

*Asset-Care*<sup>®</sup>



# Asset-Care

*producer guide*

*OneAmerica<sup>®</sup> is the marketing name for the companies of OneAmerica*

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# Asset-Care from OneAmerica<sup>®</sup>

*Asset-Care protects against the risk of long-term care (LTC) expenses and provides a wealth-transfer mechanism through specially designed whole life insurance policies. All Asset-Care plans include the following guarantees: death benefit, cash value growth, access to 100 percent of the death benefit for qualifying LTC expenses and an optional rider for lifetime LTC coverage at never-to-increase premiums.*

All Asset-Care solutions are available on a single life or joint life basis. Preferred risk class applicants are typically nonsmokers, while standard risk class applicants are typically smokers.

## **Overview of the Asset-Care solutions**

### ***Asset-Care I***

- Single-premium whole life policy with an accelerated death benefit for qualifying LTC expenses
- Available for issue ages 35–80 (age last birthday)
- Typically funded through money currently in CDs, money market funds, savings, stocks, bonds or life insurance cash values

### ***Asset-Care II***

- Nonqualified annuity that funds a 20-payment whole life policy with an accelerated death benefit for qualifying LTC expenses
- Available for issue ages 59½–80 (age last birthday)
- Typically funded through money currently in existing nonqualified annuities or life insurance cash values

### ***Asset-Care III***

- Individual retirement account (IRA) that funds a 20-payment whole life policy with accelerated death benefit for qualifying LTC expenses
- Available for issue ages 59½–80 (age last birthday)
- Typically funded through money currently in qualified retirement plans such as 401(k)s, 403(b)s and IRAs

### **Asset-Care IV**

- Whole life insurance with an accelerated death benefit for qualifying LTC expenses
- Available for issue ages 20–80 (age last birthday)
- Premiums can be paid over the insured’s lifetime to age 100 or with guaranteed payment options from 10 to 20 years
- Premiums can be paid annually or through modal options (monthly, quarterly or semiannually)

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The State Life Insurance Company® (State Life) and our representatives do not give legal or tax advice. The tax comments in this brochure simply reflect our understanding of the current tax laws as they relate to life insurance. These laws are subject to interpretation and change; therefore, it is recommended that your client seek the advice of an attorney, accountant or other qualified tax advisor regarding life insurance taxation.

## ASSET-CARE PRODUCER GUIDE

### Product overview

	Asset-Care I	Asset-Care II	Asset-Care III
<b>Source of premium</b>	Simple reallocation of CDs, stocks, mutual funds, money markets or savings accounts into Asset-Care I can provide LTC protection and income-tax free life insurance proceeds to beneficiaries.	Your clients' nonqualified annuities can protect them from LTC facility, assisted living and home health care expenses.	Your client can utilize IRA or retirement plan funds for LTC protection.
<b>Issue ages (age last birthday)</b>	Single: 35–80 Joint: 35–80 (must have joint equal age of 35–80) <sup>1</sup> Maximum 25-year age difference between unrated joint insureds	Single: 59½–80 Joint: Annuitant must be 59½–80; spouse must be 40–80 (joint equal age cannot exceed 80) <sup>1</sup> Maximum 25-year age difference between unrated joint insureds	Single: 59½–80 Joint: Owner/annuitant must be 59½–80; spouse or second insured can be 40–80 <sup>1</sup> Maximum 25-year age difference between unrated joint insureds
<b>Policy structure</b>	Single-premium whole life insurance <sup>2</sup>	Nonqualified annuity and whole life policy <sup>2</sup>	IRA and whole life policy <sup>2</sup>
<b>Guarantees</b>	<ul style="list-style-type: none"> <li>• Return of premium (all years)</li> <li>• Minimum 4% interest rate</li> <li>• No additional premium required</li> <li>• Cash value growth</li> <li>• Death benefit</li> </ul>	<ul style="list-style-type: none"> <li>• Return of premium (all years)</li> <li>• Minimum 4% interest rate on life policy</li> <li>• Minimum 3% interest rate on annuity policy</li> <li>• Life policy LTC benefits increase over a 20-year premium payment period</li> <li>• Life premium will not increase</li> <li>• Cash value growth</li> </ul>	Same as Asset-Care II
<b>Long-term care benefits</b>	Policy provides up to 2% of the death benefit per month, per insured subject to policy limits. Applies to LTC facility, assisted living and home care (see page 6 for details). Option to use LTC benefits up to 3% or 4% per month, per insured (additional premium required). No surrender charges apply to qualifying LTC benefits. The Continuation of Benefits Rider (not available in all states and may vary by state) can extend LTC benefits to provide additional coverage (additional premium required; see page 6 for details).	Policy provides up to 2% of annuity value and up to 2% of life insurance death benefit per month, per insured, subject to policy limits. Applies to LTC facility, assisted living and home care (see page 6 for details). Option to use LTC benefits up to 3% or 4% per month, per insured (additional premium required). No surrender charges apply on withdrawn LTC benefits. Continuation of Benefits Rider (not available in all states and may vary by state) can extend LTC benefits to provide additional coverage (additional premium required; see page 6 for details).	Same as Asset-Care II
<b>Premium type</b>	Single premium	Annuity policy is funded at issue. Whole life policy is funded through annual withdrawals from annuity. Life policy is paid up after 20 years. Premium amount is guaranteed at issue.	IRA policy is funded at issue. Whole life policy is funded through annual withdrawals from annuity. Life policy is paid up after 20 years. Premium amount is guaranteed at issue.
<b>Minimum premium</b>	\$10,000 (differs in CA, MN, SD, WA and WI)	\$20,000 (differs in CA, MN, SD, WA and WI)	\$20,000 (differs in CA, MN, SD, WA and WI)

