good solution.<sup>8</sup>

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## The difference is in the details

Once your claim is approved, our LTC rider gives you the opportunity to:

- **Have 100% of your monthly cash benefit** guaranteed to be available
- **Use your monthly cash benefit without policy restrictions** and without the need to submit monthly bills or receipts
- **Receive care in a familiar, home setting** with those you know, including care from your immediate family members
- **Choose licensed, facility-based or customized care choices**, such as foster care for the elderly
- **Help protect assets and income sources** from depletion and maintain the standard of living for you (and your spouse)
- **Receive care outside of the U.S.** with 100% of your available monthly LTC benefit<sup>9</sup>
- **Experience the peace of mind** that comes with knowing you have a plan
- **Pass a legacy** on to your family members if you don't need the funds for LTC

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<sup>6</sup> Nationwide pays long-term care benefits to the policyowner. If the insured is not the policyowner, there is no guarantee that benefits will be used to pay for long-term care.

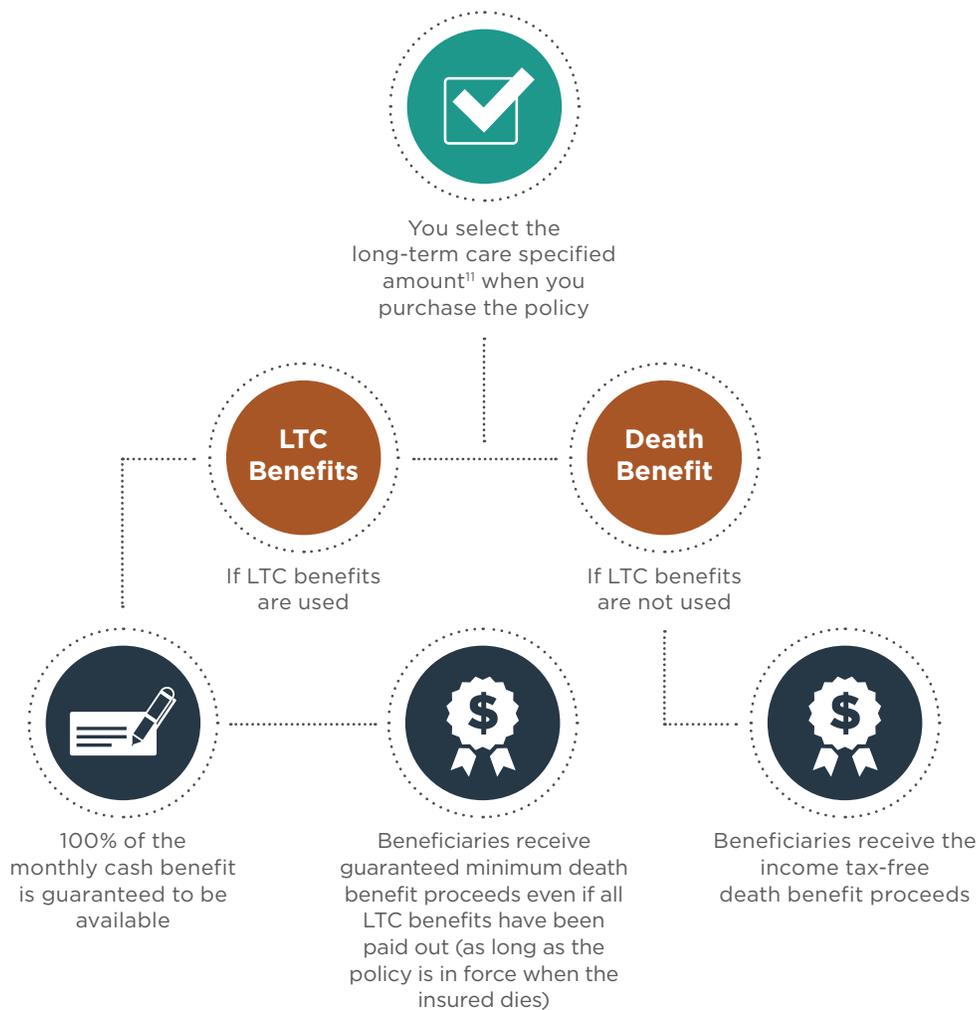
<sup>7</sup> Under certain circumstances, benefits may be taxable. Please consult your tax advisor.

<sup>8</sup> The Long-Term Care Rider II has an additional charge associated with it. A life insurance purchase should be based on the need for the life insurance and not on optional riders or features. The cost of a rider may exceed the actual benefit paid under the rider. There is also no guarantee the rider will cover all LTC costs.

<sup>9</sup> The insured is not required to return to the United States for certification if receiving qualified long-term care services outside of the United States, its territories or possessions. However, the licensed health care practitioner providing the certification must be licensed to practice in the United States, its territories or possessions and operating within the scope of his or her license.

