



Nationwide®  
is on your side

# Long-term Care Essentials

*Simple solutions with Nationwide®*

As your personal situations change (i.e., marriage, birth of child or job promotion), so will your life insurance needs. Care should be taken to ensure this product is suitable for your long-term life insurance needs. You should weigh any associated costs before making a purchase. Life insurance has fees and charges associated with it that include costs of insurance that vary with such characteristics of the insured as gender, health and age, and has additional charges for riders that customize a policy to fit your individual needs.

Guarantees are subject to the claims-paying ability of Nationwide Insurance. Life insurance is issued by Nationwide Life Insurance Company or Nationwide Life and Annuity Insurance Company, Columbus, Ohio.

Nationwide, Nationwide is on your side and the Nationwide N and Eagle are service marks of Nationwide Mutual Insurance Company.

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LAM-2900AO (1/18)

# Understanding Long-term Care

## *What qualifies as long-term care (LTC)?*

### **Severe cognitive impairment**

Lack of memory, orientation, abstract reasoning, judgment relating to safety, or knowledge of people, place or time

### **Inability to perform two activities of daily living**

Bathing, dressing, using the toilet, eating, transferring (out of bed, chair or wheelchair), incontinence

## *Most of us will need LTC*

**70%**

of people over 65 will need some type of LTC<sup>1</sup>

**8%**

of people over 55 have purchased LTC insurance coverage<sup>2</sup>

<sup>1</sup> U.S. Dept. of Health and Human Services, LongTermCare.gov, Jan. 2017

<sup>2</sup> The State of Long-term Care Insurance; The Market, Challenges and Future Innovations, National Association of Insurance Commissioners. May 2016. [www.naic.org/documents/cipr\\_current\\_study\\_160519\\_ltc\\_insurance.pdf](http://www.naic.org/documents/cipr_current_study_160519_ltc_insurance.pdf)



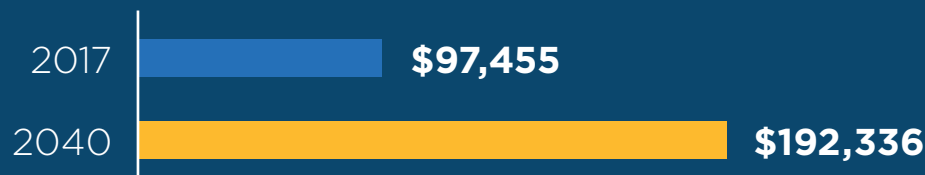
## Understanding Long-term Care

# *LTC is expensive — and getting worse*

Type	Annual median costs <sup>1</sup>	Average stay (years)	TOTAL COST <sup>1</sup>
Home Health Aide Services	\$47,450	3.9	\$185,005
Adult Day Health Care <sup>2</sup>	\$24,820	3.9	\$96,798
Assisted Living Facility (one bedroom, single occupancy)	\$43,536	3.9	\$169,790
Nursing Home (semi-private room)	\$82,125	3.9	\$320,288
Nursing Home (private room)	\$92,325	3.9	\$360,068

