A life insurance resource for individuals and families

Guardian®

Helping protect life's next steps

Guardian's Long Term Care rider and universal life

The Guardian Life Insurance Company of America

ICC24-Pub9088

Planning ahead — aging in America

Health care for the aging population is a special concern for many. A larger number of people will require health care services now and in the future, including services for long term care (LTC) needs. It’s not certain what the future holds, but what's certain is that building a longevity plan and considering the Long Term Care rider now, could help you make the most of years to come.[1, 2]

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]

Planning ahead

It's never too early to start planning for the future. Planning ahead can help you determine the type, and quality of care you want as you prepare financially. It can also help you explore the benefits of the 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.

No surprises

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

What 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 will likely lead to an increase in the number of people who'll require some type of need 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?

[1] The Accelerated Death Benefit for Long Term Care Services Rider is marketed as Guardian’s Long Term Care 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 Long Term Care Services Rider.

[3] https://acl.gov/ltc/basic-needs/how-much-care-will-you-need; site last updated in February 2020, site accessed September, 15, 2023.

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

Meeting your long term care needs

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

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
- Traditional 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 (such as retirement).

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

Traditional long term care insurance is designed for funding long term care costs and can be reliable way to supplement other sources. However, there are fewer choices in the marketplace today and individual policies can be costly. Plus, the return on the dollars spent for these premiums cannot be measured unless you'll absolutely need care.

An option available is a combination of life and long term care insurance, like with the Long Term Care rider on a universal life policy.

Universal life can be one of the most versatile and cost-effective products available today that offers the potential to build cash value. Cash value growth potential can allow you to reduce or skip a premium payment on occasion, or to take a loan — if there's a sufficient amount in the policy account to cover charges required to keep the policy in force.[5,6]

Guardian's Long Term Care rider — a noteworthy option

Guardian offers a Long Term Care rider as part of its life insurance product suite. For an additional charge, this rider allows you to accelerate a portion of the policy's death benefit to help cover the cost of long term care services during your lifetime.

The rider can provide a flexible, economical alternative or supplement to other sources of funding. It can also help relieve the financial strain experience when the need for long term care occurs.

[5] Universal Life Insurance may lapse prematurely due to inadequate funding (low or no premium), increase in cost of insurance rates as the insured grows older, and a low interest crediting rate. This does not apply to universal life policies which have a secondary guarantee, but if the secondary guarantee requirements are not met the policy will most likely lapse.

[6] 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.

LTC rider features

Guardian's Long Term Care rider allows you to use a portion of your universal life policy's death benefit to cover the cost of long term care services, providing you with extra flexibility as you plan for the future.

How does it work?

Access

When you apply for your Guardian universal life policy, you can choose to include the LTC rider for an additional premium. At that time, you'll specify the portion of the face amount that's available for acceleration (LTC Pool). You can select an amount equal to up to the policy face amount less $5,000, not to exceed $2,500,000.

Flexibility

Once you qualify to receive benefits under the 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 our indemnity-style benefit, you 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 LTC Pool (selected at issue); or

• 2 times the monthly IRS limit[7]

You can continue to receive monthly benefit payments, as long as you meet the qualification requirements, until the entire LTC Pool has been accelerated. You can choose to stop or change your payment amount at any time.

Protection

While you're receiving LTC rider benefits, Guardian will waive the monthly charges for the LTC rider and the portion of the universal life policy corresponding to your LTC Pool. If you elect the maximum LTC pool, equal to the policy face amount less $5,000, we'll waive all universal life base policy monthly charges.

Guardian's indemnity long term care benefit — simpler for you[8]

We want you to focus on getting better, so Guardian's Long Term Care rider provides an indemnity-type benefit. That means you're not required to continually submit bills and receipts each month in order to receive monthly benefit payments, as is 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.

[7] 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.

[8] Guardian may periodically require you to submit documentation that you received care during the elimination period.

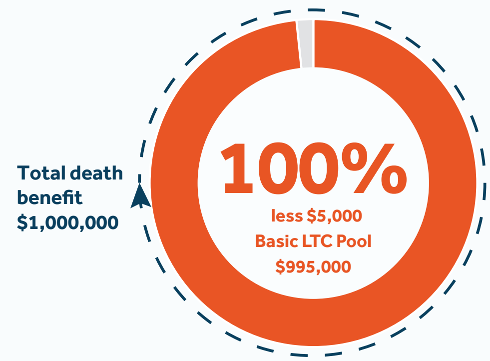
How it works

You may find yourself asking, **"How does the LTC rider actually work?"** The example below can 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 the initial death benefit of your universal life policy is $1,000,000. If you've elected the maximum LTC Pool, your policy face amount less $5,000 — or $995,000 — will be available for acceleration under the LTC Rider over the life of the policy.