## HOW IT WORKS

The Long-Term Care Rider II benefits are paid as an acceleration of the life insurance death benefit.<sup>10</sup>



<sup>10</sup> Keep in mind that as an acceleration of the death benefit, the Long-Term Care Rider II payout will reduce both the death benefit and cash surrender value of the life insurance policy.

<sup>11</sup> The long-term care specified amount is the portion of the life insurance coverage you elect to be available to pay long-term care benefits under the rider. Subject to underwriting, the long-term care specified amount may be as much as 100% of the life insurance policy coverage amount, as little as 10% or any amount in between.

## WHAT'S COVERED

Once the insured has qualified for a claim, submission of monthly bills and receipts is not required. Up to 100% of the monthly LTC cash benefit is guaranteed to be available and will be paid directly to the policyowner.

The rider benefits may help cover the costs of LTC, such as:



Home health care



Assisted living



Adult day care



Nursing home care



Informal care



Any state-qualified  
LTC service



Miscellaneous  
needs

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## WHAT'S NOT COVERED

This rider does not cover any services that result from:

- Medical conditions arising out of an attempt at suicide — whether or not the person had mental capacity to control what he or she was doing — or an intentionally self-inflicted injury
- Medical conditions arising from committing or attempting to commit a felony
- Alcoholism or drug addiction itself as a medical condition, unless addiction results from administration of drugs prescribed by a physician
- Medical conditions arising out of war or any act of war, whether declared or undeclared

It also does not pay benefits for qualified long-term care services received due to a preexisting condition that was not disclosed in the application until six months after the policy date.

## HOW MONTHLY BENEFITS ARE CALCULATED

The policyowner will choose the following at time of application:

- The LTC specified amount
- The acceleration percentage (2%, 3% or 4%)<sup>12</sup>

The maximum LTC monthly benefit is the lesser of the following:

- The amount based on the acceleration percentage of the LTC specified amount
  - Twice the Health Insurance Portability and Accountability Act (HIPAA) per diem in the year of claim x 30 days;
- OR**
- 1/12th of the maximum lifetime LTC benefit remaining after a policy loan<sup>13</sup>

The policyowner can take the maximum monthly LTC benefit, or they can choose to take less and the beneficiary will get what is left as the death benefit proceeds.

The maximum monthly rider benefit available at any time may vary based on:

- Changes to the HIPAA per diem amount
- Any outstanding policy loans
- Changes to the rider specified amount or policy specified amount
- The remaining maximum lifetime LTC benefit

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## ARE MY LTC BENEFITS TAX FREE?

The Long-Term Care Rider II is intended to receive favorable tax treatment and provides tax-free benefits under Internal Revenue Code Section 7702B. Generally, the maximum tax-free long-term care benefit payable from all coverage on the same insured is limited to the greater of actual qualified long-term care expenses or the per diem rate established by HIPAA.<sup>14,15</sup>

<sup>12</sup> The cost of the Long-Term Care Rider II will vary based on the percentage elected.

<sup>13</sup> The maximum lifetime LTC benefit is equal to the lesser of the then-current 1) LTC rider specified amount, or 2) the base policy specified amount (total specified amount if the Additional Term Insurance Rider is also elected and in force) minus any indebtedness.

<sup>14</sup> You may receive, tax-free, the greater of the HIPAA per diem in the year of your claim or your actual qualified LTC expenses incurred. Thus, any amount of LTC benefits received to pay for qualified LTC expenses that exceed the HIPAA per diem would remain tax-free.

<sup>15</sup> LTC benefits may be taxable under certain circumstances. Rules applicable to long-term care products are complex. Please consult your tax advisor.

## HOW LONG WILL LTC BENEFITS BE PAID?

The duration of the benefits depends on the payout option chosen at policy issue, how much you choose to take and other factors. Assuming the maximum monthly LTC benefit is based on the elected payout percentage, there are no withdrawals or loans taken from the policy and the policyowner chooses to take the full monthly benefit available, benefits will last as follows:

- 2% payout will last at least 50 months
- 3% payout will last at least 33⅓ months
- 4% payout will last at least 25 months

As long as your eligibility continues, you can elect to receive the maximum monthly LTC benefit until the entire LTC specified amount has been paid. You may choose to take less than the full monthly benefit, which may increase the period of time over which your LTC benefits are available and help preserve a larger portion of the life insurance benefit for your beneficiaries.<sup>16</sup>

## QUALIFYING FOR LTC BENEFITS

There are three steps that must occur to be approved for monthly LTC cash benefits:

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- 1 A U.S.-licensed health care practitioner must certify that the insured has a severe cognitive impairment or is unable to perform two or more of the following activities of daily living (ADLs) for a period of 90 calendar days or more:
    - Bathing
    - Eating
    - Contenance
    - Toileting
    - Dressing
    - Transferring (moving into or out of a bed, chair or wheelchair)
- 
- 2 Before benefits begin, the insured must complete a 90-calendar-day elimination period.<sup>17</sup>
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- 3 Upon filing a claim, a plan of care describing the LTC services needed for treatment must be submitted. The plan of care must be recertified annually by a licensed health care practitioner.
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<sup>16</sup> Keep in mind that as an acceleration of the death benefit, the Long-Term Care Rider II payout will reduce both the death benefit and cash surrender value.

