

EssentialLTC

Long Term Care Sales Guide



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What You'll Find Inside

This Sales Guide highlights some of the most popular product features with case studies included to show when and how each feature can be used. Understanding when and how to recommend each product feature allows you to customize plans and meet the needs of your clients.

The following are examples intended to illustrate how to assess a client's needs for National Guardian Life Insurance Company's (NGL) long term care product, EssentialLTC, and how you might approach it based on their situation. These examples are hypothetical and only intended to demonstrate how a product may benefit a client's situation.

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Lifetime Benefit Period Extension Rider



When to recommend it and how it works

If clients are concerned about a long claim duration, lifetime benefits could be appealing. The Lifetime Benefit Period Extension Rider can provide benefits that will continue for the remainder of the insured's life while on claim.



Did you know?

If you keep all other benefit selections the same the Lifetime Benefit Period Extension Rider is only twice the cost of the 3-Year Benefit Period.

Example 1

This example is hypothetical and only intended to demonstrate how a product feature may suit a client's situation.



Circumstances

Sarah and Michael met with their longtime friend, Melanie, who they hadn't seen for nearly 10 years. The reason they didn't see Melanie for so long was because her mother developed a condition that required extensive help with her ability to perform everyday activities such as eating, bathing and dressing. Melanie explained that managing this care while trying to maintain her hours at work was physically and emotionally exhausting. She also shared that she nearly depleted her savings because she hired and paid for caregivers to help take care of her mother.

Concerns

Sarah and Michael are concerned that if a similar condition lasting many years happened to them, their life savings could be spent entirely on long term care services. They also wanted to make sure their kids aren't affected by their long term care needs.

How EssentialLTC can help

They met with their insurance agent and expressed a desire to plan for the possibility of needing care for many years. Their agent designed an EssentialLTC policy with the Lifetime Benefit Period Extension Rider. Having this rider could provide benefits if care was needed for many years.

Outcome

This one plan design element gave Sarah and Michael peace of mind knowing their assets could possibly be protected. Sarah and Michael purchased EssentialLTC and felt positive about being able to leave their life savings to their kids, instead of spending it on care.

Shared Benefit Amount Rider



When to recommend it and how it works

Couples who ask about potentially running out of benefits, could find the Shared Benefit Amount Rider to be a cost-effective solution to provide additional coverage. With the Shared Benefit Amount Rider, if either or both insureds exhaust their own Benefit Amount, a joint Shared Benefit Amount will become accessible to either or both insureds.



Did you know?

The joint Shared Benefit Amount is a third pool of benefits equal to one of the insured's Benefit Amount.

If one insured passes away, any unused benefits in the joint Shared Benefit Amount remain available to the survivor.

If an inflation rider is purchased, the joint Shared Benefit Amount also grows over the life of the policy.

Example 2

This example is hypothetical and only intended to demonstrate how a product feature may suit a client's situation.



Circumstances

Dan and his wife, Melissa, watched his parents transition from independent lifestyles to needing assistance with basic daily activities (bathing, dressing, etc.). Dan's parents each had a Long Term Care insurance policy with a limited benefit amount.

Concerns

Dan's mother, who needed care for many years, exhausted her insurance benefits and was left to pay for care using her savings and income. Dan's father, on the other hand, had not used all the benefits on his policy by the time he died. Dan and Melissa are interested in a solution that would allow each of them to have additional benefits if they exhaust their own benefit amount.

How EssentialLTC can help

Dan and Melissa's agent designed an EssentialLTC policy with the Shared Benefit Amount Rider. With this rider, if either or both insureds exhaust their own benefits, a joint Shared Benefit Amount will become accessible to either or both of them.

Outcome

With the knowledge that each of them could have additional benefits, if needed, Dan and Melissa's concerns were put at ease by purchasing an EssentialLTC policy that met their needs.

Return of Premium Riders



When to recommend it and how it works

If clients ask, “But what if I never need long term care services?” recommend one of the Return of Premium Riders as a solution.

- The Full Return of Premium Rider can be a solution for clients who want the total premiums paid, regardless of LTC claims, returned to their beneficiary at death of the insured(s).
- The Limited Return of Premium Rider is a good solution for clients looking for a more cost-effective solution that would return the total premiums paid, reduced by claims, to a beneficiary at death of the insured(s).

EssentialLTC can be designed with one of these optional riders so that:

If long term care is needed... The policy pays a long term care benefit.

