



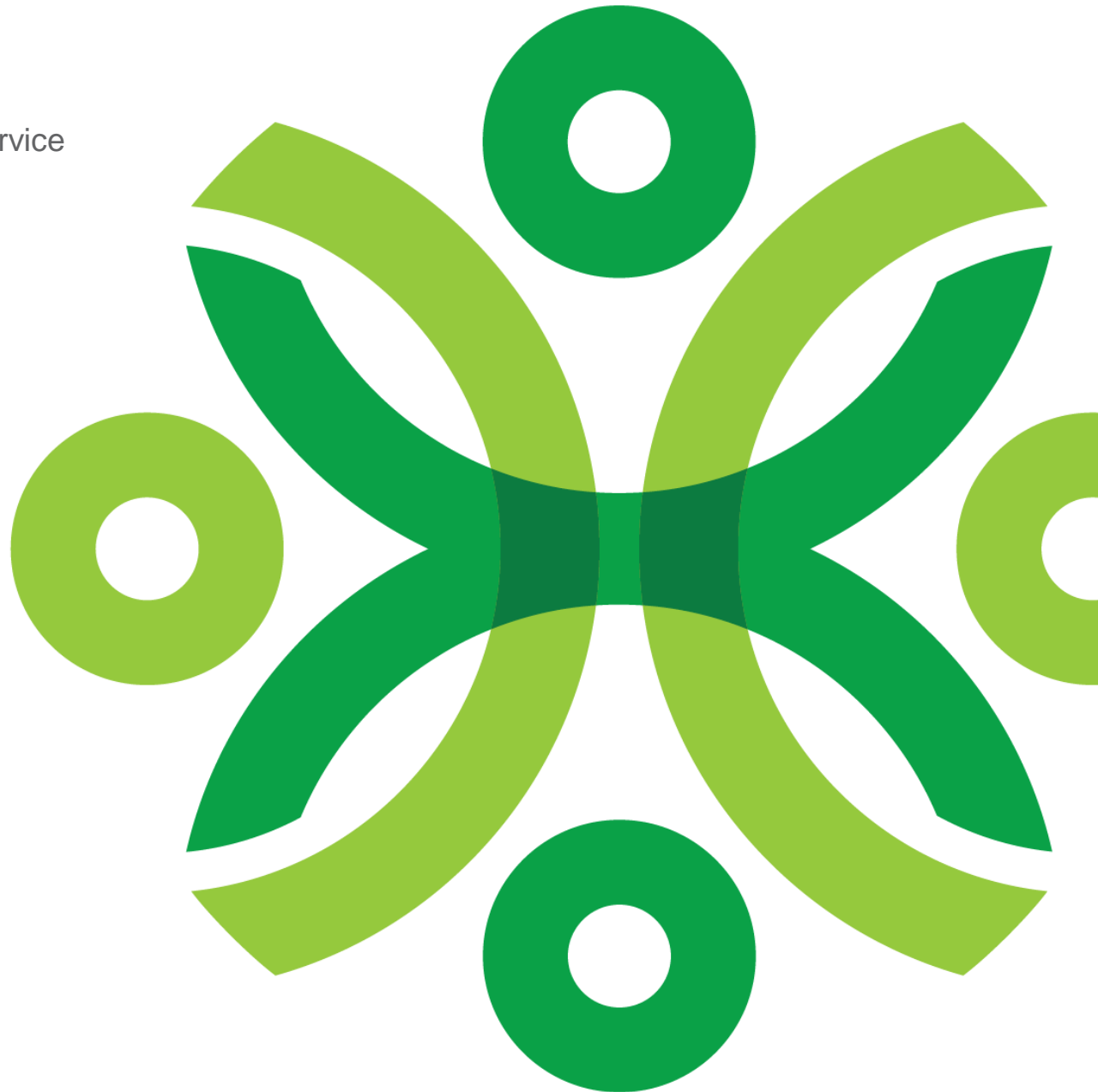
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SecureCare Universal Life

Jon Thomas, Regional Sales Director – LTC

Art Jetter NMO Resource Group Virtual
Conference - 08/04/2020

Insurance products issued by Minnesota Life Insurance Company





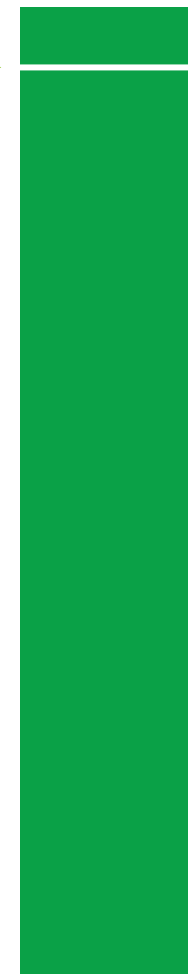
The value of high ratings

Comdex ranking

96

(as of September 2019)

100 (highest)



1 (lowest)



For more information about the rating agencies and to see where our ratings rank compared to other ratings, please view our website at securian.com/ratings. All ratings information as of June 6, 2019, unless otherwise noted.



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Securian Financial Group, Inc. is the holding company parent of a group of companies that provide a broad range of financial services in the United States and Canada.