<sup>1</sup> Joint coverage is not available in PA.

<sup>2</sup> The policy is universal life in MD and PA.

## Product overview

	Asset-Care I	Asset Care II	Asset Care III
<b>Access to cash value</b>	Accumulated interest withdrawn with no surrender charge. Loans made at 7.4% in advance (4% net cost).	From annuity: 10% of cash value withdrawn annually without surrender charge. Very important note: The amount withdrawn to pay life policy premium is included in 10% available. Up to 2% of cash value per month, per person, without surrender charge for LTC payments. From life insurance: Loans made at 7.4% in advance (4% net cost).	From annuity (IRA): Same as Asset-Care II. No surrender charge applies for any minimum distribution withdrawal in excess of premium for life insurance. From life insurance: Loans made at 7.4% in advance (4% net cost).
<b>Type of contract for tax purposes</b>	Modified endowment contract (MEC). Loans and withdrawals taxable to the extent of gain in the contract.	Nonqualified annuity: Taxed as annuity. Life insurance: See page 8.	Nonqualified annuity: Withdrawals are taxable. Life insurance: See page 8.
<b>Premium funding vehicles</b>	CDs, money market accounts, mutual funds, life insurance cash values, stocks and bonds	Nonqualified annuities and life insurance cash values	Qualified retirement plans and IRAs
<b>Funding options</b>	<ul style="list-style-type: none"> <li>• \$1,000 with application and remainder within 45 days (not required in CA)</li> <li>• CD transfer</li> <li>• Full premium with application</li> <li>• 1035 exchange from life insurance</li> <li>• If selected, include Continuation of Benefits Rider annual premium with application</li> </ul>	Section 1035 exchange from an annuity or life insurance policy	<ol style="list-style-type: none"> <li>1. Direct transfer from an IRA or a qualified retirement plan</li> <li>2. Rollover from an IRA</li> </ol>
<b>Surrender charges</b>	11% of cash value the first year, decreasing over 10 years.	9% of cash value the first year, decreasing 1% per year. Client will receive a full return of premium or the cash value minus surrender charges, whichever is greater.	9% of cash value the first year, decreasing 1% per year. Client will receive a full return of premium or the cash value minus surrender charges, whichever is greater.
<b>Cash surrender value</b>	Client will receive the greater of: their full return premium less any benefits received or loans taken OR the net cash surrender value.	Client will receive the greater of: their full return premium less any benefits received or loans taken OR the net cash surrender value.	Client will receive the greater of: their full return premium less any benefits received or loans taken OR the net cash surrender value.