If long term care is not needed... Total premiums paid can be paid to a beneficiary at death of the insured(s) (second to die if joint policy).



Did you know?

EssentialLTC is a traditional Long Term Care insurance policy that can be designed with Return of Premium Riders to offer cost-competitive benefits that can compare to other long term care planning products, such as hybrid policies based in life insurance or annuities with long term care benefits.

Example 3

This example is hypothetical and only intended to demonstrate how a product feature may suit a client's situation.



Cindy



Tom



Circumstances

Cindy and Tom are very focused on leaving a financial legacy to their beneficiaries. They decided to make sure their estate plan ensures their beneficiaries will receive as much of their assets as possible in the event of their death.

Concerns

Having family experience with the costs of long term care, Cindy and Tom are concerned the expense of needing long term care services could have an impact on the amount their beneficiaries will receive. They want to purchase Long Term Care insurance, but they also want to make sure premium dollars are not lost if care is never received.

How EssentialLTC can help

When their advisor designed their EssentialLTC plan, two optional riders were provided to choose from to meet their needs: the Limited Return of Premium Rider and the Full Return of Premium Rider.

Outcome

Cindy and Tom evaluated these options and chose the Limited Return of Premium Rider. Having this rider on their EssentialLTC policy provided them peace of mind knowing their premium dollars are not lost if they didn't need long term care services.

Return of Premium with Optional Policy Surrender Riders



When to recommend it and how it works

If clients ask about scenarios in which they want to surrender the policy and receive some of their paid premiums back, recommend one of the Return of Premium with Optional Policy Surrender Riders as a solution. EssentialLTC can be designed with one of these optional riders so that:

If long term care is needed... The policy pays a long term care benefit.

If long term care is not needed... Total premiums paid can be paid to a beneficiary at death of the insured(s) (second to die if joint policy).

If the policyowner changes their mind and no longer wants the policy... The surrender value can be a lump sum payment up to 80% of the total premiums paid to the policyowner, reduced by claims.



Did you know?

The value of having an option to cancel the policy for some money back may provide prospects the peace of mind and flexibility they want in their LTCi policy.

Example 4

This example is hypothetical and only intended to demonstrate how a product feature may suit a client's situation.



Circumstances

Chad and Julie have friends that needed long term care. The expenses would have been financially devastating if a Long Term Care insurance policy was not paying for the costs.

Concerns

Chad and Julie want to buy a policy to cover this type of risk but are concerned that if they want (or need) to cancel the policy they would lose the money paid for premiums. Additionally, they have some large expenses coming up in the future and would like to have the ability to receive some money back if they decide to surrender their policy.

How EssentialLTC can help

Their agent was able to design an EssentialLTC policy that included a Return of Premium with Optional Policy Surrender Rider. In the future, if they surrender their policy, Chad and Julie could get up to 80% of their premium payments back, reduced by claims.*

Outcome

The Return of Premium with Optional Policy Surrender Rider gave them the flexibility they wanted in a Long Term Care insurance policy.

*The surrender value would be available as long as they have not received benefit payments under the policy that total more than 365 days, they are not currently receiving benefits, and they have not filed a claim that is currently under consideration. These riders allow the policyowner to surrender the policy for a lump sum payment that begins at 20% of total premiums paid on the first policy anniversary, increases to 40% on the second policy anniversary, increases to 60% on the third policy anniversary, and increases to 80% on the fourth policy anniversary and remains at 80% for the life of the policy.

Flexible Premium Payment Options



When to recommend it and how it works

Some clients may express that they don't want to pay Long Term Care insurance premiums after they retire. Others may say they are concerned about possible rate increases after they retire. In cases where having a paid-up policy is an important financial goal, recommend the Single or 10-Year Premium Payment Option instead of the Lifetime Premium Payment Option.



Did you know?

With the Single Premium Payment Option, when the single premium is paid, no additional premiums will be due and the policy is fully paid-up and noncancelable.

With the 10-Year Premium Payment Option, premiums will be payable over a 10-year period, after which no further premiums will be due, and premiums are only subject to change during the 10-year premium payment period.

Example 5

This example is hypothetical and only intended to demonstrate how a product feature may suit a client's situation.



Kevin

Circumstances

Kevin is focusing on his retirement plan. After researching and submitting inquiries, he was contacted by an insurance agent about planning for long term care to protect his retirement assets.

