Nationwide®
is on your side

Long-term care planning in an uncertain market with CareMatters®

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The Advanced Consulting Group of Nationwide®

The ACG

Disclosures

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• Not a deposit • Not FDIC or NCUSIF insured • Not guaranteed by the institution
• Not insured by any federal government agency • May lose value

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When evaluating the purchase of a variable annuity, your clients should be aware that variable annuities are long-term investment vehicles designed for retirement purposes and will fluctuate in value; annuities have limitations; and investing involves market risk, including possible loss of principal.

This information assumes that the life insurance is not a modified endowment contract, or MEC. As long as the contract meets the non-MEC definitions of IRC Section 7702A, most distributions are taxed on a first-in/first-out basis. Surrender charges may apply to partial surrenders. Loans and partial surrenders from a MEC will generally be taxable, and if taken prior to age 59 ½, may be subject to a 10% tax penalty. Loans and partial surrenders will reduce the cash value and the death benefits payable to your beneficiaries, and withdrawals above the available free amount will incur surrender charges. If your contract were to lapse with a loan outstanding, the loan amount in excess of basis will be treated as a distribution and all or a portion will be subject to income tax.

The underlying investment options to a variable annuity or life insurance product are not publicly traded mutual funds and are not available directly for purchase by the general public. They are only available through variable annuity/variable life insurance policies issued by life insurance companies.

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Disclosures

As your clients' personal situations change (i.e., marriage, birth of a child or job promotion), so will their life insurance needs. Care should be taken to ensure these strategies and products are suitable for long-term life insurance needs. You should weigh your clients' objectives, time horizon and risk tolerance as well as any associated costs before investing. Also, be aware that market volatility can lead to the possibility of the need for additional premium in the policy. Variable life insurance has fees and charges associated with it that include costs of insurance that vary with such characteristics of the insured as gender, health and age, underlying fund charges and expenses, and additional charges for riders that customize a policy to fit your clients' individual needs.

Not all Nationwide products and services are suitable for all clients or situations. There may be products, issued by other companies, which better suit your clients' goals. Be sure to consider your clients' objectives, their need for cash flow and liquidity, and overall risk tolerance when using any strategy.

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Life insurance and annuities are issued by Nationwide Life Insurance Company or Nationwide Life and Annuity Insurance Company, Columbus, Ohio, member of Nationwide. The general distributor for variable insurance products is Nationwide Investment Services Corporation, member FINRA.

Agenda

- Strength of ***Nationwide***
- Why ***planning*** for LTC and ***owning*** LTC coverage is important in a down market
- ***Understanding*** client LTC ***consequences*** by wealth
- How ***multi-pay premiums*** can handle client objections to timing a purchase
- Examples of funding ***CareMatters***
  - Single premium vs.10 year premium schedule
- How ***CareMatters*** works

Nationwide - our Mission, our Strength

We exist to protect people, businesses and futures with extraordinary care

We are committed to keeping our promises

- Nationwide is a U.S based company with a strong and stable financial foundation. We have a:
  - ***Disciplined*** investment approach
  - ***Strong*** balance sheet
  - Wide array of ***quality*** investments

$8.8 BILLION
Statutory capital and surplus
as of 12/31/2019

$26.7 BILLION
in operating revenue
in 2019

Almost
100 YEARS
of disciplined investing

A+	A1	A+
AM Best	Moody's	Standard & Poor's
received 10/17/2002 affirmed 12/17/2019	received 3/10/2009 affirmed 11/07/2017	received 12/22/2008 affirmed 9/16/2019

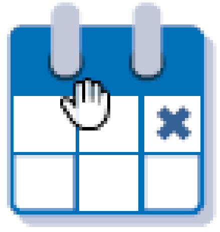
These ratings and rankings reflect rating agency assessment of the financial strength and claims-paying ability of Nationwide Life Insurance Company and Nationwide Life and Annuity Insurance Company. They are not intended to reflect the investment experience or financial strength of any variable account, which is subject to market risk. Because the dates are updated only when there's a change in the rating, the dates above reflect the most recent ratings we have received. They are subject to change at any time.

diversified
CORPORATE PORTFOLIO

financial services | personal property and casualty | commercial property and casualty

Timing the purchase of LTC coverage

When is the best time to discuss buying LTC coverage with clients?



