A life insurance resource for individuals and families

Guardian®

Helping protect life's next steps

Guardian's Joint Long Term Care rider and survivorship whole life

The Guardian Life Insurance Company of America

22-Pub10223

Planning ahead — aging in America

Health care becomes a special concern for many, since a large number of people will require more health care services including those related to long term care (LTC) needs as they age. No one knows what the future holds, but what's certain is that building a strategy for the long term and considering Guardian Joint LTC Life™ now can help you make the most of the years to come.[1,2]

Planning ahead

It's never too early to start planning for the future or addressing health expense coverage. Planning ahead can help you determine the type, and quality of care you want as you make financial preparations for the future. While planning ahead you can explore the benefits of the Joint LTC rider.

A Guardian life insurance policy with an LTC rider can help you address two needs with one product: financial protection and a way to help pay for long term care expenses. Guardian's Joint LTC Life insurance combines long term care coverage with survivorship whole life — thus insuring one or both individuals — in a single whole life policy.

Someone turning age 65 today has almost a 70% chance of needing some type of long term care services and support in their remaining years.[3]

70%

Approximately 35% of people reaching age 65 are expected to enter a nursing home at least once in their lifetime.[3]

35%

People use at-home or facility — provided long term care for an average of three years.[3]

No surprises

If you or your loved one experiences a long term care event, the financial burden can be great. All too often, family members must sacrifice time and resources to help care for a family member in need of long term care services. Knowing the costs associated with professional care today can help you better prepare for future unknowns.

How much long term care can cost[3]

According to www.longtermcare.gov, it costs **$253 per day**, on average, for a private room in a nursing home in the United States (in 2016). That's equivalent to:

$7,698 per month

$92,376 per year

As the general population ages and people live longer, these costs are projected to rise. From 2015 to 2055, the number of people aged 85 and older will almost triple, from over six million to over 18 million. This growth is certain to lead to an increase in the number of people who'll require some type of long-term care service.[4]

Key questions to discuss with your family:

1

Will you need long term care?

2

How will your family take care of you?

3

Can you pay for your long term care needs with your own savings?

Meeting your long term care needs with Guardian Joint LTC Life insurance

With planning and careful consideration, you can better prepare for the rising costs associated using long term care using LTC benefit riders.

Guardian offers Joint LTC Life as part of its life insurance product suite. For an additional premium, this rider lets you accelerate a portion of the policy's death benefit to help cover the costs of long term care services during your lifetime, based on a survivorship model.

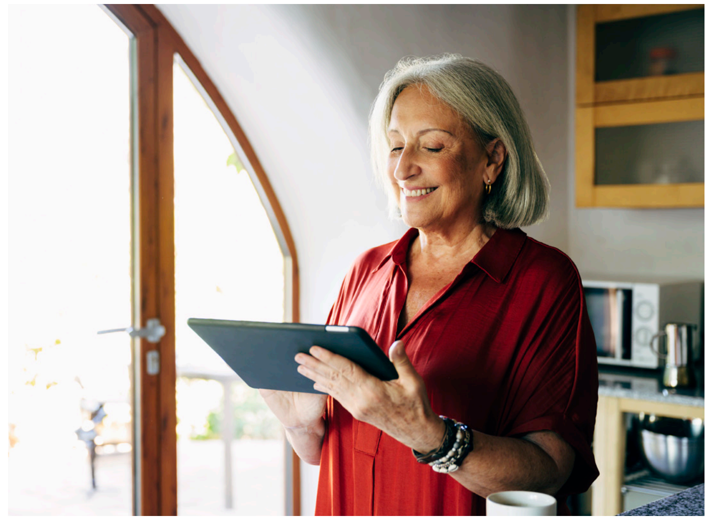
This rider can provide a flexible, financially efficient alternative or supplement to other sources of funding and can help relieve the financial strain many families experience when the need for long term care occurs.

Traditionally, funding for long term care expenses may have come from a variety of sources, including:

- Personal resources, like pensions, 401(k)s, IRAs, annuities and bank accounts
- Medicare or Medicaid, although these programs weren't designed to cover long term expenses, so any available long term care benefits are extremely limited
- Long term care insurance policies

While these financial strategies are certainly possible, they're not precise in helping determine how much to earmark for care, as many of your assets may already be designated for other purposes (like retirement).

