

LIFESecure INSURANCE COMPANY

Long Term Care Insurance

LifeSecure LTC II *with Shareability Option*



ICC13-LS-LTC-0300

LS-LTC-0300 ST 01/13

Policy Form Series: ICC13-LS-LTC-0004
ICC13-LS-LTC-0005

LS-LTC-0004 ST 01/13 and LS-LTC-0005 ST 01/13

What is Long Term Care (LTC)?

Long term care is the assistance a person may need with the basic activities of daily living – eating, bathing, dressing, transferring, toileting, and continence. It can also include supervision needed to protect a person’s health and safety. The need for long term care may develop from things such as an accident, illness, stroke, advanced age or other chronic condition such as Alzheimer’s or dementia.

Long term care consists mainly of personal care rather than medical care, which is typically covered by a health plan.



What Long Term Care Isn't

Long term care does not include care that is designed to help cure someone from an illness or recover from an injury – that type of care is usually covered by health insurance.

Long term care is typically not covered by health insurance or Medicare.

It Pays to Plan Ahead

What would happen if you were suddenly unable to perform simple activities that most of us take for granted every day – such as eating, dressing and bathing? Who would provide your care, and where would you live? And most importantly, could you afford to pay for it?

Many people require some amount of long term care services as they age. But a serious illness, disability or accident could also cause someone much younger to need long term care as well. *Planning for the potential cost of long term care is something that everyone should consider.*

LifeSecure can be there to help cover the cost of the care you may need. While it’s difficult for healthy adults to think about needing such care, the risk is real.

Without a long term care insurance plan in place, your care options may be very limited and potential expenses could result in significant out-of-pocket costs – affecting your savings and assets. Long term care insurance was designed to help solve this problem. And LifeSecure can make it simpler and more affordable than you might think.

Where does long term care insurance fit into your financial plan?

You protect your home, your car and your health. But what about your savings and retirement?

We all strive for financial security and plan for a comfortable retirement. But what if you could no longer take care of yourself? Relying on a relative or a friend for caregiving is certainly an option – especially for short periods of time. But if you needed personal care for weeks, months, or even years, it could be very expensive for you and your family.

Your financial plan was likely designed to help you save for years of retirement. To protect your savings, consider how you might pay for long term care services should the need arise for you or your spouse.*

* The definition of spouse includes domestic partner (in DC = legal partner; in HI = reciprocal beneficiary; in MT = cohabitant). A domestic partner means: an unmarried individual, not related to you by blood or degree of closeness that would prohibit marriage according to a law in the state where you reside, and with whom you have been living together in a common household for at least three years and have an exclusive mutual commitment, including financial interdependence, similar to that of marriage. In DC, a domestic partner means: an unmarried same or opposite sex adult who resides with you and qualifies to be registered in a state or local domestic partner registry with you; a legal partner means your partner in a similar relationship to marriage that is recognized by law. A cohabitant (in MT) or a reciprocal beneficiary (in HI) means two individuals who are 18 years of age or older, sharing the same residence with a mutual commitment to share the responsibility for each other's welfare.



National Average Long Term Care Costs

Type of Care	Average Costs ¹	Average Annual Costs
Home Health Aide Services	\$21 (per hour)	\$43,680 based on 40 hrs/wk
Assisted Living Facility (Private One Bedroom)	\$3,550 (monthly base rate)	\$42,600
Nursing Facility (Private Room)	\$248 (daily rate)	\$90,520

National average costs; rounded to the nearest dollar.

¹ MetLife Market Survey of Long-Term Care Costs, Mature Market Institute November 2012

In many instances, families without long term care protection may have to resort to withdrawing money from their savings and other retirement investments to pay for long term care costs like these when a loved one needs care.

The responsibility to pay for long term care is yours.

Are you prepared?

When should you buy LTC insurance?