- Anytime the client is willing and able
- The younger the better
- While client is still working
- When clients are dealing with a parent’s LTC needs

When guarantees and stable holdings are important to a client, especially during uncertain markets

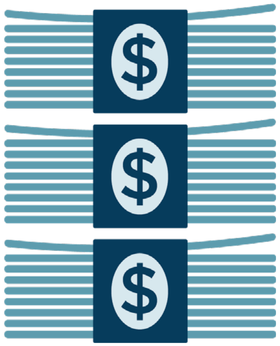
Why Purchase LTC coverage now?

Purchasing Linked Benefit LTC in Uncertain Markets

- Provides immediate LTC leverage with the initial premium
  - Even with monthly premiums
- Death benefit can help restore total inheritance with early death
  - DB could help replace assets lost in down market
- Multi-pay premium keeps portfolio mostly in tact to recover

Owning LTC coverage in uncertain markets!

- provides a dedicated stream of guaranteed funds……..
- off to the side and not tied to the market…..
- ready to go when needed*…..
- to help pay LTC costs



*Assumes all claims qualification have been met

Forget statistics…. Focus on consequences

It's not about the risk of needing LTC……….

It's about the **consequences** of not planning for a LTC event and having no funding in place………

Consequences could be magnified in a down market

When funds are needed for LTC in a down market

What are some of the personal and financial consequences? ………

- Middle Class
  - May have little leeway to withdraw dwindling funds
  - May be forced to depend more on family than intended
- Affluent (no estate tax liability)
  - Suffer a double loss when withdrawing funds for care
  - Withdrawals can't be grown back or grown forward
  - Could impact choice of care services
- High Net Worth (with estate tax liability)
  - Also subject financially to double loss (as above)
  - Self-funding LTC subjects them to the potential of paying estate tax on unused funds
    - Indemnity policy in ILIT can help avoid unnecessary estate taxes

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How purchasing LTC in a down market can work

Solutions to client concerns

- “A single premium removes too much from a down account”
  - Multi-year premium schedule leaves more in account to recover
  - First premium payment results in full leverage of policy values, even when paying monthly
- “I’ll buy half now and half later when market recovers”
  - When is recovered “recovered”?
  - Health or age could change resulting in decline or higher premium
  - Multi-pay requires less premium - $120K single vs. $12k for 10 years
- Cash flow – “I’m a little nervous about paying a $12,000 premium all at once”
  - Multi-year schedules can be paid on a monthly basis – no modal factor
  - Schedule can be changed back and forth from annual to monthly

Plan for account recovery and LTC!

Multi-pay premiums can address some of the emotions of account recovery while planning for LTC

- Leaves more assets in account to recover
- Provides immediate DB leverage with initial premium
- Provides guaranteed LTC benefits

Let's look at 2 hypothetical examples:

- Client is a 55 year old male, married, non-tobacco, purchasing CareMatters II with a 6-year LTC benefit, no inflation
- Client has a $1,000,000 account value
- Market loses 20% - leaving $800,000
- CareMatters II purchased when account value is at $800,000 value
- Market recovers over next 30 years at 5% annually

Difference will be greater if market performance is greater or if there is a sharp recovery in early years. Difference could be less is performance is less or negative. Example is hypothetical and outcomes may vary.

Single premium vs.10-yr premium schedules

Death Benefit Scenarios – never uses LTC benefits

- Multi-pay premiums leaves more in account balance
- Smaller initial premium provides immediate death benefit leverage
- May result in a larger total to leave beneficiaries at death

- $1,000,000 portfolio down to $800,000 when CareMatters II is purchased
- Market recovers performing at 5% annually – no additional deposits to account
- CareMatters death benefit helps restore portfolio balance for beneficiaries

Start with $800,000	Single Prem $100K	10-yr Prem. @ $10,000
Account value after 1st premium is paid	$700,000	$790,000
CareMatters II death benefit	$168,000	$149,000
Account value at death end of 1st year	$735,000	$829,500
Death Benefit plus account value after 1 yr.	$903,000	$978,500 **+ $75,500**
Account value at death 30 years later	$3,127,421	$3,223,175
Death Benefit plus acct. value after 30 yrs.	**$3,295,421**	**$3,372,175** **+ $76,754**

CareMatters II - Male 55, non-tobacco, couple rate, 6-year benefit. Assumptions do not include additional deposits into account. Difference will be greater if market performance is greater or if there is an early sharp recovery. Difference could be less or negative if performance is less or negative. Example is hypothetical and outcomes may vary. Policy numbers were rounded for ease of reading.

