



Innovation in Extended Care Protection

Sell Sheet

What is it?

The Enhanced Care Rider® is an optional annuity benefit that increases your clients' annuity value when your clients meet certain conditions. It gives your clients:

- An efficient way to protect their financial independence.
- A way to protect their nest egg with the *same* nest egg.
- A benefit that grows with time, doesn't require spend-down, and isn't accelerated access to their own money.
- Control over whether benefits are withdrawn, when they're withdrawn, and how to spend them.

What isn't it?

The Enhanced Care Rider® is not:

- Long-term care insurance.
- A replacement for LTCL.
- A combo annuity/LTCL product under IRC Section 7702B(b).
- A "spend-down" or accelerated benefit structure.

What's the target market?

The Enhanced Care Rider® appeals to a wide range of clients, but especially those looking for an affordable way to plan for possible long-term care expenses. The "sandwich generation"—those caught between caring for elderly parents and paying for their children's education—is a great, fast-growing target market for the rider.

What makes this rider different from others?

Unlike other annuity riders, the Enhanced Care Rider®:

- Is available on fixed index annuities with a premium bonus.
- Requires no medical exam or invasive medical questions to qualify for rider purchase.
- Does not require the benefit to directly reimburse care services.
- Is available with both qualified and nonqualified annuities.
- Has a contractually guaranteed fee structure—locked in at issue.

When can a client apply for the rider?

The rider can be elected only at contract issue, and the designated annuitant must:

- Be 40–75 years old.
- Not have been confined to a nursing home or assisted living facility or received care services in the 12 months before the rider effective date.

How does it work?

- The owner designates an amount between \$50,000 and \$200,000 as "rider premium." Premium bonus amounts, if applicable, will be added to the rider value. The percentage used to determine the rider cost is guaranteed never to increase. Deductions for the cost of the rider are made on a monthly
(Over)

- basis and may be considered withdrawals and taxable in the year deducted.*
- After six years, clients can receive benefits once the 45-day elimination period is over if the designated annuitant is receiving care services because of a qualifying condition.
- Monthly benefits are based on the greater of rider value or rider premium. The benefit percentage differs by issue age:
 - 40–55 = 3%
 - 56–65 = 2%
 - 66–75 = 1%
- Benefits can be used for any purpose and are available without surrender charge or market value adjustment. Once withdrawn, benefits are treated as ordinary income and may be taxable.*
- Benefits that are not withdrawn continue to grow tax-deferred** and become part of the death benefit.

Why should I sell it?

The Enhanced Care Rider® helps you:

- Meet your clients' needs, where suitable.
- Attract younger clients.
- Tap into a growing market.
- Put clients in control of their financial future.
- Offer a solution to offset future expenses should the need arise! Earn larger commissions because it encourages larger-than-average premium payments.

What resources are available to support rider sales?

Sales materials—including client PowerPoint slides and a client brochure—are available to help you close sales. For great sales ideas, you can also contact:

- Marketing Field Support at 800-395-1053, Ext. 4002.
- Your Regional Sales Director.
- Your Wholesaler.

More information is available on our secure website at www.legacynet.com.



OFFERING THE BEST COMBINATION OF CONSUMER BENEFITS AND OVERALL PRODUCER COMPENSATION.

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The Enhanced Care Rider® is not long-term care insurance. The rider has limitations, is optional, and has an additional cost, which may be considered a withdrawal and taxable as income.

Legacy Marketing Group® and its representatives do not give legal or tax advice. Therefore, it is recommended that clients seek the counsel of their attorney, accountant, or other qualified financial adviser regarding taxation as it applies to them.

* Withdrawals may be subject to income tax, and a 10% federal income tax penalty may apply to withdrawals taken before age 59½. Rider benefits are taxable to the contract owner.

** Taxes are deferred until withdrawals are taken, and tax deferral is available only to individuals or to entities that benefit individuals, such as certain trusts. Under current law, tax deferral is a basic feature of tax-qualified plans. Placing qualified funds into an annuity does not provide any additional tax benefit.