Some people wait to apply for long term care insurance, believing they will actually save money by paying a higher premium rate for fewer years of coverage versus purchasing a policy at their current age, which could result in a lower premium rate for a longer period of time. **Waiting to purchase a long term care insurance policy could actually increase the total amount of premium you would pay by thousands of dollars.**

Age at Purchase	Annual Premium*	Paid to Age 85	Cost of Waiting
30	\$512	\$28,160	N/A
40	\$653	\$29,385	\$1,225
50	\$894	\$31,290	\$3,128
60	\$1,459	\$36,475	\$8,315

* The annual premium shown is based on the multi-life rate class for a Benefit Bank of \$300,000 and a \$3,000 Monthly Benefit, for a single female and with no Guaranteed Future Purchase Offers accepted.

Rates are for illustrative purposes only and may vary based on available discounts and type of rate class. There is a 65 day grace period for premium payments.

Keep Your Options Open

Why consider an LTC Insurance Plan from LifeSecure?

Whatever the future brings, LifeSecure helps you to stay in control of your life so you can feel better about the future.

LifeSecure is flexible.

We give you the power to set coverage levels and premiums based on your perceived needs and personal budget. And our policy design offers tremendous flexibility when a claim arises, by providing coverage for a broad range of providers and services, including informal caregivers and family members.

LifeSecure is simple.

Unlike other long term care insurance products, LifeSecure uses a simple Benefit BankSM design, with few riders and add-ons. We remove the confusion and make it easier to choose the coverage you want.

LifeSecure is affordable.

If you thought long term care insurance was out of reach – think again. LifeSecure makes it easy to choose the right coverage levels based on your target premium.

Choosing a Plan is Easy...

Step 1 – Choose your Benefit Bank

You choose any amount between **\$100,000** and **\$1,000,000[†]** (available in one dollar increments).

Your Benefit Bank represents the lifetime dollar benefit amount available to you.
Your Benefit Bank balance is reduced by any benefits paid to you or on your behalf.

Step 2 – Choose Your Monthly Benefit

Choose **1%, 2% or 3%** of your Benefit Bank^{††}. Your Monthly Benefit is calculated as a percentage of your Benefit Bank and represents the maximum dollar benefit amount available to you on a monthly basis for your long term care needs. (Minimums: In WI: \$1,800; In SD: \$3,000)

\$ 250,000	X	2 %	=	\$ 5,000
Benefit Bank		Access %		Monthly Benefit

Example: A \$250,000 Benefit Bank with 2% access provides a Monthly Benefit of **\$5,000**.

When you become eligible for benefits, we will reimburse you for incurred long term care covered expenses up to your Monthly Benefit each calendar month. In a given month, any unused Monthly Benefit remains in your Benefit Bank and extends the life of your policy.

Step 3 – Review all other features and benefits available to you

Standard Features

- Flexible Benefit
- Guaranteed Future Purchase Offers
- Benefit Wait Period (90 Calendar Days)
- International Coverage Benefit
- Waiver of Premium (upon eligible claim)
- Spouse Discount

Optional Benefit Riders

- Compound Inflation Benefit (3% or 5%)
- Money-Back Promise
- Non-forfeiture Benefit
- Shared Care

[†] Note for employees or members of multi-life offerings: additional health questions are required for certain Benefit Bank amounts. Contact your agent for details.

^{††} 3% Monthly Benefit not available for Benefit Bank amounts over \$500,000 (in AZ: also not available with the Shared Care Benefit Rider)

Standard Features

Issue Ages: 18 through 79

Premium Payment Options: Lifetime or 10-year

Care Options

Care can be provided in various settings (in accordance with your Plan of Care).

- Costs may be reimbursed [up to your full Monthly Benefit](#) for qualified long term care services provided in the following settings:
 - Your home
 - An assisted living facility
 - A nursing home or hospice care facility
 - An adult day care center
- Informal care may be reimbursed [up to 50% of your Monthly Benefit](#) under the **Flexible Benefit** for services provided by a family member or friend in your home.

LifeSecure allows use of both formal and informal care in your home in the same month.



