

# *AnnuiCare*<sup>®</sup>

A Guaranteed Tax-Deferred Annuity with Long-Term Care Benefits



**GUARANTY**  
Income Life Insurance Company

# Reasons for Long-Term Care Protection

The average Long-Term Care expense in the United States in 2008 was over \$68,000 per year.<sup>1</sup>

## Long-Term Care Protection Can Help You:

- Maintain your choices and options.
- Avoid the possibility of depleting your life savings.

## AnnuiCare<sup>®</sup> Advantages

AnnuiCare<sup>®</sup> is a guaranteed tax-deferred annuity that also provides Tax Qualified Long-Term Care coverage. The Long-Term Care coverage is equal to three times the value of your annuity at a fraction of the cost<sup>1</sup> of traditional Long-Term Care insurance. The Long-Term Care premiums are conveniently paid from the annuity's value so there are no large, out-of-pocket premiums.

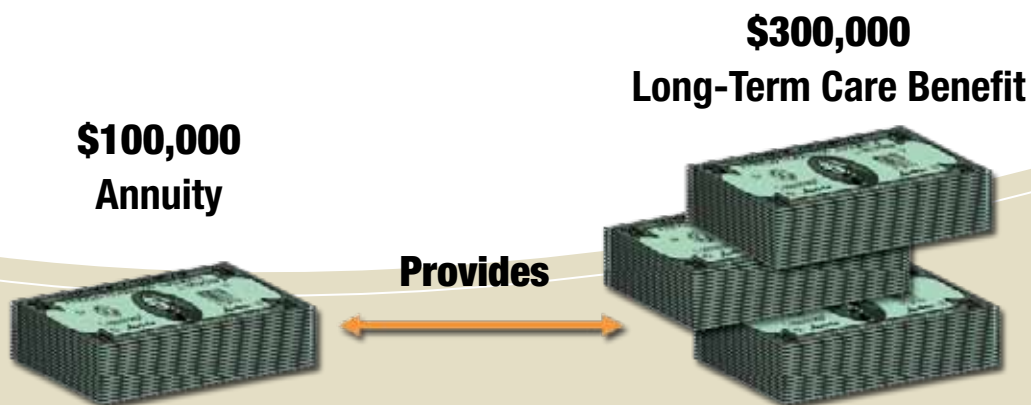
- ✓ **MONEY BACK** - AnnuiCare<sup>®</sup> provides Long-Term Care benefits if you need them, or your annuity value, including net interest, if you don't.
- ✓ **SAFETY** - Your AnnuiCare<sup>®</sup> value is free from market risk.
- ✓ **LIQUIDITY** - Your annuity interest can be accessed easily with no withdrawal charges.
- ✓ **LONG-TERM CARE BENEFIT** - AnnuiCare<sup>®</sup> will reimburse up to three times your annuity value for Long-Term Care benefits for six years or longer.
- ✓ **WAITING PERIOD** - Claims may be filed beginning day one, and benefits may begin as soon as the 90-day Deductible Period is met.
- ✓ **TAX-DEFERRED GROWTH** - Interest earned in your annuity accumulates tax deferred.
- ✓ **PRE-EXISTING CONDITIONS ARE COVERED** - We will not deny benefits for pre-existing conditions.
- ✓ **DEATH BENEFIT** - The full value of your annuity will be paid directly to your beneficiaries, bypassing probate.<sup>2</sup>

**WITHDRAWALS FOR LONG-TERM CARE PREMIUMS AND BENEFITS ARE TAX FREE.<sup>2</sup>**

## The AnnuiCare<sup>®</sup> Concept

Combines the safety and tax advantages of an annuity with the benefits of Long-Term Care insurance. AnnuiCare<sup>®</sup> provides three times the annuity value for Tax Qualified Long-Term Care expenses.

### 3 FOR 1 LONG-TERM CARE BENEFITS WITH NO OUT-OF-POCKET PREMIUMS



# How AnnuiCare® Works

1. You establish a guaranteed tax-deferred annuity.
2. A portion of your annuity value is used to pay for the Long-Term Care rider.  
**There are no out-of-pocket premiums.**
3. Benefits begin after a 90-day Deductible Period if you are certified by a Licensed Health Care Practitioner as:
  - ✓ Being unable to perform two of the six Activities of Daily Living: bathing, continence, dressing, eating, toileting and transferring; **or**
  - ✓ Having a cognitive impairment requiring substantial supervision, such as Alzheimer's Disease.
4. Your Long-Term Care expenses will be reimbursed up to the Daily Maximum benefit. These reimbursements will be paid from your annuity value, penalty free, for at least the first two years. Thereafter, for no less than four years, benefits will be reimbursed from the AnnuiCare® rider, providing six years or more of Long-Term Care benefits.
5. Your AnnuiCare® policy will reimburse Long-Term Care expenses up to 100% of your Daily Maximum benefit for:
  - ✓ Home Health Care<sup>3</sup>                      ✓ Nursing Home Care                      ✓ Homemaker Services
  - ✓ Assisted Living Facility Care                      ✓ Personal Care Services                      ✓ Hospice Services
  - ✓ Alternative Care Services                      ✓ Respite Care                      ✓ Adult Day Care (50% of Daily Maximum)

## THE LONG-TERM CARE BENEFIT IS DETERMINED BY YOUR ANNUITY VALUE.

The daily average cost of care in your area should determine the annuity amount you choose.

