BRIDGE

Guaranteed underwriting approval for long-term care (LTC) coverage, capital preservation and the advantages of Bridge over self-funding for LTC expenses

Please use this agent-only case study for support and direction regarding the use of Bridge in cases where the client may be declined for LTC coverage and/or is currently planning to self-insure. This flyer is not approved for use with clients.

PATRICIA

Age: 70

Retirement assets:

- $300,000 in an IRA
- $400,000 in a Non-Qualified annuity that is out of surrender ($200,000 in cost basis, $200,000 in gain)

Concerns:

- Previously declined by underwriting for long-term care coverage due to health issues
- Current plan is to self-insure by drawing down the funds in the NQ annuity — taxation on the gain will consume a portion of the funds

Scenario 1: Patricia's current plan to self-insure

- After six years, Patricia experiences a stroke and needs $9,028 per month to pay for long-term care services.
- Her annuity value has grown to $536,038.
- She takes the following withdrawals.

Withdrawals year	Beginning AV	Gross withdrawals	Taxes paid	Net withdrawals	Interest	Ending AV
1	$536,038	$157,009	$48,673	$108,336	$22,582	$401,611
2	$401,611	$157,009	$48,673	$108,336	$15,860	$260,462
3	$260,462	$128,237	$19,901	$108,336	$9,281	$141,506
4	$141,506	$108,336	$0	$108,336	$4,163	$37,333
5	$37,333	$37,576	$0	$37,576	$243	$0
Total			$117,247	$470,920		

Hypothetical example assumes a non-guaranteed credited rate of 5.00% and 31% tax bracket.

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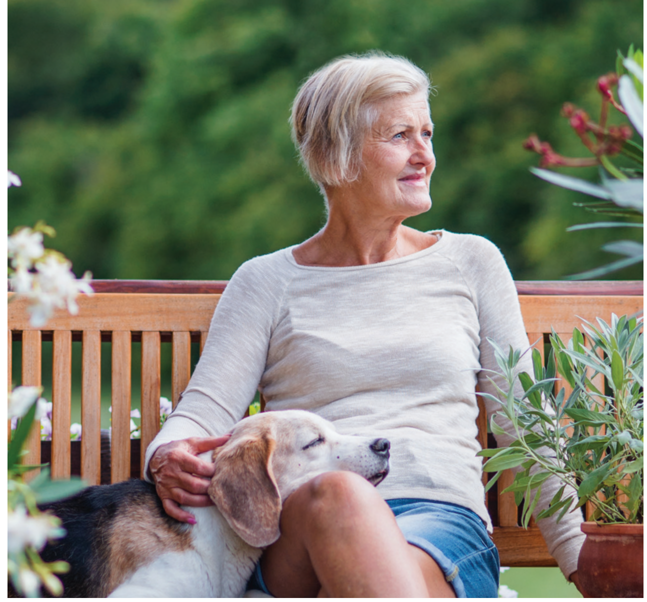
Scenario 2: Patricia purchases a Bridge contract



Bridge premium: $400,000
From 1035 exchange of the NQ annuity

Underwriting class	Secure
Coverage Ratio election	120%
Initial Benefit Base	$480,000

Six years later — claim submitted

After six years of active participation in NeverStop Wellness, which helped support a healthy, independent lifestyle, Patricia experiences a stroke and is no longer able to perform two of six activities of daily living.

Benefit Base	$540,558
NeverStop Wellness Credits	$1,131
Total Benefit Base at claim	$541,689
Monthly benefit	$9,028

She needs long-term care services, so she files a claim and a plan of care provided by her doctor. Because her benefit payments pay for qualified expenses, they are not subject to taxation.

Compare total funds available to pay for long-term care expenses:

Scenario 1: $470,920 over 4 years and 5 months and $117,247 income taxes paid on gain

OR

Scenario 2: $541,689 over 5 years with **no income taxes paid**

Balance your benefits and premium preservation

Your agent can help you find the right balance between anticipated long-term care benefits and the value of your annuity account.

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