**\$307,800<sup>2</sup>**  
 U.S. median of  
 existing home prices  
 (August 2016)

### Cost of one private nursing home room per year



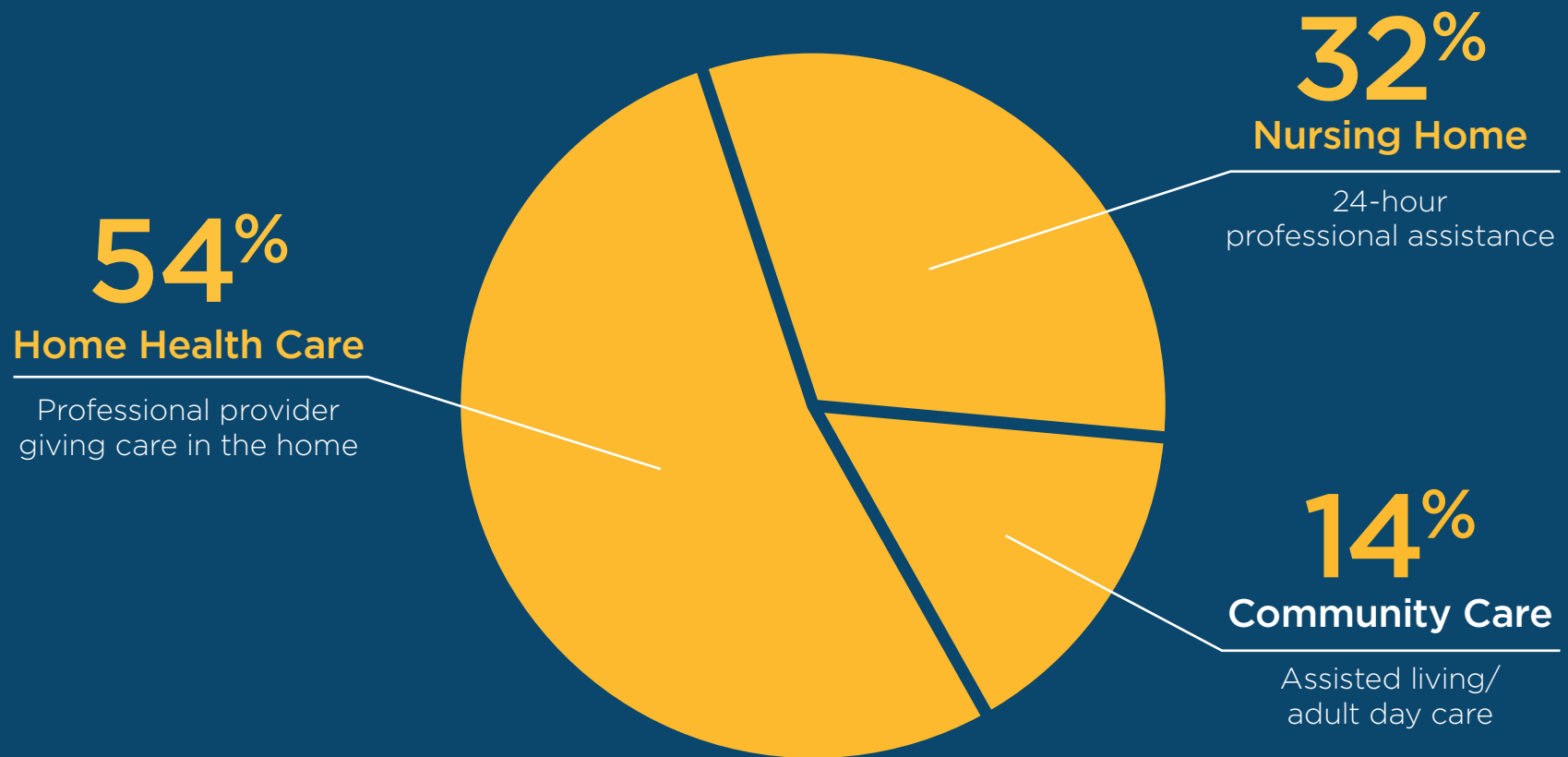
<sup>1</sup> Long-term Care Insurance Statistics, LTC Tree (August 16, 2016)

<sup>2</sup> U.S. Census Bureau, 2017

## Understanding Long-term Care

# *LTC doesn't always mean "nursing home"*

Percent of LTC claimants receiving care in these locations:



Source: American Association of Long Term Care Insurance — Feb. 23, 2017

# *LTC is likely to be informal and unpaid*

83%

Over  $\frac{3}{4}$  of help provided to older adults comes from family, friends or unpaid caregivers<sup>1</sup>



**3 OUT OF 4**  
family LTC providers  
are women<sup>2</sup>

(wives, daughters, daughters-in-law, etc.)

<sup>1</sup> 2017 Alzheimer's Disease Facts and Figures, [www.alz.org/documents\\_custom/2017-facts-and-figures.pdf](http://www.alz.org/documents_custom/2017-facts-and-figures.pdf)

<sup>2</sup> Institute on Aging, [www.ioaging.org/aging-in-america#caregivers](http://www.ioaging.org/aging-in-america#caregivers)

## Understanding Long-term Care

# *Informal LTC is physically and financially demanding for women*



Nearly half of women over age 75 **live alone**, and therefore cannot rely on spousal care<sup>1</sup>



Greater incidence of **depression** among women caregivers<sup>2</sup>



Lost wages and benefits result in an average **loss of over \$300,000** for women caregivers<sup>3</sup>



<sup>1</sup> A Profile of Older Americans: 2016, [www.acl.gov/sites/default/files/Aging%20and%20Disability%20in%20America/2016-Profile.pdf](http://www.acl.gov/sites/default/files/Aging%20and%20Disability%20in%20America/2016-Profile.pdf)

<sup>2</sup> Family Caregiver Alliance, [www.caregiver.org/depression-and-caregiving](http://www.caregiver.org/depression-and-caregiving)

<sup>3</sup> Forbes.com Caregiving is Forcing Women 50+ To Leave the Workforce, [www.forbes.com/sites/nextavenue/2016/10/10/caregiving-is-forcing-women-50-to-leave-the-workforce/#1db41026138d](http://www.forbes.com/sites/nextavenue/2016/10/10/caregiving-is-forcing-women-50-to-leave-the-workforce/#1db41026138d)