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Securian Life Insurance Company

A New York authorized insurer
Individual and group insurance, and individual annuities

Securian Casualty Company

Property-casualty insurance products

Canadian Premier Life Insurance Company

Life, credit and accident/sickness insurance products

Canadian Premier General Insurance Company

Life, credit and accident/sickness insurance products

WEALTH MANAGEMENT

Securian Financial Services

Financial products and investment advisory services

Securian Trust Company

Trust services

CRI Securities

Financial products and investment advisory services

DISTRIBUTORS

Allied Solutions

Financial institution products and services

Valeyo

Financial institution products and services

Ochs

Employee benefits products and services

ASSET MANAGEMENT

Securian Asset Management™²

Asset management and investment advisory services

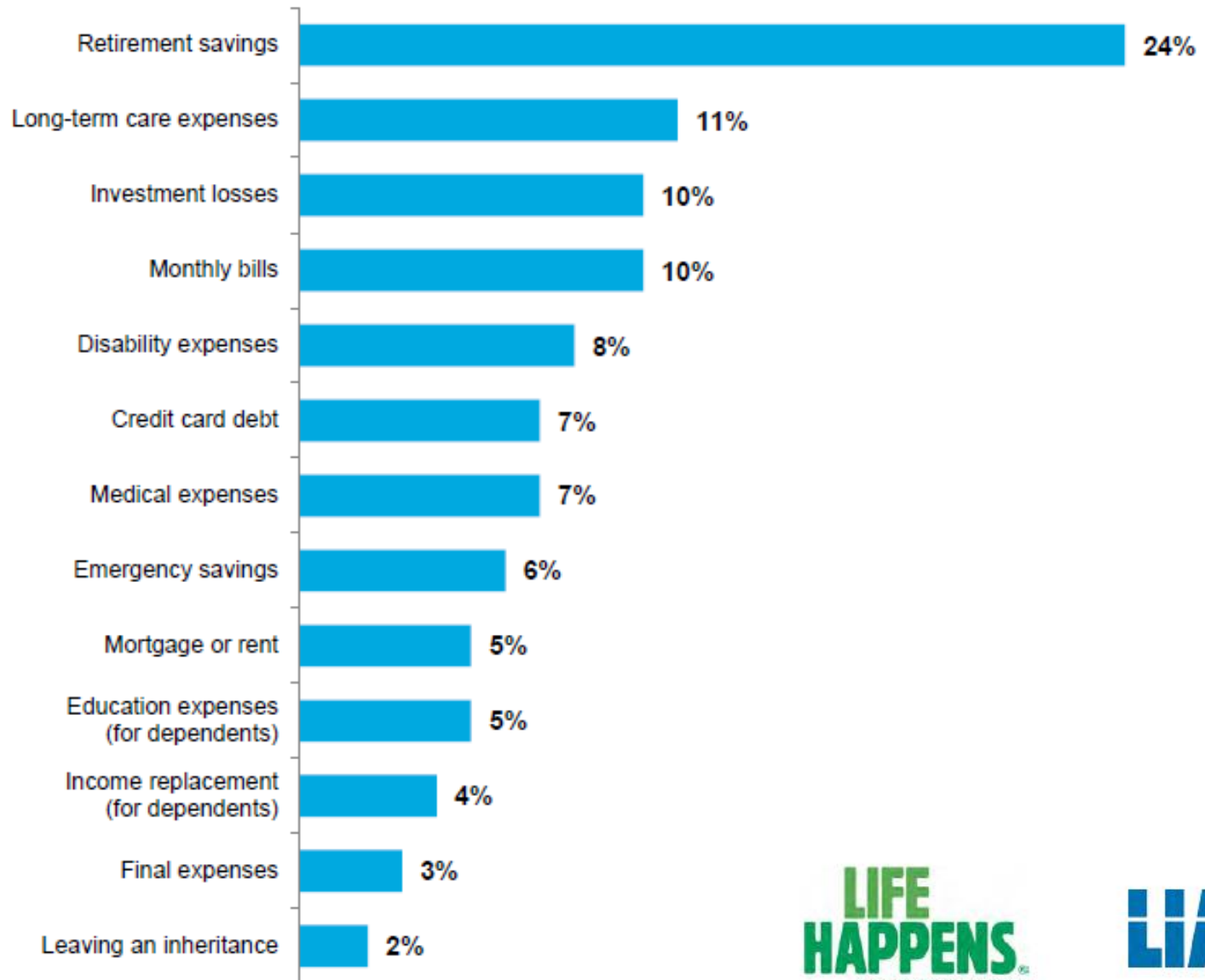
AAM Insurance Investment Management

Asset management for insurance companies



Figure 38 — 2019 Top Financial Concerns*

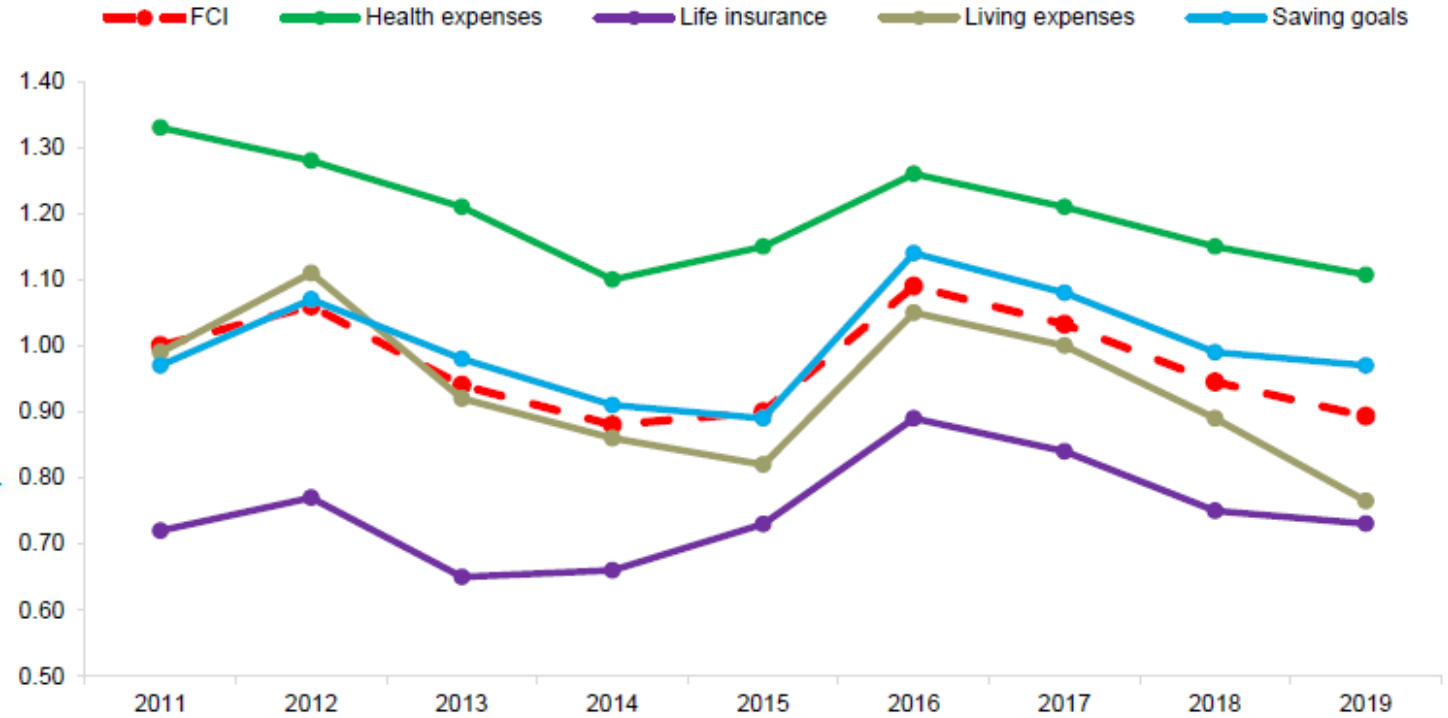
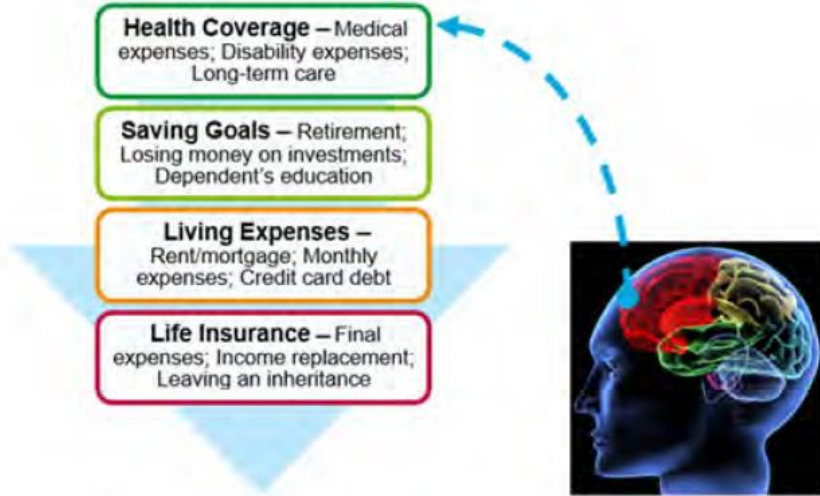
2019 Insurance Barometer Report





The Financial Concern Hierarchy

Figure 33 — Illustration of the Financial Concern Hierarchy





The Financial Concern Hierarchy

Concern over health-related financial risks

Concerns over health-related expenses consistently rank among the American consumer's top financial fears (Figure 34).

