

# LONG TERM CARE

GET STARTED ON YOUR PLANS TODAY



TRANSACE® Long Term Care Rider Consumer Guide





**Americans are living longer lives which means needs are changing. It’s not enough to just plan for retirement or think about leaving a legacy for children and grandchildren. Improvements in medical care, longer life spans, and the rising costs of health care are creating a need to rethink how to plan for long term care needs.**

A plan to cover any long term care expenses is an often-overlooked, but important, part of creating a solid financial foundation. Like a lot of people, you may have thought that health insurance or Medicare had you covered. But if you become chronically ill and need ongoing care you may need long term care coverage.

### Average Costs for Long Term Care Services<sup>1</sup>

<b>TYPE OF SERVICE</b>	<b>AVERAGE</b>	<b>ANNUAL</b>
Nursing home: private room	\$229/day	\$83,580
Nursing home: semi-private room	\$205/day	\$74,820
Home care: home health aide	\$21/hour	\$21,840
Home care: homemaker	\$19/hour	\$19,760
Adult day care services	\$67/day	\$17,420

<sup>1</sup>National Clearinghouse for Long-Term Care Information, U.S. Department of Health and Human Services. Costs of Care. [http://www.longtermcare.gov/LTC/Main\\_Site/Paying/Costs/Index.aspx](http://www.longtermcare.gov/LTC/Main_Site/Paying/Costs/Index.aspx) (Sept 2012)

## LONG TERM CARE PROTECTION FOR YOU. AND A MEANS OF PROTECTION

# for your family.

You may be one of the lucky ones who won't need long term care. But understanding these facts and statistics makes being prepared one of the smartest financial decisions you can make. And having a plan in place to help offset long term care expenses can help protect you and your family from future financial challenges.

*It is estimated that about 70% of people over age 65 will require some form of long term care services.<sup>2</sup>*

There are several factors which may increase the likelihood that you will need long term care in the future, such as:<sup>3</sup>

**Age:** As you get older you may become more dependent on family or others for your daily support.

**Living alone:** The chance you will need long term care is far greater if you are living alone than if you are living with a spouse.

**Gender:** Women generally live longer than men and therefore are more likely to need long term care.

**Lifestyle:** A sedentary lifestyle, along with poor diet and exercise, may lead to a greater need for long term care.

**Family History:** Genetics and family history can play a significant role in your health as you age.

The need for long term care can be an unexpected financial burden and cause an emotional toll on you and your family. But, with careful planning and the right solution, you can put yourself—and your family—ahead of the game. A TransACE® universal life insurance policy with the Long Term Care (LTC) Rider from Transamerica Life Insurance Company can provide funds to help cover long term care costs if you need them, and leave a legacy for your family if you don't.<sup>4</sup>

<sup>2</sup>Ross, Kenneth U., "An Insurance Policy Made to Order for the Sandwich Generation." April 25, 2012. [www.dailyfinance.com/2012/04/25/asset-based-long-term-care-insurance-baby-boomers/](http://www.dailyfinance.com/2012/04/25/asset-based-long-term-care-insurance-baby-boomers/)

<sup>3</sup>National Clearinghouse for Long-Term Care Information, U.S. Department of Health and Human Services. [http://www.longtermcare.gov/LTC/Main\\_Site/Understanding/Definition/Know.aspx](http://www.longtermcare.gov/LTC/Main_Site/Understanding/Definition/Know.aspx) (June 2012)

<sup>4</sup>The Long Term Care Rider is an acceleration of the base policy's death benefit. Benefits paid under the rider will reduce the policy's death benefit and policy value. Consideration should be given to whether your life insurance needs are met if rider benefits are paid out in full



## Long Term Care: WHAT YOU NEED TO KNOW

### What is long term care?

Long term care is the type of ongoing assistance and/or supervision people need when they are unable to perform normal daily activities on their own, such as bathing, dressing, eating, toileting, or getting in and out of bed. The need for long term care can arise from an accident or illness as well as the normal aging process.<sup>5</sup>

### Here are examples of services that are covered if you need long term care:

- Long term care facility confinement
- Home health care services
- Assisted living or nursing home care
- Adult day care
- Hospice care
- Respite care

### Why do I need long term care insurance?

**Health insurance or Medicare:** These programs may cover certain medical expenses related to long term care—for example, paying for the cost of immediate medical fees, such as a surgeon's bill, hospital stay or even some short term rehabilitative care associated with a surgery or accident. However, care lasting longer than 90 days is typically not covered and Medicare does not pay for what the program calls "custodial care" which is most of what long term care requires, i.e., help with daily living activities.