# *Indemnity vs. Reimbursement*

## Reimbursement

- Only actual qualifying LTC costs are reimbursed
- Bills and receipts must be submitted to determine reimbursement amount
- Some companies will bill and reimburse provider directly — not all providers allow third party billing
- Benefit limitations. Non-qualifying services must be paid for out of pocket
- Licensed providers are generally required

## Indemnity

- Full monthly LTC benefit paid to policy owner
- Some insurers require monthly proof of billed services, some do not
- Licensed provider must be used to meet minimum standards of the physicians' plan of care
- Unused LTC benefits not needed for care can be used for any purpose

## Cash Indemnity

- Full monthly LTC benefit paid to policy owner
- No bills or receipts to submit in order to collect monthly LTC benefits
- Insurer places no restrictions on how LTC benefits are used — may be used as desired
- Total care from family or unlicensed caregiver allowed



## Understanding Long-term Care

# *Medicaid and Medicare are not realistic solutions*

### Medicaid

- Must show proof of impoverishment at time of claim
- Assets must be less than \$2,000 (varies by state)
- Five-year look-back on assets to qualify
- Options for care may be limited

### Medicare

- Pays a maximum of 100 days of care
  - + Daily co-pay after 20 days
- Begins after third consecutive day in the hospital under treatment
- Covers skilled care only, not chronic



# Misconceptions of payment options

## Misconception

64%

of participants plan to use Social Security to pay for LTC<sup>1</sup>

## Reality

But the maximum benefit at FRA in 2015 was \$32,220. A semi-private nursing home room is \$82,123<sup>2</sup>

## Misconception

55%

of participants don't know that the Affordable Care Act doesn't cover LTC<sup>1</sup>

## Reality

The CLASS Act was repealed on January 1, 2013<sup>3</sup>

<sup>1</sup> The 2016 Nationwide/Harris Poll Health Care and Long-term Care Consumer Survey.

<sup>2</sup> Longtermcare.gov. Medicare and You, 2015. Medicare.gov.

<sup>3</sup> Genworth Financial, Cost of Care Survey, 2016.

# Preparing for Long-term Care

## *How to get started*

### 1. Get a personalized LTC cost estimate

### 2. Consider your coverage options

- Traditional LTC policy
- Life insurance with LTC coverage
- Life insurance with LTC rider
- Other options for uninsurable situation

### 3. Consider potential sources of funding options

- Required distributions from IRAs
- Systematic annuity withdrawals
- Money not needed for retirement income

# *Start with an LTC cost assessment*

Determine individual LTC costs

## THE NATIONWIDE LTC COST ASSESSMENT



Powered by calculations from one of the world's leading actuarial firms



Provides a personalized estimate of possible LTC expenses



You may also include estimate for annual Medicare and out-of-pocket expenses

# *Creating a plan to address LTC costs*

Personalized LTC cost assessment



Health profile



Longevity



Impact of not taking action



Estimates of potential care costs

## Preparing for Long-term Care

# Preview of health care and LTC cost assessment



## Be prepared for health care costs

*A personalized estimate of retirement health care costs to help you plan for the future*

### Personalized Health Care Cost Assessment

Includes Medicare, out-of-pocket, and long-term care expense estimates

Designed for John Doe and Jane Doe  
Monday, January 9, 2017

Prepared by sample producer

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.....  
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(999) 999-9999

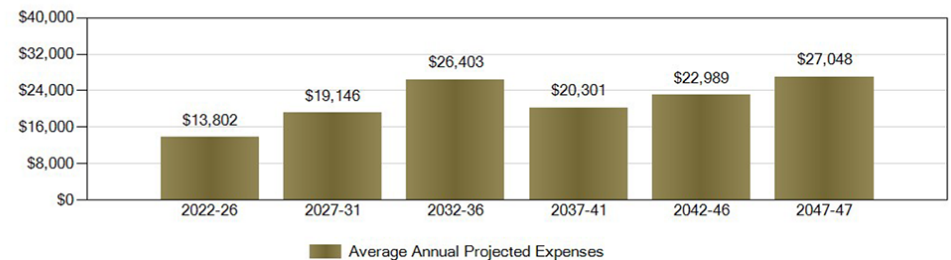
The information collected on the Personalized Health Care Cost Assessment will be kept confidential and used to provide an estimate of a client's potential health care costs in retirement. The estimate is based on a client's specific financial situation and goals, as well as their current overall health condition. The client's financial situation and health conditions may change over time and this may affect their future changes. Please keep in mind that the estimates resulting from this fact finder are for hypothetical purposes only and are not guaranteed.