**ASSET-CARE PRODUCER GUIDE**

**Product overview**

	<b>Asset-Care IV</b>	
	<b>10- to 20-pay</b>	<b>Whole life</b>
	Guaranteed level premiums spread conveniently over the period selected at application, from 10 to 20 years	Continuous premiums guaranteed never to increase
<b>Issue ages (single and joint)<sup>1</sup></b>	20–80 Maximum 25-year age difference between unrated joint insureds	20–80 Maximum 25-year age difference between unrated joint insureds
<b>Policy structure</b>	Limited-payment whole life <sup>2</sup>	Pay-to-100 whole life <sup>2</sup>
<b>Long-term care benefits</b>	Base policy provides up to 2% of death benefit per month, per insured, subject to policy limits. Applies to LTC facility, assisted living and home care. Option to use LTC benefits up to 3% or 4% per month, per insured (additional premium required). Continuation of Benefits Rider (not available in all states and may vary by state) can extend LTC benefits to provide additional coverage (see page 6 for details).	Same
<b>Minimum death/LTC benefits (differs in CA, MN, SD and WI)</b>	Issue ages 20–50: \$100,000 Issue ages 51+: \$50,000	Same
<b>Guarantees</b>	Premiums never increase Cash value growth Death benefit	Same
<b>MEC status</b>	See page 8 for information.	Same
<b>Guaranteed interest rate</b>	4%	4%
<b>Modal factors</b>	1.0000: Annual 0.5200: Semiannual 0.2650: Quarterly 0.0858: PAC	Same
<b>Surrender charge (as a percentage of surrender dollar amount)</b>	Years 1–5: 75% Years 6–10: Decreases by 5% per year Year 11: 35% Year 12: 20% Years 13+: 0%	Same Years 1–5: 100% Years 6–14: Decreases by 10% per year Year 15+: 0%
<b>Waiver of premium</b>	Available at additional premium. Premium waived if qualifying care received and waiting period satisfied.	Same

<sup>1</sup> Joint coverage is not available in PA.

<sup>2</sup> The policy is universal life in MD and PA.

# LTC benefits

## Asset-Care covers:

- Care in a LTC facility (all levels), hospice care, adult day care, respite care (21 days per calendar year)
- Care in an assisted living facility
- Home health care, including hospice care and homemaker services
- Bed reservation (31 days per calendar year)
- Care coordination and caregiver training
- Supportive equipment
- International facility coverage

Review your state's outline of coverage for a specific and complete list of policy exclusions and limitations.

## Monthly benefits

The policy monthly LTC benefit is 2 percent of the death benefit per month for each insured or actual charges, whichever is less. The full monthly benefit is available for qualified expenses.

If the option to use 3% or 4% of the death benefit per month, per insured, for LTC is selected at issue, the same limits apply to care in all of the above-listed settings. Additional premium required for 3% and 4% options.

## Waiting period

After 30 days of qualified home health care within a 180-day period, Asset-Care will pay benefits. For all other types of care, a 60-day waiting period applies.

## Other information

Pre-existing conditions are covered if fully disclosed at application. Asset-Care benefits are not excluded if the chronically ill individual has LTC costs due to a mental or nervous disorder.

**Note:** Coverages and waiting periods vary by state.

# Inflation Protection Rider

## *Not available in all states*

Asset-Care offers an Inflation Protection Rider (IPR) to help protect against the rising cost of qualifying LTC expenses. This optional benefit, available with an additional premium, guarantees that the base policy LTC benefit will increase. This increase in turn increases the monthly maximum benefit for LTC.

- IPR premiums are noncancelable. Premiums cannot increase, and only the policyowner can terminate the rider.
- Four choices are available to the policyowner:
  - 3% simple growth (not available in all states)
  - 3% compound growth (not available in all states)
  - 5% simple growth
  - 5% compound growth
- IPR premiums are paid in the following ways:
  - Asset-Care I: Choice of premium and annual premiums to age 100
  - Asset-Care II/III: Premium is withdrawn from the annuity, along with the life policy premium over 20 years
  - Asset-Care IV: Premium is the same duration as the base premium (e.g., a 15-pay policy has a 15-year IPR payment period)
- Premiums are waived if an insured has satisfied the waiting/elimination period and is receiving qualifying care.
- On a joint life policy, premiums do not change after the first insured has died.
- IPR affects only the base Asset-Care coverage; see the Continuation of Benefits Rider for information about extending LTC benefits beyond the base policy.

