Annuity Care®

Products and financial services provided by The State Life Insurance Company® a OneAmerica® company
Longevity and long-term care

Benjamin Franklin famously said, “A penny saved is a penny earned.” But Ben can’t give us wisdom today when it comes to the money we have saved. Obviously, one focus is simply having enough money to live on. At the same time, we need to have enough set aside should something happen to our health toward the end of our life.

For those who successfully saved and are meeting their income needs, now may be the right time to look at places to put those “just in case” dollars. There are guaranteed interest rate products that combine the solid elements of fixed interest deferred annuities with the protective elements for end of life care. This end of life care is also known as long-term care (LTC) benefits, but understand that the phrase “long-term care” can describe care in your home, in an assisted living facility, or other places besides a long-term care facility. It means you have options for the type of care you may receive. These annuities offer the opportunity to use a single premium, meaning a one-time payment can allow you to pay for protection and grow an asset simultaneously. One of these annuities is Annuity Care® II from The State Life Insurance Company.

Two ways long-term care insurance protection becomes available

1. You cannot perform at least two of six activities of daily living, which include bathing, continence, dressing, eating, toileting, and transferring.
2. You require care as a result of a severe cognitive impairment (such as Alzheimer’s disease).
How Annuity Care II works
Annuity Care II is a single premium fixed interest deferred annuity that combines long-term asset growth and LTC benefits. This protection is built-in to the annuity, providing a combination of the annuity value and additional long-term care benefits should you need them.

The way it works, your single premium grows as the Accumulated Value (AV) with a guaranteed minimum interest rate. It is this value that passes to your heirs at death (if you never need it for end of life care). At the same time, your premium grows at a second, higher interest rate for the Long-Term Care Accumulated Value (LTCAV), the amount you would receive should you have qualified LTC expenses. Annuity Care II also allows you to extend the value of this protection beyond your annuity’s LTCAV by automatically including a Continuation of Benefits (COB) Balance. This provision will continue benefits of qualified LTC expenses under the contract. The COB becomes effective after the LTCAV has been reduced to zero (0) due to LTC withdrawals. This additional protection is purchased through a charge deducted monthly from your values.

Tax advantages
Annuity Care II provides an effective way to protect your assets from the potential expenses associated with end of life care. And, it also does so in very tax-efficient ways:
• Long-term care benefit payments from the LTCAV are income tax-free as a reduction of basis
• Long-term care benefit payments from the COB Balance are income tax-free
• The monthly charge to pay for the COB Balance is income tax-free as a reduction of basis in the LTCAV.

Annuity Care® II, a single-premium deferred annuity with LTC benefits, is medically underwritten and requires that you qualify for coverage.
Consider Annuity Care II

Annuity Care II is medically underwritten meaning you should be in fair or better health to apply. Available from ages 40 to 80, it can be purchased with one insured (annuitant) or two — so it is available for single people or for spouses (covering both on one policy). The minimum single premium is $10,000 (may vary by state), but you should evaluate what premium is appropriate for your needs.

Your choices
The money you have accumulated in the LTCAV would last a minimum of 24 months for a single person and 30 months for two people. After that, you have access to the COB Balance. Based on your age and the decision you make at the time of application, the COB Balance could last an additional:

- 3 years (available ages 40 to 80)
- 6 years (available ages 40 to 75)
- 9 years (available ages 40 to 70)

In our hypothetical example, Mary Johnson would have two years of benefits from her LTCAV, then another three years from the COB Balance, for a total of five years’ coverage. Obviously, the longer the COB period selected, the higher the monthly charge you pay and there is a 90-day elimination period before benefits begin.

A hypothetical example of how Annuity Care II can work

Mary Johnson is a 65-year-old who has $100,000 accumulated in savings for which she has no income needs. She elects to apply for Annuity Care II and pays this amount into the contract. Her premium creates a pool of total LTC benefits equaling $250,487. Based on a minimum of 60 months of total protection available to her, she could access this amount for a monthly benefit of $4,175. So, using this example, Mary has $100,194 in her LTCAV and $150,292 in her COB Balance at the end of the first policy year. As the Long-Term Care Accumulated Value increases, so does the Continuation of Benefits Balance. So by year 10, in our example, the LTCAV equals $101,922 and the COB Balance is $152,883, giving Mary a total amount of $254,805 available for qualifying LTC expenses. She could access this amount for a monthly benefit of $4,246. All values in this hypothetical example assume a non-guaranteed interest rate of 1.15%. These values assume that no partial surrenders or LTC withdrawals are made.
Qualifying benefits are paid to you on a reimbursement basis (only collecting what you submit in bills each month). If long-term care expenses are less than your monthly limit, then benefits will be available for a longer period. Reimbursement may allow benefits to be paid over a larger period of time. Finally, at the time of application you may select an optional inflation protection benefit of 5% compound interest on your COB Balance. This is available with a separate single premium.