This material is not a recommendation to buy, sell, hold, or rollover any asset, adopt an investment strategy, retain a specific investment manager or use a particular account type. It does not take into account the specific investment objectives, tax and financial condition or particular needs of any specific person. Investors should work with their financial professional to discuss their specific situation.

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

### Average Annual Expenses per 5-Year Period

The following graph shows the *average* estimated annual cost of health care in retirement.



2034	77	\$3,662	\$7,815	\$2,429	\$13,906	77	\$3,662	\$7,815	\$978	\$12,455	\$26,361	\$19,037
2035	78	\$3,863	\$8,363	\$2,536	\$14,762	78	\$3,863	\$8,363	\$1,016	\$13,242	\$28,004	\$20,278
2036	79	\$4,076	\$8,949	\$2,645	\$15,670	79	\$4,076	\$8,949	\$1,053	\$14,078	\$29,748	\$21,596
2037	80	\$4,300	\$9,573	\$2,758	\$16,631	80	\$4,300	\$9,573	\$1,092	\$14,965	\$31,596	\$22,996
2038						81	\$4,536	\$10,235	\$1,132	\$15,903	\$15,903	\$11,367
2039						82	\$4,786	\$10,940	\$1,174	\$16,900	\$16,900	\$12,114
2040						83	\$5,049	\$11,720	\$1,212	\$17,981	\$17,981	\$12,932
2041						84	\$5,327	\$12,544	\$1,252	\$19,123	\$19,123	\$13,796
2042						85	\$5,620	\$13,426	\$1,292	\$20,338	\$20,338	\$14,718
2043						86	\$5,929	\$14,360	\$1,334	\$21,623	\$21,623	\$15,694
2044						87	\$6,255	\$15,358	\$1,377	\$22,990	\$22,990	\$16,735
2045						88	\$6,599	\$16,296	\$1,433	\$24,328	\$24,328	\$17,729
2046						89	\$6,962	\$17,223	\$1,481	\$25,666	\$25,666	\$18,704
2047						90	\$7,345	\$18,177	\$1,526	\$27,048	\$27,048	\$19,703
<b>Total</b>		<b>\$47,461</b>	<b>\$94,289</b>	<b>\$31,734</b>	<b>\$173,484</b>		<b>\$105,869</b>	<b>\$234,568</b>	<b>\$26,325</b>	<b>\$366,762</b>	<b>\$540,246</b>	<b>\$386,916</b>
<b>Average*</b>		<b>\$2,966</b>	<b>\$5,893</b>	<b>\$1,983</b>	<b>\$10,843</b>		<b>\$4,072</b>	<b>\$9,022</b>	<b>\$1,013</b>	<b>\$14,106</b>	<b>\$20,779</b>	<b>\$14,881</b>

\*Averages are calculated from columns.

# Nationwide's Foundation for Shared Success

*Driven by long-standing core values*

## MISSION

*Why we exist*

We deliver member value by protecting what's most important and building a secure financial future for U.S. consumers and businesses.

## VISION

*What we see for the future*

As a member-driven organization, we will be the choice for those seeking an enduring relationship to fulfill their broad protection and financial needs.



*We're a U.S.-based company with a strong and stable financial foundation rooted in asset management and a 90-year history of disciplined investing. So you can be sure we're committed to keeping every promise we make.*

# Strength and Stability with Nationwide

*Helping Americans prepare for and live in retirement*

We're an award-winning company with a proven track record of reliability and exceptional service.

**A+**  
A.M. Best

Received 10/17/2002  
Affirmed 7/7/2016

**A1**  
Moody

Received 3/10/2009  
Affirmed 7/21/2016

**A+**  
Standard & Poor's

Received 12/22/2008  
Affirmed 5/24/2017

**#1**

Provider of 457 deferred compensation plans<sup>1</sup>

**#1**

Provider of corporate-owned life insurance<sup>2</sup>

**9<sup>th</sup>**

Largest writer of variable annuities<sup>3</sup>

**8<sup>th</sup>**

Largest life insurer<sup>4</sup>

These ratings and rankings reflect rating agency assessment of the financial strength and claims-paying ability of Nationwide Life Insurance Company and Nationwide Life and Annuity Insurance Company. They are not intended to reflect the investment experience or financial strength of any variable account, which is subject to market risk. Because the dates are only updated when there's a change in the rating, the dates to the left reflect the most recent ratings we have received. They are subject to change at any time.

<sup>1</sup> Plansponsor, 2016. Recordkeeping Survey

<sup>2</sup> IBIS Associates, Inc., February 2017

<sup>3</sup> Morningstar YE 2015. Based on total flows

<sup>4</sup> LIMRA, YE 2015. Based on total premiums





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