Figure 34 — Health Coverage Concern Trends

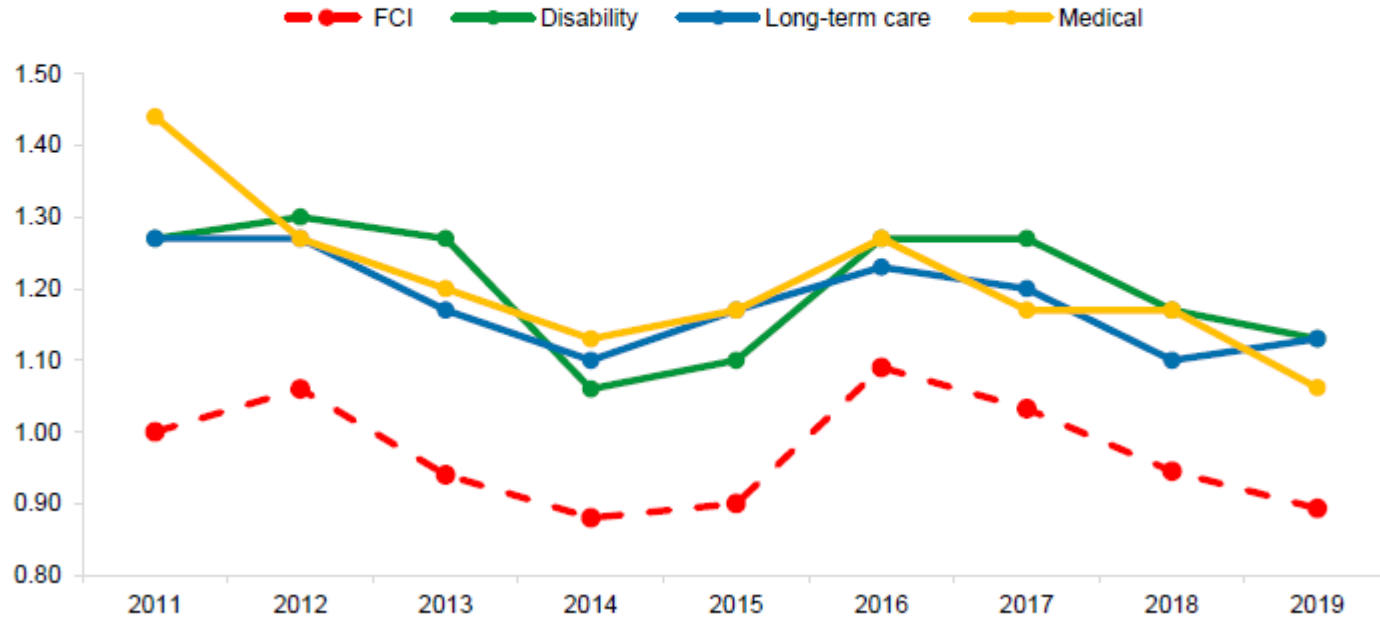




Figure 17 — Insurance Product Ownership