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Single premium vs.10-yr premium schedules

6 year LTC claim starting age 80

- $1,000,000 – CM II purchased after 20% loss - account value now $800,000
- Market recovers for 25 years at 5% annually - no additional deposits to account
- Insured goes on claim at age 80 – death occurs at age 86

Results after a LTC Claim	Single Prem $100K	10-yr Prem. @ $10,000
6 year claim starting at age 80		
Account value at age 80	$3,176,628	$3,388,079
CareMatters II Total LTC paid over 6 yrs.	$504,000	$447,000
20% Guaranteed Residual Death Benefit	$33,600	$29,800
Total CM II benefit paid and account value	$3,714,228	$3,864,879
Total Difference		**+ 150,651**

Male 55, non-tobacco, couple rate, 6-year benefit. Difference will be greater if market performance is greater or if there is a sharp recovery in early years. Difference could be less or negative if performance is less or negative. Example is hypothetical and outcomes may vary. Policy numbers were rounded for ease of reading.

How **CareMatters®** can help

- Most portfolios have some conservative positions
- **CareMatters** can work well as a non-correlated conservative asset in a client's portfolio

because……

- **CareMatters** has guarantees and provides:
  - **Immediate leverage** of premium dollars
  - **Premiums** that are guaranteed not to increase
  - **LTC benefits** that are guaranteed to be what you purchased (assuming no withdrawals or loans)
  - **Cash indemnity benefits** Nationwide will place <u>no restrictions</u> on how LTC benefits are used
  - **Refund of Premium Options** that provide liquidity if needed

Nationwide CareMatters - How It Works

5 – pay premium
$ 20,000 a year
($100,000 total)

Cash Indemnity Benefits

Monthly LTC Benefit:
$7,109

2-year benefit	+	4-year benefit	=	6-year benefit
Death benefit and/or LTC Rider		Extension of Benefits Rider (LTC Only)		Total available for LTC Benefits
$170,627		**$341,254**		**$511,880**

Residual Death Benefit 20%
$34,125

- *5 premium payment schedules*
- *4 Inflation options*
- *3 return of Premium Feature (to owner)*
- *90 day retroactive elimination period*

*Stated benefit amounts are based on hypothetical examples, actual benefit amounts received may vary. This example assumes a 55-year old female, couple rate, non-tobacco, 6-year benefit duration, and no inflation option, maximum benefit minimum refund feature. CareMatters II is not available in NY, CA or MT. YourLIfe CareMatters is offered in NY and CA.

CareMatters - Convenient Underwriting

- Simplified underwriting means:

  - No need to see a doctor
  - No para-med visit, no blood draw, no fluids
  - Interview is done by phone
  - Client can provide information in the comfort of their own home

CareMatters is not fully underwritten, however an APS (Attending Physician Statement) may be ordered if additional information is required

Planning a Funding Strategy for **CareMatters**

Pay premium from income

- Multi-pay premiums may fit into client's annual budget
  - 5 year and 10 year premium schedules (ages 30 - 70)
  - Pay to age 65 (ages 30 - 54)*
  - Pay to age 100 (ages 30 - 65)*

Pay premium from assets

- Single premium (ages 30 – 70)
- Multi-pay premium schedules (shown above) may help provide stability to a portfolio in an uncertain market
  - Provides guaranteed immediate leverage for LTC benefits with a smaller initial premium (even monthly)
  - Death benefit helps replace lost assets upon early death
  - Remaining assets stay invested to potentially grow back and grow forward in a down market

Summary

CareMatters helps bring certainty to uncertain times with:

- Guaranteed Leverage
- Guaranteed Premiums
- Guaranteed LTC Benefits
- Guaranteed use of LTC benefits with no restrictions via cash indemnity benefits

Multi-pay funding can help keep more of the portfolio intact for recovery while providing immediate leverage.

Nationwide®

The Advanced Consulting Group is here when you need us

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Option 9, Ex. 677-6500

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