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Long-term care

Quick reference



NATIONWIDE LIFE AND ANNUITY INSURANCE COMPANY

Planning now gives
you more options later

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Long-term care involves a variety of support and services designed to help you live as independently and safely as possible when you can no longer perform everyday activities on your own.

Putting a plan in place now — as you would for any other future financial need — can help you choose the type of care that is familiar and comfortable for you, whatever your needs might be.

Why planning matters

Chances are, you'll need long-term care (LTC) at some point in your life.¹ Planning now can help you maintain your choices in the future.

Familiar comfort for the future

We all enjoy being in a familiar environment — like our home and the community we live in, with the people we know and love. So it should come as no surprise that when faced with the prospect of long-term care (LTC), 90% of people 65 and older want to stay in their own home as long as possible.²

Why you need to have a plan

Costs are expected to more than double in approximately 20 years.³



Home health care

2018: \$50,336 annually
2038: \$90,912 annually



Assisted living

2018: \$48,000 annually
2038: \$86,693 annually



Nursing home

2018: \$100,375 annually
2038: \$181,288 annually

Putting a plan in place now for how to address these expenses can give you the freedom to select the services and providers you want later on. It may even extend the length of time you're able to remain in your home.

¹ "How Much Care Will You Need?" U.S. Department of Health and Human Services, longtermcare.acl.gov/the-basics/how-much-care-will-you-need.html (Oct. 10, 2017).

² "Aging in Place," Jane E. Brody, The New York Times (May 2, 2016).

³ Genworth's "Cost of Care" tool (annual national median 2018 vs 2038), genworth.com/aging-and-you/finances/cost-of-care.html (2018).

Know your options

There are many misconceptions surrounding how long-term care expenses can be covered. The first step in creating a plan is to know what your funding options really are:

Health insurance

Does not cover long-term care expenses

Medicare

Covers up to only 100 days if qualifiers, such as a three-consecutive-day hospital stay under treatment, are met; the first 20 days are covered 100%, but after that there is a significant co-pay

Medicaid

Covers long-term care expenses for individuals with countable assets of \$2,000 or less (varies by state); care may be limited to a nursing home

Adult children

Many may assume their adult children will care for them later in life, but this can present huge financial, physical and emotional challenges for the children

Out of pocket

Using income and savings or selling assets may be an option; however, it may leave a surviving spouse without adequate financial resources or reduce a legacy planned for heirs

Long-term care coverage

LTC coverage can be a cost-efficient way to help protect yourself and your assets from the potentially devastating⁴ cost of long-term care

⁴ About 75 percent of all single people and 50 percent of all couples spend their entire savings within one year of entering a nursing home. Source: "Long-Term Care Statistics," LTCtree.com (August 15, 2016).

Select the solution that fits your needs

Here are three common types of products to choose from:

- **Life insurance policies with a rider:** Consider this option if you're most concerned with leaving a legacy or providing for loved ones when you pass, but you'd still like to have access to the death benefit yourself if care needs should arise; premiums are flexible and can be guaranteed with certain solutions
- **Linked-benefit policies:** If you are primarily concerned with LTC coverage and have less need for life insurance coverage, then a linked-benefit policy may be a good option; it offers an extension of LTC benefits beyond the life insurance coverage; premiums are guaranteed never to increase and are typically funded with a single premium or limited-pay plan
- **Stand-alone policies:** If you don't need additional life insurance coverage and desire LTC coverage with lower premiums compared to other policies, then a stand-alone LTC policy may be right for you (please note that premiums may increase numerous times in the future, and there are no policy benefits other than LTC coverage)

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 expenses. A life insurance purchase should be based on the life policy, not on optional riders or features.

Keep in mind that, as an acceleration of the death benefit, the 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 LTC services vary by person, and there is no guarantee that the rider will cover all costs. Nationwide pays benefits for LTC services to the policyowner. If the insured is not the policyowner, there is no guarantee that benefits will be used to pay for expenses related to LTC. Riders have an additional charge associated with them. The cost of a rider may exceed the actual benefit paid under the rider.

How benefits are paid

If you decide that LTC coverage is right for you, two common types of benefit plans are available.

1 Reimbursement

- Bills must be submitted every month
- Each month, wait to see what services are covered; insurance company sends a check for **only** what's covered
- Services not covered under your policy will need to be paid for out of pocket

2 Cash Indemnity⁵

- Elect to receive up to 100% of your available monthly cash benefit
- Use your monthly cash benefit without restrictions; there is no need to submit monthly bills or receipts once your claim is approved
- Unused monthly benefits can be used for other expenses as you see fit, including saving for future expenses

A little familiarity can mean a lot

Planning for potential LTC expenses now can give you the flexibility to choose to stay in a familiar, comfortable environment. Ask your insurance professional for more information today.

⁵ Under certain circumstances, LTC benefits received may be taxable. Please consult with your tax advisor.

Why Nationwide[®]?

As a stable Midwestern company with over 90 years of experience, we're conservative by nature. And because we're in the business of offering annuities, life insurance, retirement plans and mutual funds, we know risk management and take many steps to help protect our policyholders.

We're proud of the company we keep and the company we've built along the way. Nationwide is a Fortune 100 company⁶ with more than 30,000 employees, making us one of the largest financial services companies in America. Through the years, we've worked hard to build things you can rely on:

- Diversified sources of earnings and cash flows
- A strong balance sheet
- A sound and disciplined investment policy
- A long history of maintaining a quality investment portfolio

Spend some time with us and you'll quickly see a difference. Our family-based culture allows us to bring a unique brand of personalized service to our customers.

⁶ Based on revenue, Fortune magazine (May 2018).



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

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, annuity contracts and/or other products and services provided by Nationwide Life and Annuity Insurance Company.

When purchasing life insurance, 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 your policy to fit your individual needs usually carry additional charges, may not be available in certain states and may be known by different names.

Long-term care insurance does have exclusions, limitations, reductions of benefits, and terms under which the policy may be continued in force or discontinued. For more details on cost and coverage options, contact your insurance professional.

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.

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