and Perceived Need by Coverage Type

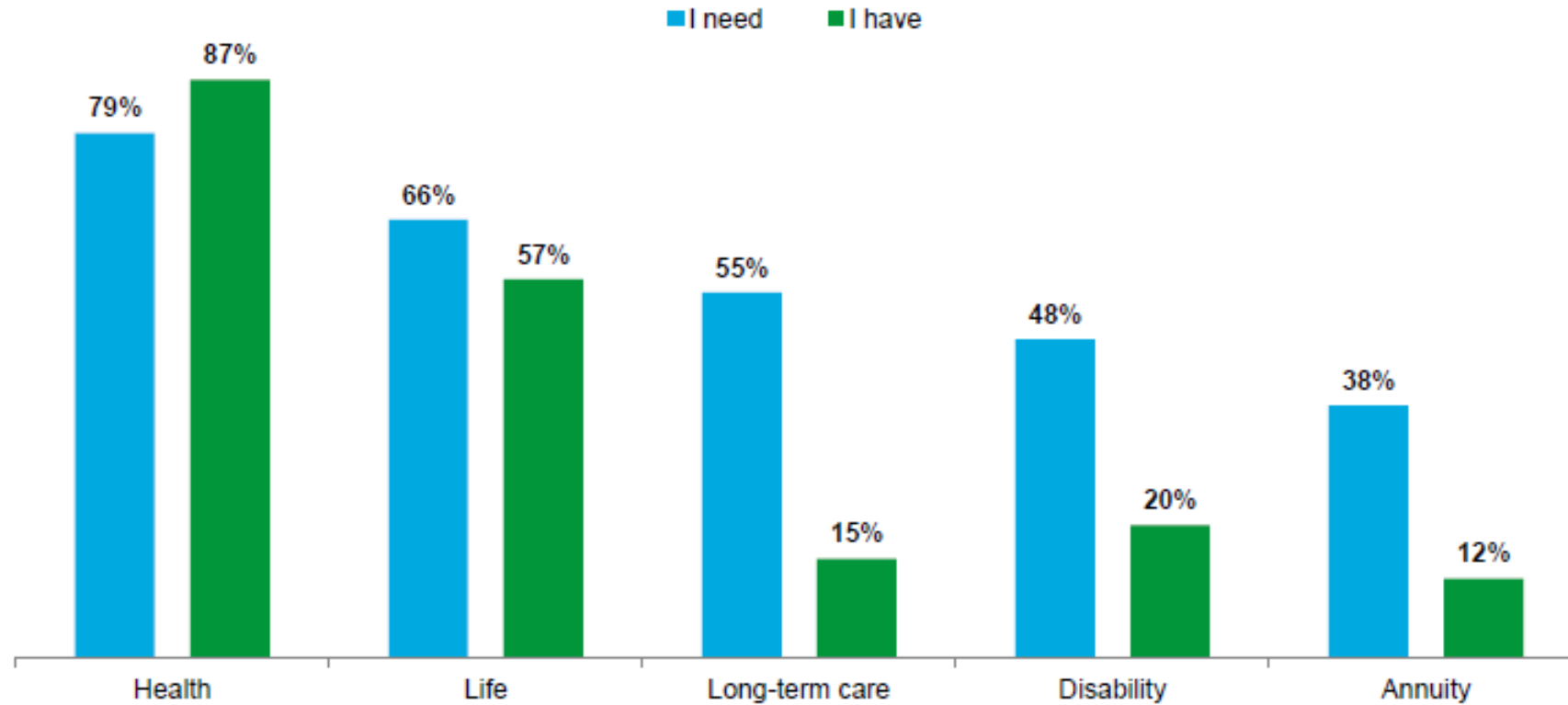
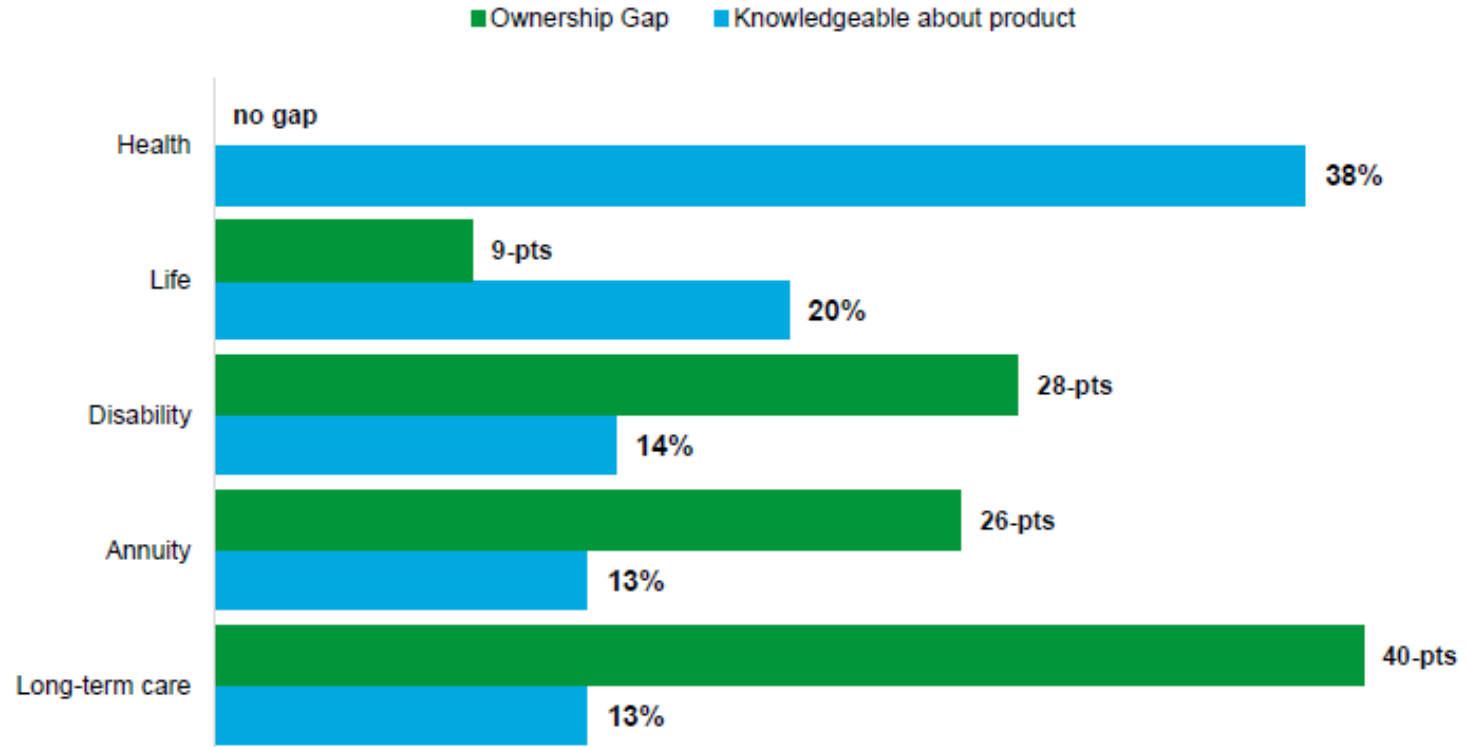




