Nationwide® No-Lapse Guarantee UL II | Sales idea

Wealth transfer with the LTC Rider II

- **Do you have clients who have a fixed annuity but don't need it for retirement?**
- **Are these clients concerned about long-term care (LTC) costs?**
- **Would they like to leave a legacy to their beneficiaries?**

Nationwide® has a solution: By annuitizing the contract and using the distribution from the annuity to purchase life insurance with the Long-Term Care Rider II, your client can potentially create a larger pool of money that can help fund long-term care needs while still providing an inheritance for their family members.

Here's how it works

A married woman, age 55, has a fixed annuity with a current value of $100,000. She annuitizes using a 10-year term-certain option at $11,727 per year and uses the income to fund a $10,249 life insurance premium.

She gets immediate leverage with a life insurance policy and a death benefit valued at $304,900.

— INPUT —

$100,000

fixed annuity

$10,249 (after tax) per year

Annuity income pays life insurance premium

REPEATS 10X

— OUTPUT —

$304,900

total LTC benefit

$6,098 per month

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 an additional charge and may not be the ideal solution for everyone.

Let's look at an example

Anna[1] is 55 years old, married and in good health. She feels comfortable that her current assets will cover her living expenses for retirement and is concerned about possible long-term care costs. Anna has two adult children, and she would like to leave a small legacy to make their lives more comfortable.

Anna purchased a $68,000 fixed annuity many years ago that is now out of the surrender period. Currently, the annuity is worth $100,000. Earning the guaranteed 3% rate, the annuity would be worth $228,793 ($180,555 after tax) by age 83. Anna wants to know if there are options with the annuity that will address her concerns for long-term care and her adult children.

Here's an option

Anna can annuitize choosing a 10-year term-certain option, which would generate an annual income of approximately $11,727[2] for 10 years. She could use a portion of this distribution to purchase a Nationwide® No-Lapse Guarantee UL II (NLG UL II) policy with the LTC Rider II and retain the rest to pay taxes due on the distribution. With $10,249 of after-tax money, she can purchase a Nationwide NLG UL II contract with a death benefit of $304,900. Anna's underwriting class is Preferred Nontobacco.

Should Anna need to tap into the LTC Rider II, she could receive a monthly LTC benefit of $6,098 for 50 months ($73,176 annually) to help cover LTC needs. If LTC benefits are exhausted and the policy is in force at the time of death, the policy will have a residual death benefit of $30,490.

If she doesn't need LTC, her children will receive a death benefit of $304,900, so she is not in a "use it or lose it" position. The LTC benefit is an acceleration of the death benefit. The death benefit and cash surrender value are reduced dollar for dollar by the cumulative LTC benefits received.

The benefit available to the owner of the contract is the lesser of the elected percentage of the LTC specified amount ($6,098 in this example), or two times the per diem rate set by HIPAA in the year of claim times 30 or 1⁄12 of the maximum lifetime LTC benefit remaining after a policy loan.[3] For 2024, the HIPAA per diem rate is $410 per day.

Annuitize with 10-year term-certain option

Annual income	Taxes	After-tax distribution to purchase policy
$11,727[2] (all years)	**$1,478** (all years)	**$10,249** (all years)

Summary of policy benefits

Annuity value if held until death (age 83, 30% tax bracket)	**Nationwide NLG UL II death benefit if no LTC received**	**Residual death benefit if maximum LTC benefit received**
$228,793 or **$180,555** after taxes	**$304,900** tax free	**$30,490** tax free

[1] The individual in this case study is fictional but is meant to represent a typical client in a typical situation.

[2] 10-year term-certain option, purchase payment of $100,000, rates as of April 12, 2024.

[3] The maximum lifetime LTC benefit is equal to the lesser of a) the then-current LTC Rider II specified amount or b) the base policy specified amount minus any indebtedness.

To find out more about Nationwide No-Lapse Guarantee UL II with the Long-Term Care Rider II, call us at:

Life Insurance Solutions Center 1-800-321-6064

Brokerage General Agents Solutions Center 1-888-767-7373

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