Initial Annuity Value	Total Long-Term Care Benefit	Daily Maximum Benefit
\$50,000	\$150,000	\$68.49
\$100,000	\$300,000	\$136.99
\$150,000	\$450,000	\$205.48

## AS YOUR ANNUITY VALUE GROWS, YOUR LONG-TERM CARE BENEFIT ALSO GROWS.

Below is an example of a 65 year old who purchases a \$100,000 AnnuiCare® plan. The chart illustrates how the annuity value will grow based on the net interest credited. As the annuity value grows, the Daily Maximum benefit grows at the same rate. This helps you meet the rising cost of Long-Term Care expenses.

End of Contract Year	Annuity Value <sup>4</sup>	Daily Maximum Benefit
1	\$102,113	\$139.88
5	\$110,680	\$151.62
10	\$122,408	\$167.68
20	\$149,721	\$205.10

<sup>1</sup> U.S. Department of Health and Human Services – National Clearinghouse for Long-Term Care Information – [www.longtermcare.gov](http://www.longtermcare.gov).

<sup>2</sup> Effective 1/1/2010, all benefit payments are tax free, and LTC premiums are paid with pre-tax dollars from your annuity. The premiums will reduce your cost basis which may result in additional taxes if you surrender your AnnuiCare® policy. GILICO does not give tax advice. Please consult your tax advisor for additional information.

<sup>3</sup> Includes Adult Foster Care in Oregon.

<sup>4</sup> This illustration assumes no withdrawals or additions, an interest rate of 3%, and current long-term care monthly premium deductions.



## What happens to my annuity if I never need Long-Term Care benefits?

Your annuity will continue to earn tax-deferred interest. You may choose to receive your annuity value in a lump sum, periodic payments including a lifetime income, or it will be paid to your beneficiaries. **The Annuity Value will pass on to the beneficiaries as a death benefit, if not needed.**

## How is Annuicare® different from other Long-Term Care insurance?

Annuicare® combines the savings feature of a tax-deferred annuity with the protection of a traditional Long-Term Care policy. The dollars you put aside for Long-Term Care are spent only if you need them, but not lost if you never use them.

## Does Annuicare® pay for the same Long-Term Care services as a traditional Long-Term Care policy?

Yes, it does! Annuicare® is Tax Qualified Long-Term Care insurance.

## How does the cost of Annuicare®'s LTC riders compare to traditional LTC insurance plans?

The LTC premiums deducted from your annuity are generally about one-third of the out-of-pocket premium you would pay for a traditional plan with substantially similar benefits. This savings is available to you because your annuity value is used first for LTC benefits. *(Cost estimate is based on examples by age provided at U.S. Department of Health and Human Services - National Clearinghouse for Long-Term Care Information - [www.longtermcare.gov](http://www.longtermcare.gov).)*

## How do I qualify for Annuicare®?

Annuicare® has a simplified underwriting process. After completing the application, ages 69 and younger will have a telephone interview with a registered nurse. If you are age 70 or older, the interview will be conducted in person at your convenience. No physical exam or lab work is needed. Underwriting is usually completed within three business days of your interview.

## Can I buy Annuicare® with qualified money?

You can buy Annuicare® with a qualified account such as an IRA. The qualified account is transferred into Annuicare®. Then over a five year period, the funds are distributed into the non-qualified annuity portion of the Annuicare® policy. You will receive a 1099 and will be taxed on the portion that is transferred each year, allowing you to spread the income tax over a five year period.

## How does the Pension Protection Act of 2006 affect Annuicare®?

Effective January 1, 2010, annuity value withdrawn to pay Tax Qualified Long-Term Care premiums is not taxed. All Annuicare® policies receive this tax benefit. That means: **Tax Free Premiums and Tax Free Long-Term Care Benefits.**

## How do I qualify to receive Long-Term Care benefits from my Annuicare® policy?

If you are unable to perform at least two of six Activities of Daily Living or have cognitive impairment requiring substantial supervision, you will qualify to receive benefits after a one time 90-day Deductible Period. **Annuicare® has no waiting periods.**

## How long must the policy be in force before Long-Term Care benefits can be accessed?

Annuicare® is unique because it has no long waiting periods. **Claims may be filed beginning day one, and benefits may begin as soon as the 90-day Deductible Period is met.**

**Be sure to ask your agent for a personalized Annuicare® illustration.**



**GUARANTY**

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*Important: This information is intended only as an overview of Annuicare® and does not include all terms, conditions, and rules of the contract. The policy has limitations and exclusions. This is not an application. To apply for Annuicare®, you must be presented with a personalized illustration, an Outline of Coverage, and other material required by the insurance laws of your resident state. Annuicare® is not approved for sale in all states. Annuicare® is a deferred annuity with Long-Term Care riders underwritten by Guaranty Income Life Insurance Company, Baton Rouge, LA.*

*Annuity forms are 1FPA-5 (10/10), 1FPA-7 (10/10), 1FPA-10 (10/10), 1SP4-MVA-M (11/03), 1SP6-MVA-M (11/03), 1SP8-MVA-M (11/03) or state variations; 1FPLTC7 (TX 8/08) and 1FPLTC10 (TX 8/08).*

*Long-Term Care rider forms are LTC-2, LTC-2E and LTC-3.*