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Long-term care | Quick reference

Planning now gives you more options later

Long-term care (LTC) involves a variety of supports and services designed to help you live as independently and safely as possible when you can no longer perform everyday activities on your own.

And putting a plan in place now — as you would for any other future financial need — can help you choose the type of care that is familiar and comfortable for you, whatever your needs might be.



Why planning matters

Chances are you'll need LTC at some point in your life.¹ Planning now can help you maintain your choices in the future.

Familiar comforts of home

We all enjoy being in a familiar environment — such as our home and the community we live in, with the people we know and love. So it should come as no surprise that when faced with the prospect of needing LTC, 80% of people say they'd prefer to receive home-based care.²

Why you need to have a plan

Costs are expected to increase substantially in the next 20 years.³



Home health aide³

2022: \$58,256 annually
2042: \$105,217 annually



Assisted living³

2022: \$54,742 annually
2042: \$98,871 annually



Nursing home³

2022: \$112,296 annually
2042: \$202,820 annually

Putting a plan in place now to address these potential expenses may provide you with greater flexibility in selecting the services and providers you want later on. It may even extend the length of time you're able to remain in your home.

¹ "Who Needs Care?" U.S. Department of Health and Human Services, <https://acl.gov/ltc/basic-needs/who-needs-care> (2017).

² "The Nationwide Retirement Institute® 2021 Long-Term Care Consumer Survey," conducted by The Harris Poll on behalf of the Nationwide Retirement Institute (November 2021).

³ "Annual Median Costs (National 2022 vs. 2042)," "Cost of Care Survey 2020," Genworth.com (Feb. 12, 2021).

Know your options

There are many misconceptions surrounding how long-term care expenses can be covered. One important step in creating a plan is to know what your funding options really are:

- **Health insurance**
Does not cover long-term care expenses
- **Medicare**
Covers up to only 100 days if qualifiers, such as a 3-consecutive-day hospital stay under treatment, are met; the first 20 days are covered 100%, but after that, there is a significant co-pay
- **Medicaid**
Covers long-term care expenses for individuals with countable assets of \$2,000 or less (varies by state); care may be limited to a nursing home
- **Adult children**
Many people might assume that their adult children will care for them later in life, but this can present huge financial, physical and emotional challenges for the children
- **Out of pocket**
Using income and savings or selling assets might be an option; however, it may leave a surviving spouse with fewer financial resources or reduce a legacy planned for heirs
- **Long-term care coverage**
LTC coverage can be a cost-efficient way to help protect yourself and your assets from the potentially high cost of long-term care

Consider a solution that fits your needs

Here are 3 common products to choose from:

- **Life insurance policies with a rider:** Consider this option if you're most concerned with leaving a legacy or providing for loved ones when you pass away, but would still like to have access to the death benefit yourself if care needs should arise; premiums are flexible and can be guaranteed with certain solutions
- **Linked-benefit policies:** If you are primarily concerned with LTC coverage and have less need for life insurance coverage, then a linked-benefit policy may be a good option; it offers an extension of LTC benefits beyond the life insurance coverage; premiums are guaranteed never to increase and are typically funded with a single premium or a variety of payment schedules
- **Stand-alone policies:** If you don't need additional life insurance coverage and desire LTC coverage with lower premiums compared with other policies, then a stand-alone LTC policy might be right for you (please note that premiums may increase numerous times in the future, and there are no policy benefits other than LTC coverage)

Life insurance covers many needs, including family protection and legacy enhancement. If you have a life insurance need, the addition of an LTC rider to your policy can help provide a source of funds to cover unexpected expenses. A life insurance purchase should be based on the life policy, not on optional riders or features.

Keep in mind that, as an acceleration of the death benefit, the rider payout will reduce both the death benefit and cash surrender value. Make sure life insurance needs will still be met, even if the rider pays out in full. Costs for LTC services vary by person, and there is no guarantee that the rider will cover all costs. Nationwide pays benefits for LTC services to the policyowner. If the insured is not the policyowner, there is no guarantee that benefits will be used to pay for expenses related to LTC. Riders have an additional charge associated with them. The cost of a rider may exceed the actual benefit paid under the rider.

How benefits are paid

If you decide that LTC coverage is right for you, two common types of benefit plans are available:

1 Reimbursement

- Bills must be submitted every month
- Each month, you wait to see which LTC expenses qualify; the insurance company reimburses you **only** for what is covered
- Services not covered under your policy will need to be paid for out of pocket

2 Cash Indemnity⁴

- Elect to receive up to 100% of your available monthly cash benefit
- Use your monthly cash benefit without restrictions; there is no need to submit monthly bills or receipts once your claim is approved
- The insurance company places no restrictions on how LTC benefits are used

A little familiarity can mean a lot

Planning for potential LTC expenses now can give you the flexibility to choose to stay in a familiar, comfortable environment. Ask your financial professional for more information today.

⁴Benefits may be taxable under certain circumstances. Consult your tax advisor.

Why Nationwide[®]?

As a stable Midwestern company with nearly 100 years of experience, we're conservative by nature. And because we're in the business of offering annuities, life insurance, retirement plans and mutual funds, we know risk management and take many steps to help protect our policyholders.

We're proud of the company we keep and the company we've built along the way. Nationwide is a Fortune 100 company⁵ with more than 25,000 associates, making us one of the largest financial services companies in America. Through the years, we've worked hard to build things you can rely on:

- Diversified sources of earnings and cash flows
- A strong balance sheet
- A sound and disciplined investment policy
- A long history of maintaining a quality investment portfolio

Spend some time with us and you'll quickly see a difference. Our family-based culture allows us to bring a unique brand of personalized service to our customers.

⁵ Based on revenue, Fortune magazine (June 2021).



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

The financial professional or company may contact you in response to your request for additional information.

The information contained herein was prepared to support the promotion, marketing and/or sale of life insurance contracts, annuity contracts and/or other products and services provided by Nationwide Life and Annuity Insurance Company.

When purchasing life insurance, be sure to choose a product that meets long-term life insurance needs, especially if personal situations change — for example, marriage, birth of a child or job promotion. Weigh the costs of the policy, and understand that life insurance has fees and charges that vary with sex, health, age and tobacco use. Riders that customize a policy to fit individual needs usually carry additional charges, may not be available in certain states and may be known by different names.

Long-term care insurance does have exclusions, limitations, reductions of benefits, and terms under which the policy may be continued in force or discontinued. For more details on cost and coverage options, contact your financial professional.

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