Concerns

Kevin expressed concerns about paying the premium for a Long Term Care insurance policy in his retirement years.

How EssentialLTC can help

Kevin's agent was able to alleviate his concerns by offering him a policy that could be paid-up either with a single premium or over a 10-year duration.

Outcome

Kevin selected the 10-Year Premium Payment Option. This option gave Kevin confidence knowing at the end of the tenth policy year, if each required premium was paid, his policy will be paid-up for the rest of his life with no further premium due.

Inflation Protection Riders



When to recommend it and how it works

Some clients may not expect to need long term care services for many years. To meet the needs of clients today, and in the future, EssentialLTC offers multiple Inflation Protection Riders to help policy benefits keep up with the rising cost of long term care services.



Did you know?

If an Inflation Protection Rider is purchased, EssentialLTC may qualify as a Partnership policy. See the State Variation Listing for availability.

Example 6

This example is hypothetical and only intended to demonstrate how a product feature may suit a client's situation.



Circumstances

Jeff and Nancy are in their early 40s and are very busy with their children's activities. They did not expect to also care for Nancy's mother, Donna. Luckily, Donna purchased Long Term Care insurance many years ago. Jeff and Nancy witnessed the many benefits of what the policy did for Donna and how it helped the entire family.

Concerns

Jeff and Nancy want to be sure they plan for long term care as well. When they looked at Donna's policy, they noticed she purchased an inflation rider that increased her benefits by 3% each policy year. When they saw her original benefits compared to her benefits today, they knew that the inflation rider was a valuable part of the policy.

How EssentialLTC can help

EssentialLTC offers multiple Inflation Protection Riders that allow benefits to increase by a certain percentage each policy year.

Outcome

After showing them multiple daily benefit and inflation combinations, their agent was able to help them purchase an EssentialLTC plan and within their budget, suited their needs today, and was likely to also benefit them in the future.

Product Highlights (as filed in select states)

EssentialLTC

Policy Type	Individually-Underwritten, Tax-Qualified, Reimbursement	
Available Coverages	Comprehensive (Home and Community Care Services & Facility Care Services) or Facility Care Services Only	
Rates	Gender-distinct premium rates. Joint premium rates are available. Gender-neutral (unisex) premium rates are available via the Employer Group rate class.	
Available Issue Ages	40-79 (age nearest)	
Individual or Joint Policy	Individual or Joint Joint policies and premium rates are available for two individuals who reside in the same household. If related, policyholders must be of the same generation (i.e. siblings).	
Daily Benefit Amount	\$50 to \$300 (\$10 increments)	
Premium Payment Options	Single, 10-Year, or Lifetime Premium Payment	
Elimination Period	0, 30, 90, or 180 days of service (cumulative and one-time) 2 Year and 3 Year – Benefit Period Extension Riders are available with the 3 Year Benefit Period.	
Benefit Period	A 1 year extension extends the Benefit Period to 4 years, a 2 year extension extends the Benefit Period to 5 years, a 3 year extension extends the Benefit Period to 6 years, or a lifetime extension extends the Benefit Period to a Lifetime Benefit Period.	
Underwriting Rate Classes	Preferred Plus, Preferred, Standard, or Employer Group	
Eligibility for Payment of Benefits	Chronically ill as defined in the policy with certification from a Licensed Health Care Practitioner.	
Employer/Association Group	<ul style="list-style-type: none"> • Employer Group rate class priced on a unisex basis or 5% Employer Group premium discount on gender-specific pricing – see state variation listing • 5% Association Group premium discount 	
Waiver of Premium / Joint Waiver of Premium	Waiver of Premium included in base contract for Facility Care Services.	
Additional Policy Benefits (benefits paid will be subtracted from the Benefit Amount)	<ul style="list-style-type: none"> • Respite Care - Maximum of 30 days per calendar year • Facility Bed Reservation - Maximum of 30 days per calendar year • Emergency Response System - Reimburse charges up to \$50 per month • Caregiver Training - Maximum Lifetime Benefit of 5 times the Daily Benefit Amount • Coverage Outside of the U.S., U.S. Territories, and Canada - up to 30 days per calendar year 	
LTC Partnership	<p>EssentialLTC is available as a Partnership policy in many states:</p> <ul style="list-style-type: none"> • with the purchase of an Inflation Protection Rider for ages 75 and below • with or without the purchase of an Inflation Protection Rider for ages 76+ <p>LTC Partnership policies may entitle the insured to an asset disregard. This generally allows a person to keep assets equal to the insurance benefits received under a qualified Partnership policy without affecting the person's eligibility for Medicaid. See state variation listing for availability.</p> <p>If premium rates are increased resulting in a cumulative increase of the annual premium equal to or exceeding the percentage of the initial annual premium as set forth in the table in the policy, and the policy lapses within the grace period, then the following options become available:</p> <ol style="list-style-type: none"> 1. the Daily Benefit Amount and Benefit Period may be reduced (subject to availability), or 2. the policy may be converted to a paid-up status with a Benefit Amount equal to the total of premiums paid and no less than 30 times the Daily Benefit Amount in effect on the date of lapse 	
Contingent Benefit Upon Lapse		