### **Example** (client age 60, base policy monthly benefit limit of \$3,000)

Client age	No IPR	5% simple growth	5% compound growth
61	\$3,000	\$3,150	\$3,150
65	\$3,000	\$3,750	\$3,828
70	\$3,000	\$4,500	\$4,886
75	\$3,000	\$5,250	\$6,236
80	\$3,000	\$6,000	\$7,959

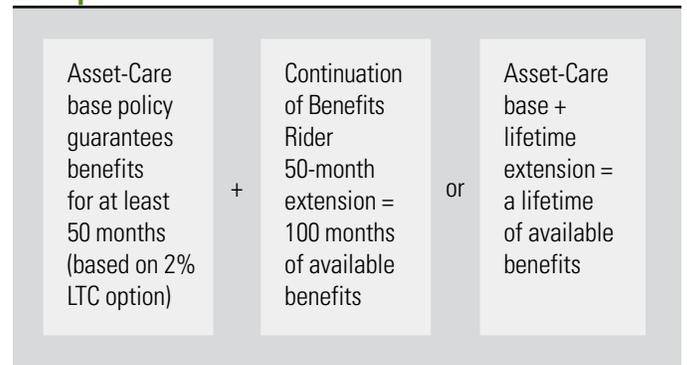
# Continuation of benefits

*Not available in all states*

Asset-Care includes a Continuation of Benefits Rider that protects against the costs of extended qualifying care. The rider may be added to any Asset-Care base policy with an additional premium at application.

- This rider is noncancelable. Premiums cannot increase, and only the policyowner can terminate the rider.
- Rider benefits start after the base policy LTC benefits are reduced to zero.
- Two choices of extended benefit periods are offered: limited and lifetime.
- The limited period depends on the maximum monthly LTC option:
  - 2% = 50 months of extended benefits
  - 3% = 33 months of extended benefits
  - 4% = 25 months of extended benefits
- On a joint policy, the lifetime benefit applies to both insureds for one premium rate.
- Inflation protection and nonforfeiture benefits are available on this rider for an extra premium.
- Payments can be made on a single premium, 10-pay, 20-pay or pay-to-100 premium basis.

## Example



**Note:** Your Asset-Care illustration will provide continuation of benefits rates with the applicable options for your state.

# Common questions and answers

***Q: Should joint applicants name each other as beneficiaries?***

**A:** No. It is very important to remember that Asset-Care policies do not pay the death benefit until the last insured dies. It is common on joint policies to name children, a trust, siblings or a charity as the beneficiary.

***Q: What type of 1035 exchange is permissible?***

**A:** Internal Revenue Service Code Section 1035 allows individual single life insurance to be exchanged for single life Asset-Care I or Asset-Care II annuity. Section 1035 exchanges are also acceptable for nonqualified annuities or life insurance to an Asset-Care II annuity. Section 1035, however, does not allow one or more individual single life insurance policies to be exchanged for a joint Asset-Care I policy, nor can you exchange an existing annuity for an Asset-Care I.

***Q: How does a certificate of deposit (CD) transfer work?***

**A:** By completing a Request of Funds Form, the owner of the CD(s) authorizes the transfer of the full, matured value or a specific dollar amount to on the maturity date. Once the form is completed and sent in, it is forwarded to the appropriate financial institution. The CD funds are automatically transferred to State Life on the maturity date. This process is the most convenient way for the client to liquidate a CD.

***Q: What forms should be included with submissions?***

**A:** See page 10 in this producer guide for a complete chart of all forms necessary for each Asset-Care product according to the funding asset used. If you have questions forms, call **1-800-275-5101**.

# Taxation

## LTC benefits

Under the Health Insurance Portability and Accountability Act of 1996, Asset-Care insureds who receive LTC policy benefits will have the entire amount treated as an income-tax free prepayment of the death benefit. Annuity withdrawals on Asset-Care II and III are taxable to the extent of gain, which could be deducted when it is considered an unreimbursed medical expense (to the extent the taxpayer itemizes and based on current tax laws).

## Example

**A client enters nursing home with a \$100,000 death benefit and a \$40,000 cash value:**

- \$25,000 original premium and \$15,000 gain
- State Life pays \$20,000 in LTC benefits during the calendar year
- The entire \$20,000 is paid to the policyowner income-tax free

## Death benefits

### *Asset-Care I*

Amounts not paid for LTC pass income-tax free to the named beneficiary.