Medicare and Medicaid aren't designed for long term care and will only pay for certain aspects of care — with rules, limits and restrictions. There's also continued uncertainty around the benefits of either, or both of these programs in the future.



Traditional long term care insurance is designed to help fund long term care costs, and can be a reliable way to supplement other sources. However, today's marketplace offers fewer choices and individual policies can be costly. Additionally, you may never use some benefits you pay for.

Guardian offers a combination of life and long term care insurance, with the Joint LTC rider on a survivorship whole life policy. Whole life insurance can help provide lifetime protection with three guarantees — guaranteed death benefit, a guaranteed level premium, and guaranteed cash value.[5]

As a Guardian whole life insurance policy owner, you can also share in the success of the company overall, by receiving policy dividends,[6] which can potentially build the policy's cash value even more. The policy's cash value can be used in a variety of ways, including paying for, or reducing future premiums, or, taking a loan.[7,8,9]

Joint LTC rider features

With Guardian's Joint LTC rider, you can use a portion of your survivorship whole life policy's death benefit to cover the cost of long term care services, providing you with extra flexibility when planning for the future.

How does it work?

Access

When applying for a Guardian survivorship whole life policy, you can choose to include the Joint LTC rider for either (or both) insureds for an additional premium. A specified portion of the face amount is then available for acceleration (Basic LTC Pool). Keep in mind that each LTC payment received will reduce the death benefit by the same amount (example on the next page). An amount up to half of the policy face amount (less $5,000, not to exceed $2,500,000 per person) can be selected.

Flexibility

If qualified for the Joint LTC rider, (qualification requirements can be found on page 6 of this brochure) you can accelerate a part of your policy's face amount through monthly benefit payments. With this indemnity-style benefit, you'll decide how much money you'll take from the policy each month. The rider allows payments up to a monthly maximum, equal to the lesser of:

- 2% or 4% of the Basic LTC Pool; or
- 2 times the monthly IRS limit[10]

You'll continue to receive monthly benefit payments until the benefit pool is accelerated, as long as you meet the qualification requirements. You can choose to stop or change your payment amount at any time.

Protection

To help keep your death benefit and LTC benefits in place while you're receiving Joint LTC rider benefits, Guardian will apply a premium credit that covers part, or all, of the base policy and Joint LTC rider premiums. This credit is based on the LTC Pool percentage elected at issuance.

Guardian's indemnity long term care benefit — simpler for you[11]

Because we want you to focus on getting better, the Joint LTC rider provides an indemnity-style benefit. That means, you're not required to continually submit bills and receipts each month to receive monthly benefit payments, which can be the case with reimbursement-style LTC coverage from other companies. This simplifies the process when requesting your benefits, so you can focus on your care — not your bills.

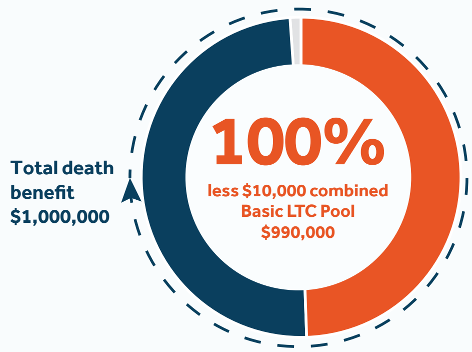
How it works

You may find yourself asking, **"How does the LTC rider actually work?"** The following example is designed to help you better understand the details, including:

- How much you can take from the policy when you're receiving monthly LTC benefits; and
- How monthly LTC payments affect the death benefit, and monthly cost for your life insurance policy.

1. The LTC Pool as a percentage of the death benefit

Let's assume your initial policy death benefit is $1,000,000. If you've elected the maximum 4% LTC Pool, for the both of you, $495,000 per person — or $990,000 total — will be available for acceleration, under the Joint LTC rider over the life of the policy.



2. Receiving monthly LTC benefits

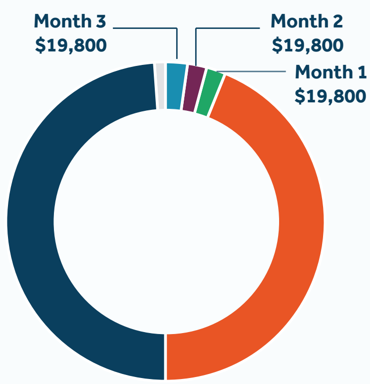
When either of you needs to use your LTC coverage, and start receiving monthly payments, you can accelerate a maximum monthly amount for either, or both, individuals equal to the lesser of:

• 4% of the LTC Pool – $19,800; or

• 2 times the monthly IRS limit[10] – $24,600

Monthly payments continue until you recover or when the individual's entire LTC Pool amount has been exhausted. In this example, the LTC Pool is sufficient to pay the maximum monthly amount for **25 months** total.