Guaranteed Future Purchase Offers

This benefit is included in your coverage as a standard feature, unless you elect one of the optional compound inflation benefits described in Step 3 of “Choosing a Plan is Easy”. Under the Guaranteed Future Purchase Offers, until you reach age 80 or go on claim, you will be offered the opportunity to increase your current Benefit Bank and Monthly Benefit by 15% every three years, regardless of how many times you have declined previous offers. You may accept each offer without submitting evidence of insurability. *(In IN: offers continue beyond age 79.)*

Flexible Benefit

The **Flexible Benefit**, equaling up to 50% for your Monthly Benefit, is designed to provide flexibility in the types of care or services you receive. This benefit may be [used with or without simultaneous use of licensed care or formal support](#) once the Benefit Wait Period has been met. This is especially beneficial when family members provide all or most of the necessary care, or when certain home modifications may be necessary.

How can the Flexible Benefit be used?

- Care provided by family members – even immediate family members, including your spouse
- Care provided by friends, neighbors or other informal support networks
- Training for an informal caregiver
- Home modifications, such as a wheelchair ramp or grab bars
- Care-related products or personal supplies, such as a lift chair or hospital bed
- Durable medical equipment or other home medical technology



Our goal is to help families manage long term care expenses with flexibility in how their LTC insurance benefits are used.

How is the value of informal care determined?

Benefit amounts payable under the Flexible Benefit for care provided by a family member or other informal care provider are determined based on “usual and customary” charges in the geographic region where care is received.

During any month, you can use your Flexible Benefit in one of the following ways:

Use up to 50% of your Monthly Benefit **when no licensed care is provided:**

$$\begin{array}{ccccccc} \boxed{\$ 5,000} & - & \boxed{\$ 0} & = & \boxed{\$ 5,000 \times 50\%} & = & \boxed{\$ 2,500} \\ \text{Monthly Benefit} & & \text{Licensed Care} & & & & \text{Flexible Benefit} \\ & & \text{(Covered Expenses)} & & & & \end{array}$$

Use up to 50% of your unused* Monthly Benefit **when licensed care is provided:**

$$\begin{array}{ccccccc} \boxed{\$ 5,000} & - & \boxed{\$ 2,000} & = & \boxed{\$ 3,000 \times 50\%} & = & \boxed{\$ 1,500} \\ \text{Monthly Benefit} & & \text{Licensed Care} & & & & \text{Flexible Benefit} \\ & & \text{(Covered Expenses)} & & & & \end{array}$$

* “Unused” refers to benefits not reimbursed for normal qualified and defined covered expenses.

Note: Unused Monthly Benefit amounts do not roll over or accumulate month to month; however, all unused benefit amounts will remain in your overall Benefit Bank balance.

Standard Features *(continued)*

Benefit Wait Period (90 Days)

Once you are verified as chronically ill, you must satisfy the Benefit Wait Period, which is similar to a deductible, to begin receiving benefits (including the Flexible Benefit). With LifeSecure, your 90-day Benefit Wait Period is based on [calendar days](#), not service days.

- *You do not need to provide proof of receiving paid services in order to satisfy your Benefit Wait Period.*
- *Your Benefit Wait Period need only be met once during your lifetime.*

International Coverage Benefit

If you require care or services while outside the United States, Canada or their territories or possessions, you will be eligible for up to 365 days of benefits in an international location throughout the life of your policy. The International Coverage Benefit is paid on an indemnity basis in US dollars, regardless of actual expenses, as follows:

- 100% of the Monthly Benefit for care provided in a qualified facility; or
- 50% of the Monthly Benefit for care provided in a home or a community based setting.



Spouse Discount

If you and your spouse both apply for coverage and are accepted, a 30% premium discount will apply to each policy. To qualify for the discount, both individuals must apply for the same policy series (LTC-0004 or LTC-0005, et al).

Waiver of Premium

Your premiums are waived beginning on the first day you start receiving benefits, except under the International Coverage Benefit. As long as you continue to receive benefits, additional premiums will not be required.

Optional Benefit Riders

Compound Inflation Benefit (3% or 5%)

If you elect this optional benefit, we will automatically increase your current Monthly Benefit and your remaining Benefit Bank by 3% or 5% each year. The increase will be effective on each anniversary of your Policy and Rider, even while you are receiving benefits.

Money-Back PromiseSM

If you die while this rider is in force for 5 or more years, a percentage of the premiums (less benefits paid) is refunded to a beneficiary. Your policy must be in force at the time of death for the Money-Back Promise Rider benefits to be payable.