Figure 18 — Insurance Product Knowledge and Ownership Gap Rates by Coverage Type



Knowledge Gaps Promote Ownership Gaps

- Lower knowledge gaps are associated with lower levels of perceived need and lower ownership gaps.
- However, the presence of a knowledge gap has a stronger relationship with ownership than perceived need.
- This suggests that product knowledge is a more significant barrier to ownership than to perceived need.
- This suggests that reducing knowledge gaps may reduce ownership gaps.

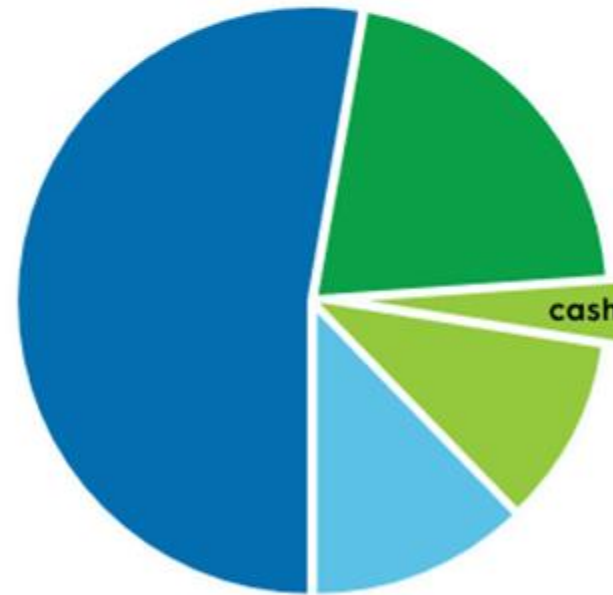




Leveraging your assets to pay for care

What if you leveraged your assets, either through a lump sum or a series of fixed payments, to cover the cost of your care?

SAMPLE PORTFOLIO



- Investments/retirement savings
- Tangible assets (home, car, cabin)

- Liquid assets (money market, certificate of deposit, savings)
- Life insurance

Choice of
single or multiple
premium payments



**SecureCare
policy**



SecureCare provides you with guaranteed benefits



When you die

An income, tax-free death benefit is paid to your beneficiaries upon your death.¹



If you need long-term care

A portion of your policy's total benefit amount is paid out monthly upon meeting the policy's eligibility requirements.²



Even if you exhaust all long-term benefits, when you die, your beneficiaries will still receive a minimum tax-free death benefit of 10% of your life insurance face amount or \$10,000, whichever is less.



If you want your money back

You may elect to discontinue coverage and may receive a premium refund.³



If you can no longer pay your scheduled premiums

Your policy provides a reduced paid-up, nonforfeiture benefit, which purchases paid-up insurance for the rest of your life.

¹ If owner/insured are different, the death benefit will be paid upon death of the insured.

² Eligibility requirements include: the insured must be certified as a chronically ill individual; and must be receiving qualified long-term services under the Acceleration for Long-Term Care Agreement, which are specified in a plan of care; and the plan of care must be submitted to Minnesota Life; and the elimination period must be satisfied; and the Acceleration for Long-Term Care Agreement must be in force.

