LONG-TERM CARE RIDER

Available on Income Advantage℠ IUL and
Life Protection Advantage℠ IUL

Sales Idea: The Expensive Reality of Long-Term Care Costs

Many people work a lifetime to accumulate assets to pave the way for a comfortable retirement and to leave an inheritance for their children. The last thing anyone wants is to see their hard-earned savings depleted to pay for long-term care services.

Long-term care costs can quickly erode a client's assets.

Almost **70%** of people over age 65 will require chronic care later in life — for an average of three years. And, **20%** of those individuals will need care for longer than five years.[1]

Consider the costs:[2]

Long-term care services are expensive. Take a look at current national average costs. Then, compare that to what those costs could be be 25 years down the road, assuming an average inflation rate of 3%, which is just above the average U.S. inflation rate of 2.4%:[3]

Current Cost of a Semiprivate Room[4]

- National average: $110,898 per year
- Three years of care: $332,694
- Five years of care: $554,490

Future Cost of a Semiprivate Room

- Estimated national average in 25 years: $232,196 per year
- Three years of care: $696,588
- Five years of care: $1,160,980

[1]Source: U.S. Department of Health and Human Services

[2]Source: Mutual of Omaha's Cost of Care Study, conducted by illumifin, 2024, released March 2025.

[3]Source: U.S. Labor Department data published on April 10, 2025.

[4]Assumes long-term care costs stay the same throughout the stay.

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Case Study

Nick, currently age 50, has done well for himself and plans to use his accumulated wealth for retirement income. When he passes away, he also plans to leave an inheritance for each of his three children.

At age 75, Nick becomes ill and requires long-term care services. His assets are worth $1 million. For simplicity, we'll assume that Nick's nursing home cost remains the same throughout his stay.

Scenario 1

Nick purchases a life insurance policy with a long-term care rider

Nick, age 50, purchases a $1 million Life Protection Advantage℠ IUL policy with an LTC Rider.

- He chooses the option to accelerate the full death benefit of $1 million.
- His LTC Rider benefit = up to $20,000 in monthly qualified expenses.

When he needs long-term care services at age 75:

- He incurs qualifying expenses of $15,138.75 per month ($181,665 per year) for a semiprivate room in a nursing home.
- He's there for four years before he passes.
- Over this four-year period, he is reimbursed for his expenses, which totals $726,660.

When he passes:

- His beneficiaries receive the remaining amount of $273,340 as a death benefit.
- He also still has his remaining $1 million in assets.
- When this $1,273,340 is divided among his three children, each will receive $424,446.

Nick's planned premium on his IUL policy was approximately $11,000 per year. Even considering premiums paid, this planning strategy is still prudent. Plus, if Nick had died prior to needing long-term care, his beneficiaries would have received the entire $1 million as a death benefit.

Scenario 2

Nick doesn't plan ahead for long-term care expenses.

Nickdoes not purchase a life insurance policy with an LTC Rider, thus choosing to self-insure.

When he needs long-term care services at age 75:

- He starts taking $181,665 per year from his savings to pay for a semiprivate room.
- He's there for four years before he passes.
- During this period, he spends $726,660 for long-term care services.
- His long-term care expenses reduce his $1 million in assets down to $273,340.

And, depending on the types of assets he had, he could end up paying unexpected capital gains tax, income tax and potential surrender charges generated from asset liquidation. Or, he could miss out on any returns the liquid assets were expected to generate.

When he passes:

- Each of his three children receive an inheritance of $91,000, one-third of his remaining $273,340 in assets.

By choosing the LTC Rider on his life insurance plan, Nick's premium investment resulted in each of his three children ending up with significantly more inheritance than if Nick hadn't planned for long-term care expenses.

Help clients protect their assets by explaining the value an LTC Rider can provide.

Learn more at:
MutualofOmaha.com/ltc-rider