

THE STATE LIFE INSURANCE COMPANY®  
CARE SOLUTIONS

# Annuity Care®

*Single-Premium Deferred Annuity with  
Built-In Continuation of Benefits*



**ONEAMERICA®**

*OneAmerica® is the marketing name for the companies of OneAmerica*

# Supplement your strategy

In retirement, your assets generate your income. Reallocating an existing asset you won't need to use for income can help protect you against an unexpected long-term care (LTC) event. Supplement your financial strategy with a smart, stable option: Annuity Care® II.

## **Protecting your retirement income**

Annuity Care II can help you convert your taxable assets to tax-free when they're used for qualifying LTC. As part of the OneAmerica® Care Solutions product suite, it uses a single premium deferred annuity to help protect your retirement income stream if the need for care arises. It also features a built-in continuation of benefits provision, funded through a monthly charge deducted from your base annuity, to extend the length of your protection. Your one-time premium can provide a tax-efficient way to help pay for LTC. And the company may credit a higher interest rate to amounts withdrawn for qualifying LTC expenses.

By choosing to pay with a single premium, you are guaranteed that no more payments will ever be required. Also, there are no unexpected premium increases sometimes seen with traditional long-term care insurance.



Did you  
know?

A tax-advantaged annuity  
used specifically for LTC  
can help protect your  
retirement income stream.

# How does Annuity Care II work?

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Reallocating existing annuities into Annuity Care II can help maximize those assets if they're needed to pay for qualifying LTC expenses. And, any funds you don't use for LTC will pass on to your heirs.

Annuity-based products from OneAmerica Care Solutions feature two accounts: the accumulated cash value (AV) and the long-term care accumulated cash value (LTC AV). Your money is credited interest each month in both accounts, with a higher rate applied to your LTC AV, allowing higher growth to provide more assets to help pay qualifying LTC costs.

Withdrawals are allowed from the LTC AV to help cover qualifying LTC expenses, subject to the monthly LTC maximum amount and a 90-day elimination period.

## Product highlights

- Provides 24 months of base LTC benefits for a single person, and 30 months for a joint contract
- Once the base is exhausted, the continuation provision kicks in for:
  - 6 years (ages 40 to 69)
  - 3 years (ages 70+)
- Features a minimum guaranteed interest rate credited to both accounts
- Allows fund withdrawals after a 90-day elimination period to help pay for qualified LTC
- Access up to 10% of the accumulated cash value (AV) with no surrender charges for non-LTC withdrawals<sup>1</sup>

<sup>1</sup> Partial surrenders will reduce the amount available for LTC expenses

## Tax advantages

Thanks to the Pension Protection Act (PPA) of 2006, annuity-based products funded with after-tax money (non-qualified funds) receive distinct tax advantages. Qualifying LTC expenses are distributed tax-free, whether from your base contract or the extended protection option.

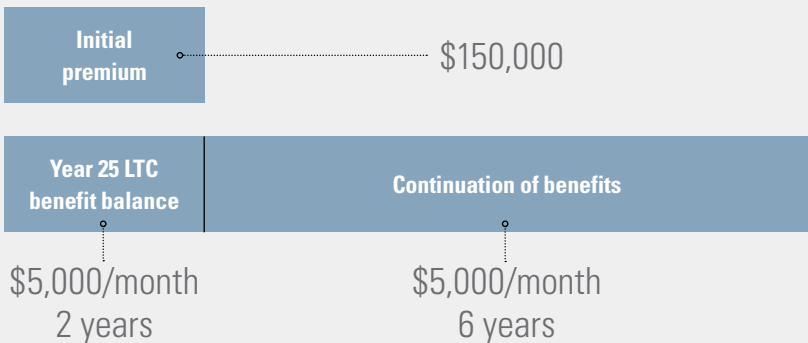
## 1035 exchanges

You can exchange an existing non-qualified annuity for one that is eligible for the PPA advantages via either full or partial 1035 exchange. Be sure to discuss any taxability implications with your trusted financial professional.

### How it could work for your clients

#### Hypothetical client J, 65, non-smoker, in good health

Hypothetical client J purchased Annuity Care II with a 6-year built-in continuation of benefits (COB) option using a single premium of \$150,000. When he needs care 20 years later, he is guaranteed benefits of \$5,000 per month for the first two years of care. With this COB option, he'll also receive \$5,000 per month for the next six years of care.