³ Upon surrender, the policy owner will receive the surrender value proceeds. The surrender value proceeds may not equal the sum of premiums paid. Surrenders are subject to a return of premium vesting schedule. Policies that are fully vested are eligible for a full return of all premiums paid.



Female, age 60

\$100,000 SecureCare policy
Single pay, no inflation protection option
Couples discount

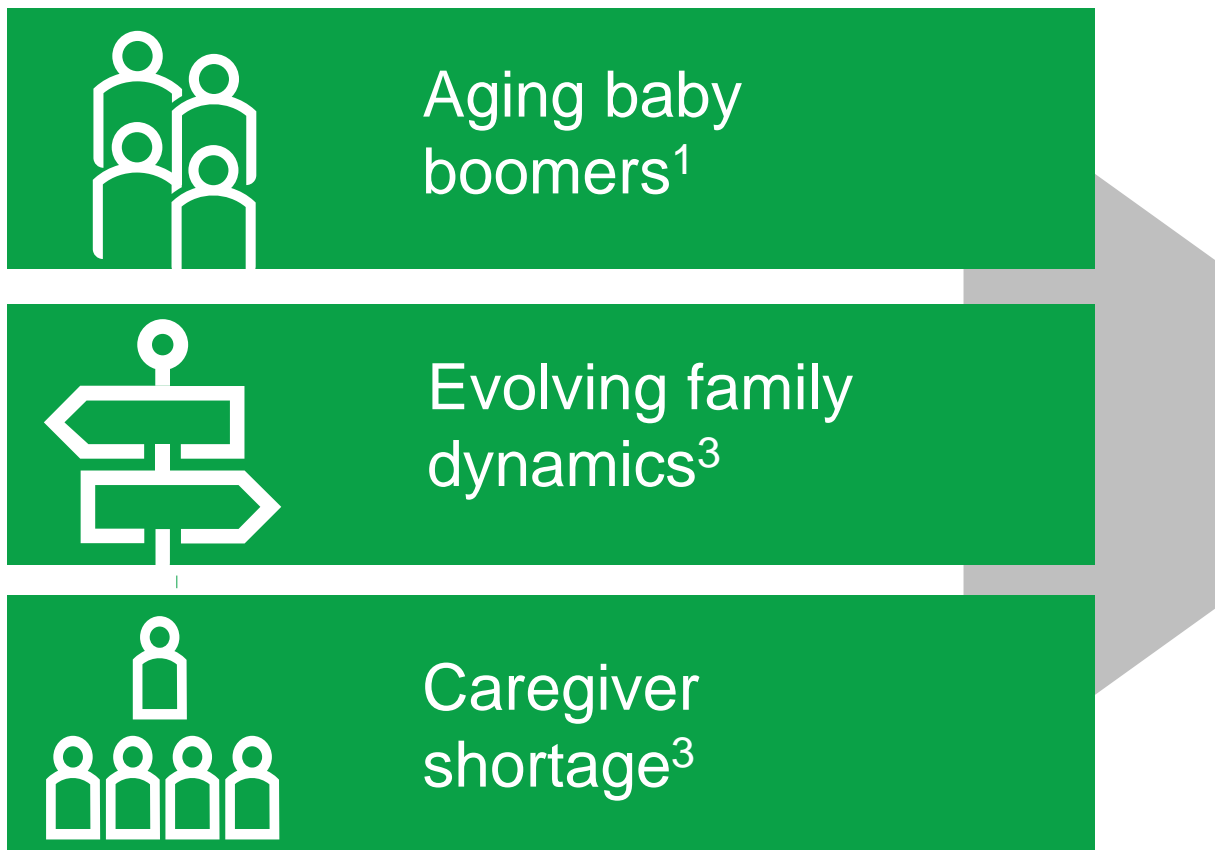
Premium schedule	Inflation protection option	Total LTC benefits		Die before needing LTC	Internal rate of return at age 85	Tax equivalent yield ⁶
		Day 1	Age 85			
Single pay: \$100,000	None	\$501,070	\$501,070	\$167,023	5.95%	7.83%
	3% compound	\$375,828	\$786,899	\$116,204	7.66%	10.08%
5-pay: \$20,000/year	None	\$430,892	\$430,892	\$143,631	5.79%	7.62%
	3% compound	\$320,838	\$671,762	\$100,000	7.60%	10.00%
7-pay: \$14,286/year	None	\$411,343	\$411,343	\$137,114	5.82%	7.66%
	3% compound	\$307,945	\$644,768	\$100,000	7.71%	10.14%
10-pay: \$10,000/year	None	\$384,224	\$384,224	\$128,075	5.87%	7.72%
	3% compound	\$270,224	\$565,790	\$100,000	7.57%	9.96%
15-pay: \$6,667/year	None	\$354,989	\$354,989	\$118,330	6.09%	8.01%
	3% compound	\$260,067	\$544,522	\$100,000	8.14%	10.71%

6. Assuming marginal tax rate of 24%.

This is a hypothetical example for illustrative purposes only.



LTC is changing



What will the care network look like in 8 years?