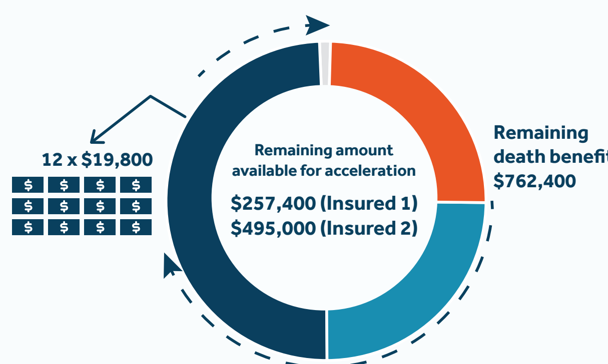
While you're receiving Joint LTC rider benefits, Guardian applies a premium credit based on the Basic LTC Pool percentage elected at issuance, reducing the premium needed to maintain the policy.



3. How LTC payments affect your remaining coverage

Let's assume that after a full year on claim, you no longer need LTC payments. After 12 monthly payments of $19,800, the policy provided a total LTC benefit of $237,600. That leaves a remaining LTC benefit of $257,400 for you, while the entire $495,000 benefit amount is still available for the other person insured. Those amounts remain in case either of you need long term care again in the future.

Because each LTC payment you receive reduces the death benefit by the same amount, accelerating a total of $237,600 from the initial death benefit of $1,000,000, leaves a **remaining death benefit** of $762,400. A premium credit covering the death benefit already accelerated continues to be applied, even if neither of you is receiving LTC payments.



Frequently asked questions

Whether you're buying a Guardian Joint LTC (survivorship whole life with Joint LTC rider) policy, for yourself, or to cover loved ones, understanding the details of your policy's benefits is important. Making the right decisions means being informed, so the frequently asked questions below may help you learn more about this valuable coverage.

Can anyone apply the Joint LTC rider to their survivorship whole life policy?

You can have the rider added to your policy if you're between the ages of 18 and 70 and in reasonably good health (i.e., standard, or better underwriting class rating, available to Class 4 up to age 68) at the time your policy is issued.

What does the Joint LTC rider do?

The rider accelerates a part of your policy's face amount through monthly LTC benefit payments. You can receive Joint LTC rider payments when either (or both insureds) **either:**

- Becomes chronically ill (i.e., unable to perform at least two out of six activities of daily living like bathing, continence, dressing, eating, toileting and transferring);

or

- Is diagnosed with a severe cognitive impairment, like Alzheimer's disease

When would I qualify to receive LTC benefits?

You'll be asked to provide a statement from your physician certifying that you meet the above definitions of chronically ill or having a cognitive impairment.

In addition, you must be receiving qualified long term care services under a physician's plan of care, either in a qualified facility, or at home by a qualified health care provider.

Is there a waiting period to access the LTC benefit?

The insured must have received care for 90 days before being eligible to access the benefit. Prior to meeting this threshold, the insured won't receive monthly benefit payments.

The 90 days of services must be accumulated within a 24-month period from the date the insured starts receiving long term care services. If the insured receives at least three days of care in a given week, that counts as seven days toward satisfying the period mentioned above — standard practice for all LTC benefits.

Do I need to do anything else while receiving LTC payments?

On an annual basis, you may be asked to recertify that you're still under a physician's care and continue still need long term care benefits.

What happens to my policy when I'm receiving LTC benefits?

Premiums

Guardian's Joint LTC rider is designed with a premium credit.

- Joint LTC rider premiums aren't due while you're receiving LTC payments.
- Guardian applies a premium credit based on your LTC Pool elected at issuance. However, other policy and rider premiums are due while you're receiving payments.
- All base policy and LTC premiums are covered if both insureds accessed the maximum LTC pool and were both chronically ill, and on claim (for policy face amounts $5,000,000 and below).

Guardian applies a prorated premium credit toward the base policy premium, meaning you only pay for the death benefit that's not available to be accelerated under the Joint LTC rider. This can significantly reduce your out-of-pocket costs while on claim.