*\*All individuals in the scenarios presented are fictitious and all numerical examples are hypothetical and are used for analytical purposes only.*

## Your steps to get the care to meet your needs

Underwriting for Annuity Care II is slightly more flexible when compared to traditional LTC insurance. It consists of several health questions on the application and a brief telephone interview. No medical exams are necessary.

## Benefit triggers<sup>2</sup>

Benefit payments are triggered in one of two ways:



You cannot perform at least two of six Activities of Daily Living (ADLs), which include bathing, maintaining continence, dressing yourself, eating/feeding yourself, toileting (including getting on and off a toilet) and transferring (like from a bed to a chair).



You require care as a result of a severe cognitive impairment (such as Alzheimer's disease).

## LTC Withdrawals

Actual LTC expenses will be paid from the LTCAV, up to the stated monthly LTC benefit limit maximum.

The client will receive the lesser of the monthly LTC limit, or the actual charge for care.

## Additional benefits

**Bed reservations** can “hold your spot” in a facility if you require more specialized care in a hospital for a period of time.

**Respite care** allows a primary caregiver to take a short break to travel or just have a few days off from providing care.

2. LTC Benefit payments are triggered in one of two ways (To be eligible for benefits, the eligible (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.): 1) You cannot perform at least two of six Activities of Daily Living (ADLs), which include bathing, maintaining continence, dressing yourself, eating/feeding yourself, toileting (including getting on and off a toilet) and transferring (like from a bed to a chair). 2) You require care as a result of a severe cognitive impairment (such as Alzheimer's disease).

## Cover your spouse

If you own an individual annuity, adding your spouse as an owner can involve a lot of paperwork. But there's a way to ensure your spouse can also enjoy the protection of your new LTC annuity. Transfer your existing non-qualified annuity with a single annuitant/owner via 1035 exchange into Annuity Care II and designate your spouse as an Eligible Person. This makes your spouse eligible to receive payments for qualifying LTC expenses. This is a simple way of securing access to LTC protection for your spouse who might not be listed as an owner or annuitant on your current annuity.

# Annuity Care II provides more than LTC protection

Add your spouse to an individually owned annuity

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Access up to 10% of your funds with no surrender charges for non-LTC withdrawals<sup>3</sup>

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Care Benefit Concierge to support you through the claims process

**3.** *Partial surrenders will reduce the amount available for LTC expenses.*

# Looking to the future

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Americans are living longer than ever with average life expectancy nearing 77 years in 2020.<sup>4</sup> Annuity Care II provides options to help maximize your protection for as long as you need it.

## **Inflation Protection**

This option can help protect against the rising costs of long term care expenses due to inflation. Inflation protection guarantees both the continuation of benefit balance and maximum monthly benefit limit will increase 5% each year, compounded annually. As costs increase, so does your monthly benefit amount.

The inflation protection option applies only to the Continuation of Benefits, and does not increase the amount available for qualified LTC during the initial period of care (24 months for a single insured, 30 months for two insureds). It must be chosen at the time of application, and may only be funded in addition to your single premium. Availability may vary by state.

*Let us prove our commitment to helping you craft a sound financial strategy. Experience for yourself what it means to be our customer.*

4. The World Bank, <https://data.worldbank.org/indicator/SPDYN.LE00.IN?locations=US>, accessed 2/15/23.





Did you  
know?

74 & 79

Average lifespan in the U.S.  
today for males & females<sup>5</sup>

5. "Mortality in the United States, 2021." NCHS Data Brief No. 456. December 2022.  
<https://www.cdc.gov/nchs/products/databriefs/db456.htm>