1. Americans are retiring at an increasing pace. Kristin Myers. Nov. 21, 2018. <https://finance.yahoo.com/news/americans-retiring-increasing-pace-145837368.html>
2. America is running out of family caregivers, just when it needs them most. Clare Ansberry. July 20, 2018. <https://www.wsj.com/articles/america-is-running-out-of-family-caregivers-just-when-it-needs-them-most-1532094538>
3. The push to improve working conditions for U.S. caregivers. Mark Miller. Dec 20 2018. <https://www.reuters.com/article/us-column-miller-caregivers/the-push-to-improve-working-conditions-for-us-caregivers-idUSKCN1OJ1BE>



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Cash indemnity vs. reimbursement

Benefit payout comparison

	Reimbursement	Cash indemnity
Eligibility requirements	The insured is certified as being chronically ill, has a plan of care and has satisfied the elimination period	
Monthly LTC benefit	Only qualified expense incurred are reimbursed, not to exceed the monthly maximum	Up to 100% of the monthly maximum is paid as a cash benefit
Monthly bills and receipts	Required	Not required
Informal care	Limited or no coverage for unlicensed informal caregivers	Yes
Restrictions on use of benefits	Limited to qualified long-term care expenses incurred as defined in the contract	None
Company examples	Lincoln - MoneyGuard® Mass Mutual - CareChoice SM New York Life® - Asset Flex OneAmerica® - Asset-Care Pacific Life - PremierCare® Choice ¹	Securian Financial- SecureCare Nationwide - YourLife CareMatters®

1. Also offers a traditional Indemnity (requires monthly proof of loss) benefit when selected at the time of claim. Selecting the Indemnity benefit for PacLife will reduce the monthly maximum.



Attract New Clients with Indemnity LTC Benefits

Plan for **INCOME**, Not Reimbursed **LOSS**

CASH Indemnity LTC

TOTAL: \$720K

INCOME: \$10K monthly for 6 years

Monthly LTC Cost

\$7,000 *On average

Full Benefit payable in **6 years**

Traditional / Reimbursement LTC

TOTAL: \$720K

Benefit available: \$10K monthly for 6 years

Monthly LTC Cost

\$7,000 *On average

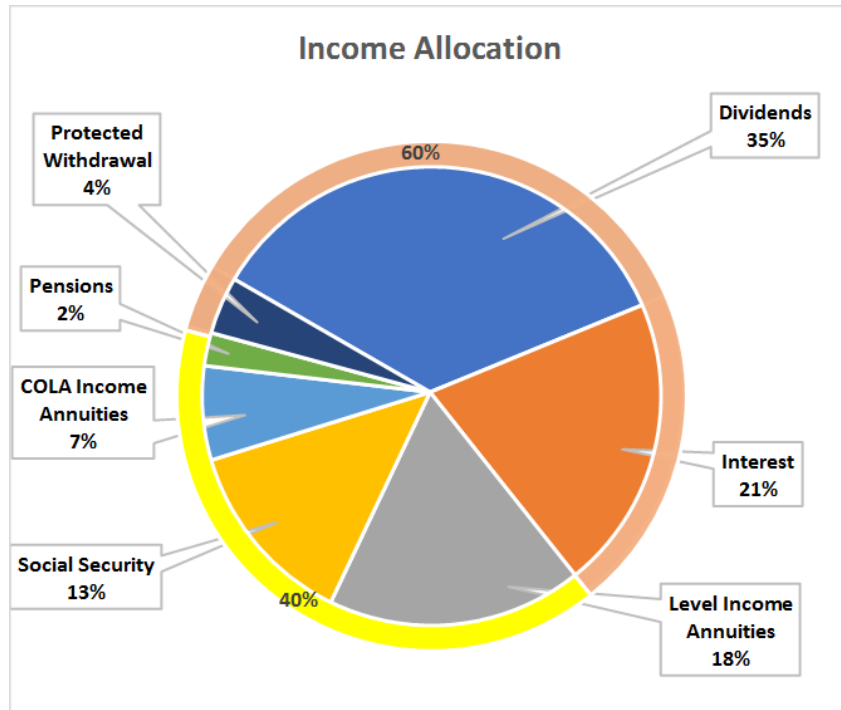
Full Benefit payable in **8.5 years**



An Indemnity Benefit Adds the potential to get the most out of a policy in the expected timeframe



What about Phase II of Retirement?



➔ **Where** will the **additional Income** needed for **ElderCare** come from??

Add SecureCare LTC to Retirement Plan

Male Age 50

+\$415 monthly for 15 years
From Ages 50 – 65 = \$74,700 total

A plan with 5% compound inflation rider will provide:

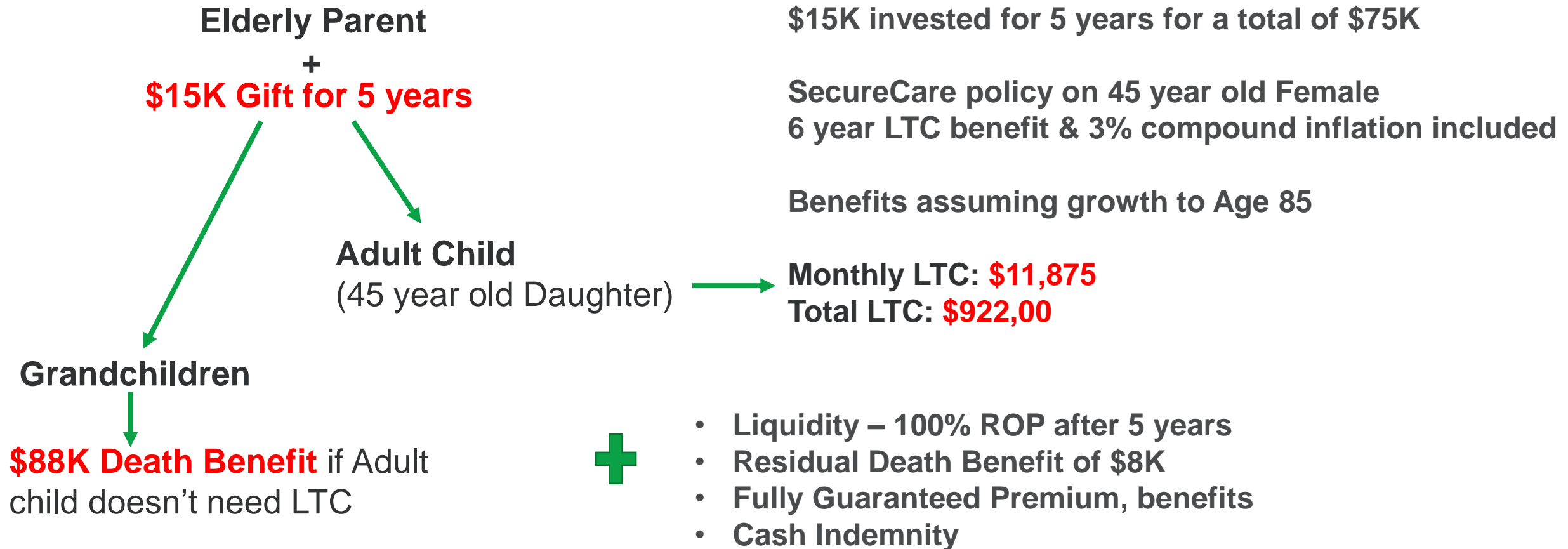
@ Age 85: Total LTC = **\$938,000**
Monthly LTC = **\$11,500** for 6 years