Death benefit

When you receive monthly benefit payments under the Joint LTC rider, you're accelerating your policy's death benefit. Each LTC payment you receive **reduces** the policy death benefit by the same amount. Dividends, if applicable, are paid based on the adjusted death benefit.

Policy cash value

Accelerating your death benefit under the Joint LTC rider causes a proportional reduction to: the amount available for both loans and withdrawals; and the cash surrender value of your policy.

Will the Joint LTC rider provide benefits for care or services received outside of the United States?

If the initial plan of care and all renewal plan of care updates are provided by a health care practitioner licensed in the United States, long term care services received outside the United States would still qualify you to receive LTC benefits.

Are there any coverage limitations or exclusions for Joint LTC rider?

As with most other carriers, Guardian puts certain limitations and exclusions in place regarding when a rider can be exercised, like in the case of a pre-existing condition. You should discuss these with your financial professional.

Guardian offers the stability to meet its obligations

No two companies offering whole life are alike. While whole life products may be similar in design, they can differ with respect to features and performance. The policy's performance is linked to the life insurance company's overall results and the commitment made to its policyholders.

A promise is only as good as the company that can honor it. Cash values contained in a whole life policy can be a source for increasing financial confidence for yourself, your family, or your business. A life insurance policy is expected to perform and to help fulfill goals many years into the future. Therefore, the long-term financial viability of the life insurance company you're considering working with should be a major consideration.[12]

Since Guardian's inception in 1860, we've stood our ground for over 160 years through global events and two major market meltdowns — including the Great Depression of 1929.

1 The Accelerated Death Benefit for Long Term Care Services Rider for Survivorship Whole Life is marketed as Guardian Joint LTC rider. Guardian's Joint LTC Life™ is a package combining Guardian's Survivorship Whole Life with Guardian's Joint LTC rider.

2 The rider is available for an additional charge. There are some limitations and exclusions to when the rider can be exercised, which you should review with your Guardian representative and tax advisor before electing the Joint LTC rider.

3 **https://acl.gov/ltc/basic-needs/how-much-care-will-you-need**; site last updated in February 2020, accessed February 28, 2022.

4 "A Shoppers Guide to Long Term Care Insurance," 2019 National Association of Insurance Commissioners

5 All whole life insurance policy guarantees are subject to the timely payment of all required premiums and the claims-paying ability of the issuing insurance company. Policy loans and withdrawals affect the guarantees by reducing the policy's death benefit and cash values.

6 Dividends are not guaranteed. They are declared annually by Guardian's Board of Directors. The total dividend calculation includes mortality experience and expense management as well as investment results.

7 Whole life insurance base guaranteed cash values may not be available in the first two policy years. Whole life cash accumulation should be considered for its long-term values.

8 Guardian, its subsidiaries, agents, and employees do not provide tax, legal, or accounting advice. Consult your tax, legal, or accounting professional regarding your individual situation.

9 Policy benefits are reduced by any outstanding loan or loan interest and/or withdrawals. Withdrawals above the cost basis may result in taxable ordinary income. If the policy lapses, or is surrendered, any loans considered gain in the policy may be subject to ordinary income taxes. If the policy is a Modified Endowment Contract (MEC), loans are treated like withdrawals, but as gain first, subject to ordinary income taxes. If the policy owner is under age 59½, any taxable withdrawal may also be subject to a 10% federal tax penalty.

10 2 times the monthly IRS limit is defined as 60 times the Health Insurance Portability and Accountability Act (HIPAA) per diem limit. The per diem limit for 2024 is $410 and may be adjusted annually for inflation. In the state of New York, the maximum monthly benefit is the lesser of 2% or 4% (elected at issue) of the Basic LTC Pool or 1 times the monthly IRS limit.

11 Guardian may periodically require you to submit documentation that you received care during the elimination period and incurred costs.

12 Financial information concerning Guardian as of December 31, 2021, on a statutory basis: Admitted Assets = $72.1 Billion; Liabilities = $63.5 Billion (including $51.8 Billion of Reserves); and Surplus = $8.6 Billion.

Guardian's Joint Long Term Care Rider is issued on 19-LTCR SWL, or state equivalent.

Guardian Survivorship Whole Life product is issued on Policy Form ICC21-SWL, 21-SWL, or state equivalent.

The purpose of this material is the solicitation of insurance. An agent/representative may contact you.

Guardian®

The Guardian Life Insurance Company of America

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