## Annuity Care® II

<b>Issue ages</b> (single life or joint life spouses only)	<ul style="list-style-type: none"> <li>• Minimum: 40</li> <li>• Maximum: 80 (Age last birthday)</li> </ul>				
<b>LTCAV withdrawal period</b>	<ul style="list-style-type: none"> <li>• 24 months — Single Annuitant</li> <li>• 30 months — Joint Annuitant or Single Annuitant with Eligible Person</li> </ul>				
<b>Continuation of benefits options</b> (May vary by state. Please see an illustration for specific information.)	<ul style="list-style-type: none"> <li>• 6 years (ages 40 through 69)</li> <li>• 3 years (ages 70+)</li> </ul>				
<b>Single premium</b> (nonqualified premium only)	<ul style="list-style-type: none"> <li>• Minimum: \$10,000 (May vary by state)</li> <li>• Maximum: \$300,000 (with inflation and/or nonforfeiture)</li> <li>• \$500,000 (without inflation and/or nonforfeiture)</li> </ul>				
<b>Surrender charges</b> (nine years)	<b>1 = 9%</b>	<b>2 = 8%</b>	<b>3 = 7%</b>	<b>4 = 6%</b>	<b>5 = 5%</b>
	<b>6 = 4%</b>	<b>7 = 3%</b>	<b>8 = 2%</b>	<b>9 = 1%</b>	<b>10 = 0%</b>
<b>Partial surrender</b>	<ul style="list-style-type: none"> <li>• After the first contract year, the owner may withdraw up to 10% of the accumulated value (as of the beginning of the contract year) without a surrender charge. May vary by state.</li> <li>• Full surrenders within 12 months of a partial surrender will result in a recapture of the waived surrender charges. May vary by state.</li> <li>• No surrender charge will be assessed on any qualified LTC benefit withdrawal.</li> </ul>				
<b>Tax advantages</b>	<p>Annuity Care II provides an effective way to protect your savings from the potential expenses associated with end-of-life care. And, it also does so in very tax-efficient ways!</p> <ul style="list-style-type: none"> <li>• Long-term care benefit payments from the LTCAV are income tax-free as a reduction of basis.</li> <li>• Long-term care benefit payments from the COB balance are income tax-free.</li> <li>• The monthly charge to pay for the COB balance is income tax-free as a reduction of basis in the LTCAV.</li> </ul>				

## **Annuity Care® II**

<b>Death of owner/ annuitant</b> (single policy)	Surrender charges will be waived upon the death.
<b>Types of care covered</b>	<p>Long-term care withdrawals under Annuity Care II may be taken for qualifying care of the following types:</p> <ul style="list-style-type: none"><li>• Nursing home facility</li><li>• Home health care</li><li>• Hospice care</li><li>• Bed reservation</li><li>• Assisted living facility</li><li>• Adult day care</li><li>• Respite care</li></ul> <p>(Producers must provide applicants with the Outline of Coverage that provides detailed information on coverage, policy exclusions and limitations.)</p>
<b>LTC Withdrawals</b>	<p>Annuity Care II provides long-term care coverage when an annuitant or eligible person qualifies in one of two ways:</p> <ul style="list-style-type: none"><li>• Inability to perform two of six activities of daily living (bathing, continence, dressing, eating, toileting and transferring); or</li><li>• Severe cognitive impairment (for example, Alzheimer's disease).</li></ul>
<b>LTC elimination period</b>	Client's have a 90-day elimination period before they can withdrawal funds for LTC expenses.
<b>LTC withdrawal methods</b>	Reimbursement — the payment amount will be based upon the amount of actual expenses incurred for qualified LTC expenses up to the Monthly Benefit Limit.
<b>Interest rates</b>	A minimum interest rate will be credited to both the LTCAV and the AV. Please contact State Life for current and guaranteed interest rates in your state(s). The interest rate for the LTCAV is guaranteed for five years from the contract effective date.

**Note:** Products issued and underwritten by **The State Life Insurance Company**<sup>®</sup> (State Life), Indianapolis, IN, a OneAmerica company that offers the Care Solutions product suite. Annuity Care II Form number: SA35. Not available in all states or may vary by state. • All guarantees are subject to the claims paying ability of State Life. • All individuals in the scenarios presented are fictitious and all numerical examples are hypothetical and are used for analytical purposes only. • Provided content is for overview and informational purposes only and is not intended and should not be relied upon as individualized tax, legal, fiduciary, or investment advice. • This information is not designed to promote nor endorse 1035 exchanges. Before using a 1035 exchange carefully weigh any benefits, any surrender fees or costs, and all implications or limitations of replacing an existing policy. • **NOT A DEPOSIT • NOT FDIC OR NCUA INSURED • NOT BANK OR CREDIT UNION GUARANTEED • NOT INSURED BY ANY FEDERAL GOVERNMENT AGENCY • MAY LOSE VALUE**

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