% Payback of Premiums Paid	If Death Occurs in Policy Years
25%	5 - 9
50%	10 - 14
75%	15+

Non-forfeiture Benefit

If this rider is in force for at least three full years, and then the policy terminates due to non-payment of premium, this optional benefit allows you to retain a reduced paid-up amount of coverage. You will have a revised Benefit Bank equal to the greater of: 100% of the sum of all premiums paid by you, or one times your Monthly Benefit. *Not applicable if Benefit Bank is exhausted prior to lapse.*

Shared Care

This rider gives couples the ability to share benefits in the event that one spouse uses his/her entire Benefit Bank. If your spouse exhausts his/her Benefit Bank, he/she may begin drawing from yours – leaving at least 12 x the Monthly Benefit for you.*

To be eligible for Shared Care, both individuals must have identical coverage selections. The Initial Benefit Bank Amount may not exceed \$750,000[†] per spouse when selecting this rider.

Upon death, any remaining Benefit Bank from the deceased's policy will transfer to the surviving spouse(if applicable), and his/her premium amount will decrease by the cost of the rider.

[†] Note for employees or members of multi-life offerings: full underwriting is required for certain Benefit Bank amounts.

Example:

Alex and Kim purchase identical insurance policies, including the **Shared Care** benefit rider.

	Alex	Kim
Benefit Bank:	\$250,000	\$250,000
Monthly Benefit:	\$5,000	\$5,000

Alex receives benefits for \$440,000 of covered long term care services – the maximum benefit available to him, using \$250,000 from his policy, as well as an additional \$190,000* from Kim's policy.

	Alex	Kim
Remaining Benefit Bank:	\$0	\$60,000

Kim has not received any benefits, and now has a Benefit Bank of \$60,000 (12 x the \$5,000 Monthly Benefit).* This amount is reserved for Kim's use. *Example assumes Kim has not yet incurred a claim.*

Note: For simplicity, this example assumes no Compound Inflation riders nor the acceptance of Guaranteed Future Purchase Offers.

* In AZ: Your spouse must leave at least 24 x the Monthly Benefit for you. In the example, Alex can use \$130,000 of Kim's benefits, leaving \$120,000 in Kim's Benefit Bank.

Other Reasons to Consider LifeSecure LTC Insurance

The LifeSecure Care Advisor Services

With LifeSecure, you and your family are not alone. We're with you from the day you receive your policy, and we'll stay close from that day forward. You'll always have unlimited access to LifeSecure Care Advisor Services, which can help you with:

- Questions about long term care
- Recommendations for care facilities
- Arrangements for personal care or services
- Rate negotiations with providers on your behalf, when possible

The LifeSecure Web Portal

Your LifeSecure Web portal at www.YourLifeSecure.com makes it easy to stay connected.

You can review your own coverage amounts, premiums and other policy details, as well as access copies of your policy and application at anytime.

We help you make choices that are right for you.

Who knows what's best for you, better than you? We understand that care needs and situations are unique, so we designed our policy for maximum flexibility at the time of claim.

Tax Advantages for LTCi Premiums

You may receive tax advantages when paying for long term care insurance (LTCi) premiums. Under IRS tax rules, individuals may deduct their medical expenses, including LTCi premiums, to the extent that the total exceeds the required percentage of their Adjusted Gross Income (AGI). Self-employed individuals and those with Health Savings Accounts (HSA) may also enjoy tax advantages.

LifeSecure and its agents do not offer tax or legal advice. You should consult with an independent tax or legal advisor to discuss any tax advantages available to you for LTCi premiums.



Questions & Answers

Q: Why do I need long term care insurance?

A: It's important to consider your risk of needing long term care. And long term care services can be expensive. Long term care insurance provides coverage to help protect your retirement savings and other assets. It can provide peace of mind knowing that you and your family will receive help coordinating care, selecting care options and covering expenses.

Q: Doesn't Medicare or Medicaid cover long term care?