*Individuals currently age 65 will need an average of two plus years of long term care services during their remaining years.<sup>6</sup>*

<sup>5</sup>A chronically ill individual is someone who has been certified by a Licensed Health Care Practitioner as unable to perform two of six Activities of Daily Living (bathing, continence, dressing, eating, toileting and transferring) for a period of at least 90 days or having a severe cognitive impairment.

<sup>6</sup>Eric Stallard. "Estimate of the Incidence, Prevalence, Duration, Intensity, and Cost of Chronic Disability Among the U.S. Elderly." January 2011



**Self-insuring:** For some, there is the option of self-insuring. However, with rising medical costs and advances in medicine that are helping to increase life expectancy, long term care expenses may be difficult to predict and may eventually become a strain on assets set aside for savings or retirement.

**Long term care (LTC) insurance:** There are two types of LTC insurance options.

Traditional long term care (LTC) policies, also known as *stand-alone LTC policies*, can provide important benefits and options. However, they may not be right for everyone because of the cost of the insurance and the fact that you may be paying out premiums for long term care coverage you may end up not using.

A *long term care rider* as part of a life insurance policy is another strong option. An LTC Rider can provide monthly benefits to help pay for long term care expenses while the life insurance policy can provide a death benefit whether you need long term care or not.<sup>7</sup> If LTC benefits are not fully used, a federal tax-free death benefit is still paid when the insured dies.

*If you are between the ages of 18 and 80 and need life insurance protection and want a way to plan for long term care expenses, the TransACE LTC Rider can provide up to \$1,000,000 of benefits.*

<sup>7</sup>The Long Term Care Rider is an acceleration of the base policy's death benefit. Benefits paid under the rider will reduce the policy's death benefit and policy value. Consideration should be given to whether your life insurance needs are met if rider benefits are paid out in full.

# Long Term Care Rider from Transamerica Life:

## THE PROTECTION YOU NEED

Transamerica Life's LTC Rider is available for an additional charge with a guaranteed death benefit TransACE life insurance policy. This gives you the best of both worlds—long term care protection if you need it, and a legacy for your family in the form of a death benefit if you don't. It's a smart way to help protect your family and yourself.

The LTC Rider is designed to accelerate your policy's death benefit and provide benefits to help offset LTC expenses. Adding the LTC Rider to a TransACE policy offers the following important features:



**Long term care protection  
up to \$1 million if you need it.**



**Your loved ones will receive a guaranteed death benefit  
even if long term care benefits aren't needed.**



**LTC Rider charges with a TransACE policy are guaranteed  
not to increase and may cost less than stand-alone  
long term care policies with similar coverage amounts.**



**If you decide you no longer need your insurance policy,  
you have the option to surrender the policy at certain  
anniversary dates and be eligible to receive up to 100%  
of the life insurance premiums paid.<sup>8</sup>**

<sup>8</sup>Surrender value will be the lesser of 100% of gross premiums paid less any refunds, partial surrenders, and outstanding policy loans or 33% of the lowest face amount less any outstanding loans and any partial surrenders during the 60-day period following the 15th or 20th policy anniversary, or at any time on or after the 25th policy anniversary. Surrender value will be reduced on a dollar-for-dollar basis if LTC benefits are paid out. Subject to minimum funding requirements.

## Here is a brief overview of how the LTC Rider works

You simply select the Long Term Care Rider when you purchase your guaranteed death benefit TransACE life insurance policy. Assuming you've purchased the insurance to cover yourself, then if you become chronically ill, your condition will need to be assessed by a Licensed Health Care Practitioner who will also then help determine an appropriate Plan of Care.

### Eligibility Requirements

To be eligible for monthly long term care benefits, the following conditions must be satisfied by the insured:

- Be certified as a Chronically Ill Individual
- Have an approved Plan of Care in place
- Satisfy a 90-day elimination period

Generally, an on-site assessment will be conducted to obtain additional information about your health condition. Transamerica will arrange the assessment at no additional cost.