Product Highlights (continued)

Riders

Shared Benefit Amount Rider	<p>If either or both insureds exhaust their own Benefit Amount, a joint Shared Benefit Amount will become accessible which may be accessed by either or both insureds.</p> <p>The joint Shared Benefit Amount will also increase due to an Inflation Protection Rider, if attached to the policy.</p> <p><i>This option is available on joint policies with a Benefit Period other than the Lifetime Benefit Period.</i></p>
Compound 3% Inflation Protection Rider	<p>On each policy anniversary, the Daily Benefit Amount will increase by 3% of the previous year's Daily Benefit Amount, with a corresponding increase in the Benefit Amount.</p>
Compound 5% Inflation Protection Rider	<p>On each policy anniversary, the Daily Benefit Amount will increase by 5% of the previous year's Daily Benefit Amount, with a corresponding increase in the Benefit Amount.</p>
Step-Rated Compound Inflation Protection Rider	<p>Choose between a 3% or 5% Step-Rated Compound Inflation Protection Rider. The Daily Benefit Amount, Benefit Amount, and premium will increase by the percentage shown on the policy schedule on each policy anniversary date.</p> <p><i>This option is only available with the Lifetime Premium Payment Option.</i></p>
Waiver of Premium Rider	<p>Premium payments are waived once payment of benefits begins for either Facility Care Services or Home and Community Care Services.</p>
First Day HCCS Rider	<p>When Home and Community Care Services (HCCS) coverage is included, benefits will be payable on the first day the insured(s) is/are qualified to receive benefits for HCCS only.</p>
Benefit Period Extension Rider	<p>Extends base 3 Year Benefit Period to either 4 years, 5 years, 6 years, or to a Lifetime Benefit Period.</p>
Limited Return of Premium Rider	<p>Upon the death of the insured(s) while the policy is in force (last to die under joint coverage), the total of premiums paid, reduced by the total of benefits received, will be paid to the beneficiary.</p> <p><i>This option is not available with the Shortened Benefit Period Nonforfeiture Rider.</i></p>
Limited Return of Premium with Optional Policy Surrender Rider	<p>Upon the death of the insured(s) while the policy is in force (last to die under joint coverage), the total of premiums paid, reduced by the total of benefits received, will be paid to the beneficiary.</p> <p>This rider includes an option to surrender the policy for a lump sum payment to the policyowner of up to 80% of total premiums paid, reduced by the total of benefits received.</p> <p><i>This option is not available with the Shortened Benefit Period Nonforfeiture Rider.</i></p>
Full Return of Premium Rider	<p>Upon the death of the insured(s) while the policy is in force (last to die under joint coverage), the total of premiums paid will be paid to the beneficiary.</p> <p><i>This option is not available with the Shortened Benefit Period Nonforfeiture Rider.</i></p>
Full Return of Premium with Optional Policy Surrender Rider	<p>Upon the death of the insured(s) while the policy is in force (last to die under joint coverage), the total of premiums paid will be paid to the beneficiary.</p> <p>This rider includes an option to surrender the policy for a lump sum payment to the policyowner of up to 80% of total premiums paid, reduced by the total of benefits received.</p> <p><i>This option is not available with the Shortened Benefit Period Nonforfeiture Rider.</i></p>
Shortened Benefit Period Nonforfeiture Rider	<p>If the policy lapses for nonpayment of premium after it has been in force for 3 years, coverage will continue, and benefits are payable equal to the greater of total of premiums paid, or 30 times the Daily Benefit Amount in effect at the time of lapse.</p>

Notes



National Guardian Life Insurance Company (NGL)

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Long Term Care Policy Form: ICC16-NLTC100P

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