A: Generally, Medicare doesn't pay for long term care. Medicare may pay for medically-necessary skilled care up to 100 days in a facility or in your home if you meet certain criteria. Medicaid is a joint Federal and state program that will pay for certain health services for people with limited income and resources. To qualify for Medicaid, you must meet state-specific poverty guidelines. The state may then help pay for nursing home care or other health care costs.

Q: Why should I apply for long term care insurance now?

A: Premiums are based on your age and health when you apply and are guaranteed renewable. Rates are typically lower the younger and healthier you are, so buying coverage now may mean lower premiums for you.

Q: How long will I have to pay premiums?

A: Most long term care insurance policyholders choose to pay premiums over a lifetime. However, LifeSecure also offers a 10-Year premium payment option, which allows for an accelerated payment over a shorter period of time. LifeSecure's long term care insurance policy also includes a Waiver of Premium provision. Your premium payments are waived beginning on the first day you start receiving benefits, except under the International Coverage Benefit.

Q: Does a deductible apply to my coverage?

A: The "Benefit Wait Period" is similar to a deductible. Our long term care insurance policy has a 90 calendar day waiting period, which is the number of days after you are verified as Chronically Ill until you are able to begin receiving benefits. The Benefit Wait Period need only be met once during your lifetime, and you are not required to start receiving paid services in order for it to be satisfied.

Q: How much coverage is enough?

A: Consider these factors when determining the amount of coverage that may be right for your particular situation:

- **Your gender** – On average, women are more likely to require long term care services than men.
- **Your family health history** – You may be at an increased risk for a chronic condition such as Alzheimer's disease, cancer, diabetes or stroke if a close family member has had one or more of these conditions.
- **Your budget** – Select a plan design with a premium that fits within your current budget. It is a good idea to apply for coverage now while you are younger and likely healthier.
- **Where you plan to retire** – The costs of long term care services can vary greatly by geographic location.
- **Where you wish to receive care, if needed** – Long term care costs vary based on where services are received (at home, in the community at an assisted living facility, or at a nursing home).

Think about including a compound inflation benefit rider or accepting Guaranteed Future Purchase Offers to help keep your coverage current with the rising cost of care.

A LifeSecure agent can help you choose the coverage that's right for you.

About LifeSecure

LifeSecure Insurance Company was founded in 2006 as a Michigan-based insurance company, which has quickly expanded to a national presence. LifeSecure is dedicated to providing uncomplicated insurance solutions to help people protect themselves from unforeseen health-related risks and expenses. Our guiding business philosophy is focused on delivering “easi”: expertise, accessibility, simplicity and innovation to our customers.

We are proud to offer our second-generation long term care insurance product – LifeSecure LTC II *with Shareability Option*. It continues our tradition of a straightforward Benefit Bank design and optional benefits to help consumers find the right amount of protection that meets their own personal budgets! And it also offers a Shared Care Benefit Rider, so couples can share coverage should one need to access benefits beyond his or her own policy limits.



Policy Limitations and Exclusions

The policy will not pay benefits for care, treatment, services or charges: for a loss that occurs while the policy is not in force; for alcoholism or drug addiction (**in SD**, for the rehabilitation of alcoholism or drug addiction), except for an addiction to a prescribed medication administered on the advice of a Physician; due to declared or undeclared war or act of war; due to participation in a felony, riot or insurrection or involvement in an illegal occupation; due to suicide, attempted suicide or intentionally self-inflicted injury; that are reimbursable under Medicare, or would be so reimbursable but for the application of a deductible or coinsurance amount; that are reimbursable (**in SD**, paid or provided) or provided under a governmental program (except Medicaid), any state or federal workers' compensation, employer's liability or occupational disease law; provided outside the United States, Canada or their territories or possessions, except as provided under the International Coverage Benefit; for which no charge is made in the absence of insurance, except as provided under the Flexible Benefit; or provided by an Immediate Family member (except as provided under the Flexible Benefit), unless: he or she is a regular employee of an organization which is providing the care, treatment or service; he or she receives no compensation other than the normal compensation for employees in his or her job category; and the organization receives the payment for the care, treatment, service or charge.

**For a quote and more information,
contact your agent or visit us at YourLifeSecure.com.**

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