### Chronically Ill Defined

In order to be deemed as Chronically Ill, a Licensed Health Care Practitioner must certify that 1) you have Severe Cognitive Impairment that requires substantial supervision or 2) you are unable to perform, without Substantial Assistance, at least two of six of these Activities of Daily Living for an expected period of at least 90 days:

- Bathing
- Eating
- Continence
- Toileting
- Dressing
- Transferring

After eligibility for benefits under the rider is determined and the elimination period has been met, the long term care rider monthly benefits are paid directly to you as the policy owner and not as reimbursement to the person or facility that provided the services. These benefits are generally income tax-free in accordance with the terms of the rider.





## You decide HOW LITTLE OR HOW MUCH OF YOUR BENEFIT YOU WANT TO RECEIVE

The LTC Rider can provide control by allowing you to choose a benefit amount that can help you cover expenses, extend your benefits as long as possible, or leave as much or as little of your death benefit to your beneficiaries as you choose. Needs change. If they do, the LTC Rider also allows you the flexibility to adjust once each year how much of the monthly LTC benefits you receive.

### The Choice is Yours

The LTC Rider benefits will be paid monthly in the amount you choose between the minimum of \$500 and the maximum monthly long term care benefit. The maximum benefit allowed per month is the lesser of 2% of the Long Term Care Specified Amount or the daily amount allowed under the Health Insurance Portability and Accountability Act of 1996 (HIPAA), times the number of days in the month. *In 2013, the maximum daily amount allowed under HIPAA is \$320. In most states, the minimum benefit amount allowed per month is \$500.*

*Minimum  
Monthly Benefit*

**\$500**

*Maximum  
Monthly Benefit*

*The lesser of 2% of the LTC Specified Amount  
-OR-  
the daily amount allowed under HIPAA times  
the number of days in the month*



## What ifs? YOU'RE COVERED

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### ***What if I use all my LTC benefits?***

Your beneficiaries may still receive a Residual Death Benefit. The Residual Death Benefit is equal to the lesser of: (a) 10% of the lowest face amount of the TransACE policy, less any outstanding policy loans, or (b) \$10,000.

### ***What if I only use a portion of the LTC benefits?***

Your beneficiaries will receive the death benefit, minus any paid LTC benefits and outstanding loans. Also, while receiving benefits, the LTC Rider charges will be waived (other policy charges will continue to be assessed), and the policy will not lapse.

### ***What if I never need long term care and don't use the LTC benefits?***

Your beneficiaries will receive the full death benefit, minus any outstanding loans.

### ***What if I need LTC services but don't want to leave my home?***

If you are like most people, you would rather stay in your home and receive care there than at a facility. The LTC benefits from the TransACE LTC Rider can help pay for care in either situation. It gives you the flexibility to make the decision of where and how you will best receive care and the confidence in knowing that your benefit will not vary depending on the type of care you elect.

Whichever you choose, the monthly benefit from the Long Term Care Rider can help pay for services in the following qualified facilities:

- Home Care Services
- Nursing Home Facilities
- Skilled Nursing Facilities
- Assisted Living Facilities
- Hospice Care Facilities
- Adult Day Care Centers, or
- Any qualified Long Term Care Facility

### ***What if I no longer need the LTC Rider?***

If at any time you feel you no longer need the LTC Rider, you may cancel the LTC Rider while keeping your TransACE policy's life insurance protection in force. If you have not received benefits under the LTC Rider, cancellation does not affect your TransACE policy's death benefit.

Should you decide that you no longer need the policy at all—not just the LTC Rider—you have the additional benefit of being able to surrender the policy at certain anniversary dates and be eligible to receive up to 100% of the life insurance premiums paid.<sup>9</sup>

<sup>9</sup>Surrender value will be the lesser of 100% of gross premiums paid less any refunds, partial surrenders, and outstanding policy loans or 33% of the lowest face amount less any outstanding loans and any partial surrenders during the 60-day period following the 15th or 20th policy anniversary, or at any time on or after the 25th policy anniversary. Surrender value will be reduced on a dollar-for-dollar basis if LTC benefits are paid out. Subject to minimum funding requirements.