If you need your money
For qualified LTC, there are no surrender charges assessed to your LTC withdrawal at any time. Surrender charges are waived on partial surrenders up to 10 percent of your AV (as of the beginning of the contract year) after the first contract year. Any partial surrender that exceeds the 10 percent free partial surrender amount will be subject to a surrender charge in the first nine contract years. Partial surrenders will reduce the AV as well as reducing the LTCAV and COB Balance on a proportional basis, meaning these reductions may be significantly larger than the amount of the partial surrender. Upon full surrender of the contract, the AV will be reduced by a surrender charge percentage based on the contract year in which the full surrender occurs.

If you never need long-term care benefits from your contract, then your Accumulated Value would pass to your named beneficiaries, free of surrender charges. So, the money you have set aside works for you... if you use it for qualified LTC expenses, or not.
Discuss Annuity Care II with your insurance representative. Ask for a personalized illustration and an Outline of Coverage. Learn more so you can make an informed decision.
Why Annuity Care II?

You may have seen other options for dealing with long-term care expenses, where you pay a premium, month after month, year after year. All the while hoping you never have to use what you bought. And, knowing there is minimal (or no) value if you do not use it. Annuity Care II could be the answer for your needs. It can allow you to reallocate existing assets — in savings, investments, or other annuities — on a single premium basis. Your money grows with a guaranteed minimum interest rate. It remains your money, and is available to pay for any qualifying LTC expenses you may have. Ben Franklin also said, “An investment in knowledge pays the best interest.”

**Note:** A fixed annuity is a long-term, tax-deferred insurance contract designed for retirement. It allows you to create a fixed stream of income through a process called annuitization and also provides a fixed rate of return based on the terms of the contract. Fixed annuities have limitations. If you decide to take your money out early, you may face fees called surrender charges. Plus, if you are not yet 59½, you may also have to pay an additional ten percent tax penalty on top of ordinary income taxes. You should also know that a fixed annuity contains guarantees and protections that are subject to the issuing insurance company’s ability to pay for them.

All individuals used in all scenarios are fictitious and all numeric examples are hypothetical and were used for example purposes only.

Contracts and long-term care insurance riders are underwritten by The State Life Insurance Company, Indianapolis Indiana. This is a solicitation of long-term care insurance. Details about the cost, benefits, limitations and exclusions of this contract and long-term care riders will be provided to you by a licensed agent/producer. When you respond, an insurance agent/producer will contract you. To be eligible for benefits, the annuitant or eligible person (covered person) must be a chronically ill individual with qualified long-term care services provided pursuant to a plan of care prescribed by a licensed health care practitioner. Contract forms: ICC15 SA35, ICC R521 PPA ND, ICC15R521 PPA, ICC15 R522 PPA, SA35, SA35 (ID).

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About State Life

The State Life Insurance Company®, (State Life), Indianapolis, Indiana, is a OneAmerica® company, is focused on providing asset-based long-term care solutions. State Life is a recognized leader in providing these solutions, which utilize life insurance, fixed-interest deferred and immediate annuities. The company’s extensive Care Solutions portfolio of products helps consumers prepare for future long-term care needs by helping to protect their assets.

About OneAmerica

OneAmerica Financial Partners, Inc., headquartered in Indianapolis, Ind., has companies that can trace their solid foundations back more than 135 years in the financial services marketplace. The OneAmerica companies offer a variety of products and services to serve the financial needs of their policyholders and customers. These products include retirement plan products and recordkeeping services; individual life insurance, annuities, asset based long-term care solutions and employee benefit plan products.

The products of the OneAmerica companies are distributed through a nationwide network of employees, agents, brokers and other distribution sources that are committed to increasing value to policyholders by helping them prepare to meet their financial goals. To learn more about our products, services and the companies of OneAmerica, visit oneamerica.com/companies.