2. Receiving monthly LTC benefits

When you need to use your LTC coverage, to start receiving monthly payments, if you've selected the 2% benefit you can accelerate a maximum monthly amount equal to the lesser of:

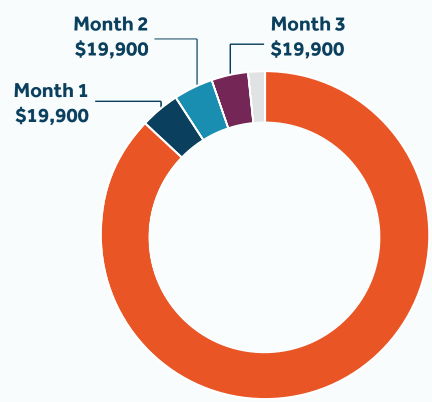
• 2% of the LTC Pool — $19,900; or

• 2 times the monthly IRS limit[7] — $24,600

With an LTC Pool amount of $995,000, monthly payments can be as high as $19,900.

Monthly payments continue until your claim ends or when the entire LTC Pool amount has been exhausted. In this example, the LTC Pool is sufficient to pay the maximum monthly amount for **50 months**.

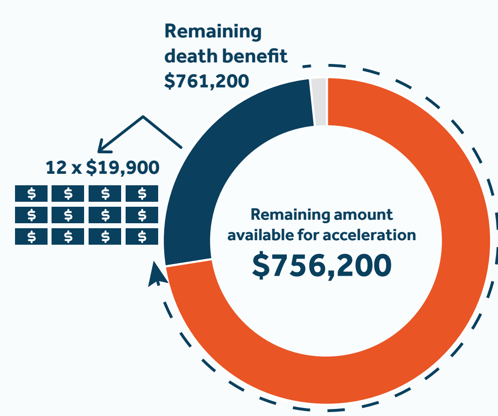
While you receive LTC benefit payments, Guardian will waive 100% of the LTC rider charge, and a portion of your base policy charges based on the Pool elected. With the maximum LTC Pool elected at the time of purchase, Guardian will waive 100% of the charges to cover the base policy death benefit, protecting your life insurance plan.



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 $19,900, the policy provided a total LTC benefit of $238,800. That leaves you with a remaining LTC benefit of $756,200. That amount is there should 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 $238,800 from the initial death benefit of $1,000,000, leaves you with a remaining death benefit of $761,200. Even after LTC payments have ended, Guardian will waive the charges on a pro-rata basis for the death benefit already accelerated.



[7] 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.

Frequently asked questions

Whether you're buying a universal life policy with the LTC rider for yourself, or to cover the life of a loved one, 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 get the LTC rider on their universal life policy?

You can have the rider added to your policy if you're between the ages of 18 and 75 and in good health (with a Standard, or better, underwriting class rating) at the time of policy issue.

What does the LTC rider do?

The rider accelerates a part of your policy's face amount through monthly LTC benefit payments. You can receive LTC rider payments when you either:

- Become 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

- Are 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 chronic illness or 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 or family member.

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. During this period, the insured won't receive monthly benefit payments.

These 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 elimination period, which is standard practice for LTC benefits.

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

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

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

Reduced Monthly Charges

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

- LTC rider charges are waived while you're receiving LTC payments.
- Other policy and rider charges are due while you are receiving payments; however, monthly charges for the base policy are reduced, based on the LTC Pool percentage elected at issue.

Example: For universal life policies with the maximum LTC Pool equal to the policy face amount less $5,000, Guardian waives monthly deductions for the entire base policy.

For policies with a Pool percentage lower than the maximum, monthly deductions for the base policy are prorated — you'll only pay for the death benefit that's not available to be accelerated under the LTC rider. This can significantly reduce your out-of-pocket costs while you're on claim.

Death benefit

When you receive monthly benefit payments under the LTC rider, you're accelerating your life insurance death benefit. Each LTC payment you receive reduces the policy's death benefit by the same amount.

Policy cash value

Accelerating your death benefit under the LTC rider causes a proportional reduction to: (1) the amount available for both loans and withdrawals; and (2) the cash surrender value of your policy.

Will the 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 qualify you to receive LTC benefits.

Are there coverage limitations or exclusions for Guardian's LTC rider?

As with most other carriers, Guardian has certain limitations and exclusions in place regarding when a rider can be exercised, such as a pre-existing condition limitation. You should discuss these with your financial professional.

Guardian offers the stability to meet its obligations

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

A promise is only as good as the company that can honor it. The cash values contained in a universal life policy can be a source for increasing financial confidence for your family or your business. A life insurance policy is expected to perform and help fulfill goals for 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.[9]

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

[9] Financial information concerning Guardian as of December 31, 2022, on a statutory basis: Admitted Assets= $76.0 Billion; Liabilities = $67.2 Billion (including $55.0 Billion of Reserves); and Surplus =$8.8 Billion.

Guardian's Long Term Care rider is issued on rider form ICC23-LTCR UL.

Guardian's universal life is issued on policy form ICC20-CAUL, 20-CAUL, or state equivalent.

Product provisions, features, and availability may vary by state. 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 Long Term Care Services Rider. Underwriting approval is required to purchase coverage and a medical exam may be required. For costs and complete details of the coverage, call your agent or the company. The LTC rider premium is not guaranteed and as such may increase.

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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