<sup>17</sup> The 90-calendar-day period begins the day after receipt of qualified long-term care services. If the insured does not require qualified long-term care services over a continuous 90-day period, separate periods may be accumulated within a continuous period of 730 days to satisfy the elimination period.



# Additional questions? We've got the answers.

## **Can my policy lapse while I'm receiving benefits?**

No, the rider has a lapse protection feature. If you are collecting Long-Term Care Rider II benefits and there isn't enough cash value to cover the monthly costs associated with the policy, the costs will be waived, the remaining long-term care benefits will continue to be paid and the death benefit will be based on the LTC specified amount.

However, this special protection applies only as long as rider benefits are being paid by Nationwide. If rider benefit payments cease for any reason, you may need to pay additional premium to prevent your policy from lapsing.<sup>18</sup> Consult your insurance or investment professional at claim time to assess the potential advantages of continuing to pay premium while rider benefits are being paid.

## **How does taking LTC benefits affect my death benefit?**

Because it is an acceleration of the death benefit, the LTC benefit received will reduce the death benefit dollar for dollar.

If the policy is being kept in force by the rider's lapse protection feature when the insured dies, the death benefit will be calculated using the rider specified amount.

If the rider specified amount is lower than the policy's total specified amount, the death benefit will be reduced. However, your beneficiaries receive the guaranteed minimum death benefit proceeds even if all the LTC benefits have been paid out.

**Are there any support services available?**

The **Nationwide Care Guide Network**<sup>®</sup> is a long-term care resource referral service for policyowners who have purchased the Nationwide Long-Term Care Rider II.<sup>19</sup>

Whether the need is for simple household services, home care or relocation services, the Nationwide Care Guide Network can offer provider referrals for LTC needs in your geographic area.

- The Nationwide Care Guide Network is available to policyowners who have purchased the rider, as well as their spouses, parents, adult children, siblings and parents-in-law
- It is designed to help provide referrals when you need help with the following:
  - Caregiver support
  - Home care and housing options
  - Assisted living or nursing homes
  - Adult day care
  - Memory and Alzheimer's care
  - End-of-life care
  - Meal and nutrition services
  - Safety and adaptive equipment
  - Transportation
- There is no restriction on the number of calls you may make
- You or your caregiver can call **toll-free 1-866-442-6569**, Monday through Friday, 7 a.m. to 7 p.m.

<sup>19</sup> The company that currently provides professional consultation services through the Nationwide Care Guide Network is a member of The National Association of Geriatric Care Managers. This service provider is not affiliated with Nationwide Life and Annuity Insurance Company or its subsidiaries. The service provider and the Nationwide Care Guide Network may be changed or discontinued at any time.

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

The information contained herein was prepared to support the promotion, marketing and/or sale of life insurance contracts and/or other products and services provided by Nationwide Life and Annuity Insurance Company.

Your coverage under the Long-Term Care Rider II is guaranteed renewable. This means that Nationwide will not unilaterally cancel or reduce coverage under this rider. Unless you request termination of this rider, it will remain in force as long as the policy remains in force. Your monthly LTC Rider II charge rate cannot increase beyond the maximum stated in your policy. However, Nationwide has the right to increase your current monthly LTC Rider II charge rate up to the guaranteed maximum monthly LTC Rider II charge rate. Any change in the current monthly LTC Rider II charge rate will be on a uniform basis for insureds of the same sex, issue age, product, rate type and rate class whose policies have been in force for the same duration.

Keep in mind that, as an acceleration of the death benefit, the Long-Term Care Rider II payout will reduce both the death benefit and cash surrender value. 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 long-term care benefits to the policyowner. If the insured is not the policyowner, there is no guarantee benefits will be used to pay for long-term care. The Long-Term Care Rider II has an additional charge associated with it. A life insurance purchase should be based on the life policy and not on optional riders or features. The cost of a rider may exceed the actual benefit paid under the rider.

The Long-Term Care Rider II does have exclusions, limitations, reductions of benefits and terms under which the rider may be continued in force or discontinued. For more details on cost and coverage options, contact your financial advisor.

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.

All guarantees and benefits of the insurance policy are subject to the claims-paying ability of the issuing insurance company. Policy guarantees and benefits are not backed by the broker/dealer and/or insurance agency selling the policy, nor by any of their affiliates, and none of them makes any representations or guarantees regarding the claims-paying ability of the issuing insurance company.

Approval for coverage under the policy and LTC Rider II is subject to underwriting and may require a medical exam.

Products are issued by Nationwide Life and Annuity Insurance Company, Columbus, Ohio.

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## Your next steps

Talk to your insurance or investment professional for more information on how Nationwide life insurance with the Long-Term Care Rider II can help you **create a plan that keeps you close to the ones you love.**



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