### *Asset-Care II*

Amounts not paid out for LTC under the life policy pass income-tax free to the named beneficiary.

If the spouse is the beneficiary on the annuity portion, he or she can assume the policy and continue to defer any gain or select a payment option.

### *Asset-Care III*

Amounts not paid for LTC benefits under the life policy pass income-tax free to the named beneficiary. If the spouse is the beneficiary on the IRA, he or she can assume the policy and continue to defer any gain or select a payment option.

### *Asset-Care IV*

Amounts not paid for LTC benefits pass income-tax free to the named beneficiary.

## Loans and withdrawals

### *Asset-Care I*

Asset-Care I policies are always a modified endowment contract (MEC). Lifetime distributions (loans and withdrawals) are interest first, then principal. Interest-only distributions are subject to income tax. Distributions taken by an owner before age 59½ are subject to an additional 10 percent tax by the IRS.

### *Asset-Care II annuity policy*

Withdrawals from the annuity portion are interest first, then principal. Interest-only distributions are subject to income tax. Annuity withdrawals with an owner younger than age 59½ are subject to income tax and an additional 10 percent tax by the IRS. (Consult your tax advisor for complete details.) Annuity withdrawals to fund the Asset-Care policy are taxable as ordinary income to the extent any interest is withdrawn.

***Asset-Care III annuity policy***

Withdrawals from the IRA portion are fully taxable, like any IRA. Annuity withdrawals by an owner younger than age 59½ are subject to income tax and an additional 10 percent tax by the IRS. (Consult your tax advisor for complete details.) IRA withdrawals to fund the life policy are taxable as ordinary income.

***Asset-Care II and III life policies***

The life policy is a MEC at all issue ages.

***Asset-Care IV***

Generally, Asset-Care IV policies are not MECs but some situations may cause a MEC to occur. Contact the Care Solutions Sales Desk for more information.

# Additional information

## Effective date

Asset-Care coverage is effective the later of the date full premium is received or all required medical exams and tests are completed and received. See the conditional receipt with the Asset-Care application for more details.

## Forms

The outline of coverage, illustration and NAIC Long-Term Care Shopper's Guide must be given to the client before the application is taken. After the sale, the customer must receive the Temporary Insurance Agreement, when applicable.

## Loans

Life insurance policy loans are available but reduce the LTC benefits. Loans are typically for a temporary need. Unpaid loans can cause a policy to lapse. The net cost of borrowing is 4 percent.

## Asset-Care withdrawals

Partial withdrawals proportionally reduce the policy's cash value, death benefit, LTC benefits and subsequent policy premiums. A withdrawal (unlike a loan) permanently reduces the death benefit.

## Free withdrawals

### *Asset-Care I*

After the first policy year, accumulated interest may be withdrawn without a surrender charge. However, if both principal and interest are withdrawn within a 180-day period, surrender charges apply on the total amount withdrawn.

### *Asset-Care II and III (from an annuity)*

Up to 10 percent of the cash value can be withdrawn annually without a surrender charge. The amount withdrawn to pay the life policy premium is included in the 10 percent withdrawal amount.

### *Asset-Care IV*

Withdrawals from the limited-pay whole life products are subject to applicable surrender charges.

## Required minimum distribution (Asset-Care III annuity)

State Life will calculate the required minimum distribution after age 70½ according to current tax regulations. Any minimum distribution in excess of the life premium is forwarded directly to the policyholder.

### **Illustrations and outlines of coverage**

Complete individualized Asset-Care illustrations must be given to each prospect. Outlines of coverage must be delivered before clients complete the application. Your OneAmerica marketing representative can give you more information on running illustrations and obtaining outlines of coverage.

### **Premium tax states**

Qualified annuities (IRAs) are exempt. A front-end premium tax is imposed in Maine (2 percent), South Dakota (1.25 percent) and Wyoming (1 percent) on nonqualified annuities.