## What IS NOT COVERED?

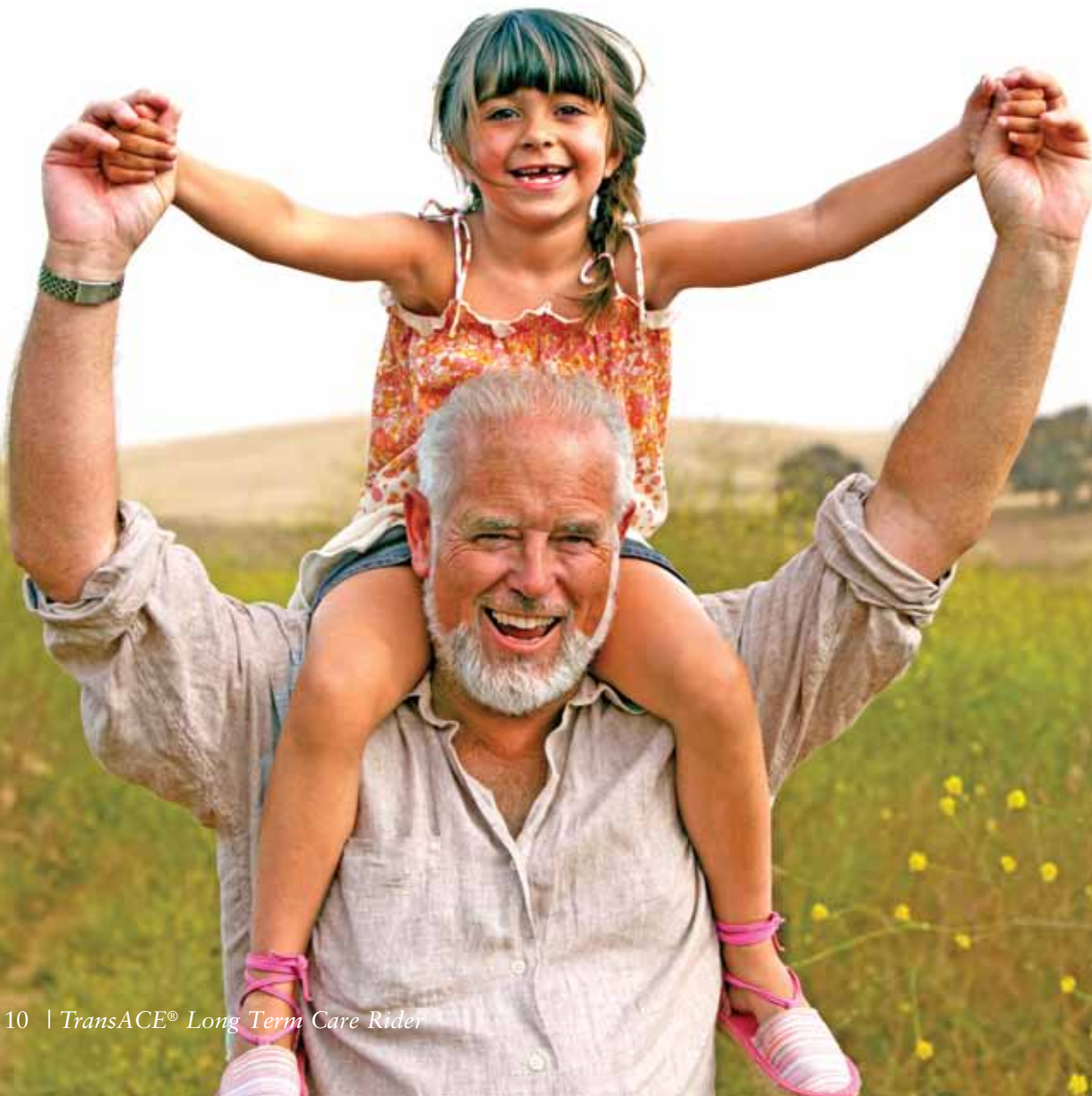
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This Rider may not cover all the expenses associated with your long term care need such as confinement or services performed by an immediate family member. Qualified Long Term Care services also do not include care, confinement or services required for the following reasons:

- The treatment of alcoholism or drug addiction
- Attempted suicide or intentionally self-inflicted injury
- As a result of participation in a felony, riot or insurrection

In addition, qualified Long Term Care services do not include care, confinement or services:

- Provided in a government facility (unless otherwise required by law) or under any governmental programs except Medicaid (called Medi-Cal in the state of California)
- Paid or payable under Medicare or under any state or federal workers' compensation, employer's liability or occupational disease law, or any motor vehicle no fault law, for which no charge is normally made in the absence of insurance





## THE TRANSAMERICA DIFFERENCE

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With so much uncertainty these days, it's nice to know there are still important safeguards you can put in place to help protect you and the future of your loved ones. You're not the only one looking out for yourself and the people you love the most—Transamerica is looking out for families just like yours.

Since 1987, Transamerica has been providing Long Term Care insurance products, currently protecting more than 300,000 families and paying over \$1.25 million per business day in claims.<sup>10</sup>

**Transamerica's TransACE Long Term Care Rider—giving you the best of both worlds with protection for yourself and protection for your family. Get started on your plans today.**

<sup>10</sup>Average daily Transamerica Long Term Care claims paid in 2011.

**This material was not intended or written to be used, and cannot be used, to avoid penalties imposed under the Internal Revenue Code. This material was written to support the promotion or marketing of the products, services, and/or concepts addressed in this material. Anyone to whom this material is promoted, marketed, or recommended should consult with and rely solely on their own independent advisors regarding their particular situation and the concepts presented here.**

Transamerica Life Insurance Company (Transamerica) and its representatives do not give tax or legal advice. This material is provided for informational purposes only and should not be construed as tax or legal advice. Clients and other interested parties must be urged to consult with and rely solely upon their own independent advisors regarding their particular situation and the concepts presented here.

Discussions of the various planning strategies and issues are based on our understanding of the applicable federal tax laws in effect at the time of presentation. However, tax laws are subject to interpretation and change, and there is no guarantee that the relevant tax authorities will accept Transamerica's interpretations. Additionally, this material does not consider the impact of applicable state laws upon clients and prospects.

Although care is taken in preparing this material and presenting it accurately, Transamerica disclaims any express or implied warranty as to the accuracy of any material contained herein and any liability with respect to it. This information is current as of September 2012.

This Rider is intended to be a federally tax-qualified long term care insurance contract under Section 7702B(b) of the Internal Revenue Code of 1986. Neither Transamerica Life Insurance Company nor any of its agents or representatives give legal, tax, or accounting advice. Please consult your tax advisor, attorney, and accountant for assistance regarding these matters.

Rider benefits may be income tax free when received. Since the maximum income tax free LTC benefits are based on benefits paid from all sources, benefit payments from the rider could be taxable if LTC benefit payments are received from other sources. Benefits paid to owners of certain business related policies may be taxable. Please consult a qualified advisor.

The life insurance policy and the rider are subject to separate underwriting. The policy and rider have exclusions and limitations. For costs and complete details of the coverage, contact us.

This is a solicitation and an agent/insurance producer may contact you.

Renewability—This Rider will remain in force subject to this Rider's provision, as long as the policy to which it is attached remains in force and the required charges for this Rider are paid.

This Rider will terminate on the earliest of the following: 1) on the monthly policy date on or next following the date we receive your written request to terminate this Rider; 2) upon termination (including any rescission) of the policy; or 3) when the Insured dies.

The Grace Period for this Rider is 65 days. If any amount due is not paid within thirty (30) days from the date that it was due, we will send a notice to you, the Insured and the person or persons designated by you to receive such notice at the addresses provided to us. You will have an additional 35 days to pay the amounts due after we have mailed the Notice. During the Grace Period this Rider will stay in effect.

All guarantees are based on the claims-paying ability of Transamerica Life Insurance Company.

TransACE® is a nonparticipating, flexible-premium universal life insurance policy issued by Transamerica Life Insurance Company, Cedar Rapids, IA 52499. Policy Form ICC12 UL07, Long Term Care Rider Form No. ICC12 LTCR02 or LTCR02. Policy and rider form and number may vary, and this policy and rider may not be available in all jurisdictions. In most states, in the event of suicide during the first two policy years, death benefits are limited only to the return of premiums paid.