Add an Indemnity LTC policy to retirement plan to provide enhanced income for ElderCare and additional income needs in Phase II of retirement



A Gift that keeps.... Kids out of a nursing home?





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What are the tax benefits?



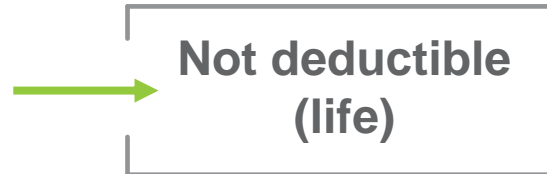
SecureCare's tax implications

Benefits

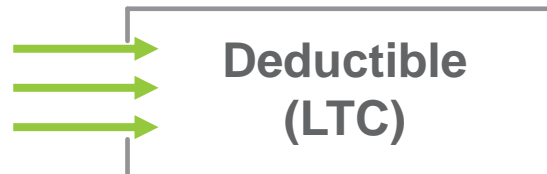
Cash indemnity benefit not taxed as income – unless above IRS per diem (\$380 in 2020)

Policy structure

Face amount (base life insurance)



Acceleration for LTC Agreement
Extension of LTC Benefits Agreement
LTC Inflation Protection Agreement





SecureCare's potential tax deductibility

- **Individual**
 - Deduct up to the age-based limit of the LTC portion of their premium; must itemize taxes
- **Owner/employee of pass-through entity**
 - Deduct up to the age-based limit of the LTC portion of their premium; don't need to itemize
- **Employee and owner/employee of C corporation**
 - Exclude full LTC portion of their premium from income; no age-based limitation

Attained age	2020 limit
40 or less	\$430
41-50	\$810
51-60	\$1,630
61-70	\$4,350
71+	\$5,430



Can a Health Savings Account (HSA) be used to pay the premiums for a SecureCare policy?

Attained age	2019 limit	2020 limit
40 or less	\$420	\$430
41-50	\$790	\$810
51-60	\$1,580	\$1,630
61-70	\$4,220	\$4,350
71+	\$5,270	\$5,430



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Example



Howard, age 67

HSA account with \$35,000

\$105,000 SecureCare policy

\$15,000 annual premium for 7 years

Howard	Minimum death benefit	Monthly LTC benefit	Total LTC benefits available
Day 1	\$81,690	\$3,404	\$277,823
Age 80	\$81,690	\$6,418	\$523,877

Howard's age	Premium paid from HSA (age-based limit)	Premium paid out-of-pocket
67 years	\$4,350	\$10,650
68 years	\$4,350	\$10,650
69 years	\$4,350	\$10,650
70 years	\$4,350	\$10,650
71 years	\$5,470	\$9,530
72 years	\$5,470	\$9,530
73 years	\$5,470	\$9,530
Total	\$33,810	\$71,190

This is a hypothetical example for illustrative purposes only.

Please keep in mind that the primary reason to purchase a life insurance product is the death benefit.

Guarantees are based on the claims paying ability of the issuing company.

Life insurance products contain fees, such as mortality and expense charges, and may contain restrictions, such as surrender periods.

Additional agreements may be available. Agreements may be subject to additional costs and restrictions. Agreements may not be available in all states or may exist under a different name in various states and may not be available in combination with other agreements.

SecureCare may not be available in all states. Product features, including limitations and exclusions, may vary by state.

SecureCare Universal Life Insurance includes the Acceleration for Long-Term Care Agreement. The Acceleration for Long-Term Care Agreement and Extension of Long-Term Care Benefits Agreements are tax qualified long-term care agreements that cover care such as nursing care, home and community based care, and informal care as defined in these agreements. These agreements provide for the payment of a monthly benefit for qualified long-term care services. These agreements are intended to provide federally tax qualified long-term care insurance benefits under Section 7702B of the Internal Revenue Code, as amended. However, due to uncertainty in the tax law, benefits paid under these agreements may be taxable.

The death proceeds will be reduced by a long-term care or terminal illness benefit payment under this policy. Clients should consult a tax advisor regarding long-term care benefit payments, terminal illness benefit payments, or when taking a loan or withdrawal from a life insurance contract.

This information is a general discussion of the relevant federal tax laws provided to promote ideas that may benefit a taxpayer. It is not intended for, nor can it be used by any taxpayer for, the purpose of avoiding federal tax penalties. Taxpayers should seek the advice of their own advisors regarding any tax and legal issues specific to their situation.

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SECURECAREPPT Rev 2-2020 DOFU 7-2019

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