# Submitting Asset-Care applications: Tips and notes

- Accurately and legibly complete the entire application. Be sure to indicate the amount of premium and the source on the application.
- For Asset-Care II and III applications, remember to complete the state-specific SL302 annuity application and the SL301 life application. You must also complete the withholding form attached to the annuity application.
- On joint cases, both spouses must sign any attachments, such as beneficiary designations or additional medical information to be included with the application.
- On joint cases, do not name either of the insureds as the beneficiary. Joint life Asset-Care is a second-to-die policy, requiring another beneficiary to be chosen.
- If applicants have severe medical problems, contact State Life at **1-800-275-5101**. Marketing representatives can provide you sales and underwriting information.
- Be sure to have the applicants sign and date all necessary applications, forms and attachments.
- Refer to the submission checklist on page 17. If you have questions about necessary forms, call **1-800-275-5101**.

For support with quotes, supplies, sales and administrative needs, call your back office or the Care Solutions Sales Desk at **1-800-275-5101**.

## Special notes

- Provide your clients A Shopper's Guide to Long-Term Care Insurance and the appropriate outline of coverage before taking an application.
- Make sure your client needs the coverage you are offering.
  - Inquire and make every reasonable effort to identify the coverage types and amounts the client has.
  - Make every reasonable effort to determine that your client has adequate income or assets to purchase and maintain the recommended coverage.
  - When replacing coverage with Asset-Care, confirm the client understands any coverage variance and all pertinent product differences (including issues relating to surrender charges and taxes).
- Have your client complete and sign the third-party notice on the life application in case of unintentional lapse.
- Be sure to use a complete illustration and obtain the client's signature.

## Submission checklist

	Asset-Care life application (state-specific)	Asset-Care annuity application and withholding form (state-specific)	CD transfer/request of funds form	Mutual fund transfer/request of funds form	IRA (qualified funds) transfer/ request of funds form	Direct rollover/ request of funds form	1035 exchange/ request of funds form	Life or LTC insurance replacement form	Full premium	Minimum \$1,000 partial premium payment (Balance due within 45 days)	Patriot Act questionnaire	Full Continuation of Benefits Rider premium
<b>Asset-Care I</b>												
CDs	Required		Optional					If required by state	Optional	Optional	Required	Required
Mutual funds	Required			Optional				If required by state	Optional	Optional	Required	Required
Money market account	Required							If required by state	Optional	Optional	Required	Required
Stocks or bonds	Required							If required by state	Optional	Optional	Required	Required
Life insurance policy	Required						Optional	If required by state	Optional	Optional	Required	Required
<b>Asset-Care II</b>												
Nonqualified annuity	Required	Required					Optional	If required by state	Optional	Optional	Required	Required
Life insurance policy	Required	Required					Optional	If required by state	Optional	Optional	Required	Required
<b>Asset-Care III</b>												
401(k) or Keogh	Required	Required				Optional		If required by state	Optional	Optional	Required	Required
Any pension plan	Required	Required				Optional		If required by state	Optional	Optional	Required	Required
SEP or IRA	Required	Required			Optional			If required by state	Optional	Optional	Required	Required
<b>Asset-Care IV</b>												
10- to 20-pay	Required							If required by state	Optional	Optional	Required	Required
Whole life	Required							If required by state	Optional	Optional	Required	Required

## Key

Required

Optional

If required by state

If the full Continuation of Benefits Rider annual premium is included, the single, partial or modal premium amounts for the base policy do not need to be included with the application. The client has 60 days from the issue date to submit the premium balance.





For support with products,  
state availability, illustrations and more,  
contact your back office or the Care Solutions  
Sales Desk at **1-800-275-5101**.

**Note:** Products are issued and underwritten by The State Life Insurance Company® (State Life), Indianapolis, IN, a OneAmerica company that offers the Care Solutions product suite. Asset-Care Form number series: L301, SA31, R501, R518, R519 and R525 (or state variation). Not available in all states or may vary by state. Key aspects of the joint life Asset-Care have been awarded patent 6,584,446 by the U.S. Patent and Trademark Office.

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### About OneAmerica®

A national leader in the insurance and financial services marketplace for nearly 140 years, the companies of OneAmerica help customers build and protect their financial futures.

OneAmerica offers a variety of products and services to serve the financial needs of their policyholders and customers. These products include retirement plan products and recordkeeping services, individual life insurance, annuities, asset based long-term care solutions and employee benefit plan products.

Products are issued and underwritten by the companies of OneAmerica and distributed through a nationwide network of employees, agents, brokers and other sources that are committed to providing value to our customers.

To learn more about our products, services and the companies of OneAmerica, visit [OneAmerica.com/companies](http://OneAmerica.com/companies).