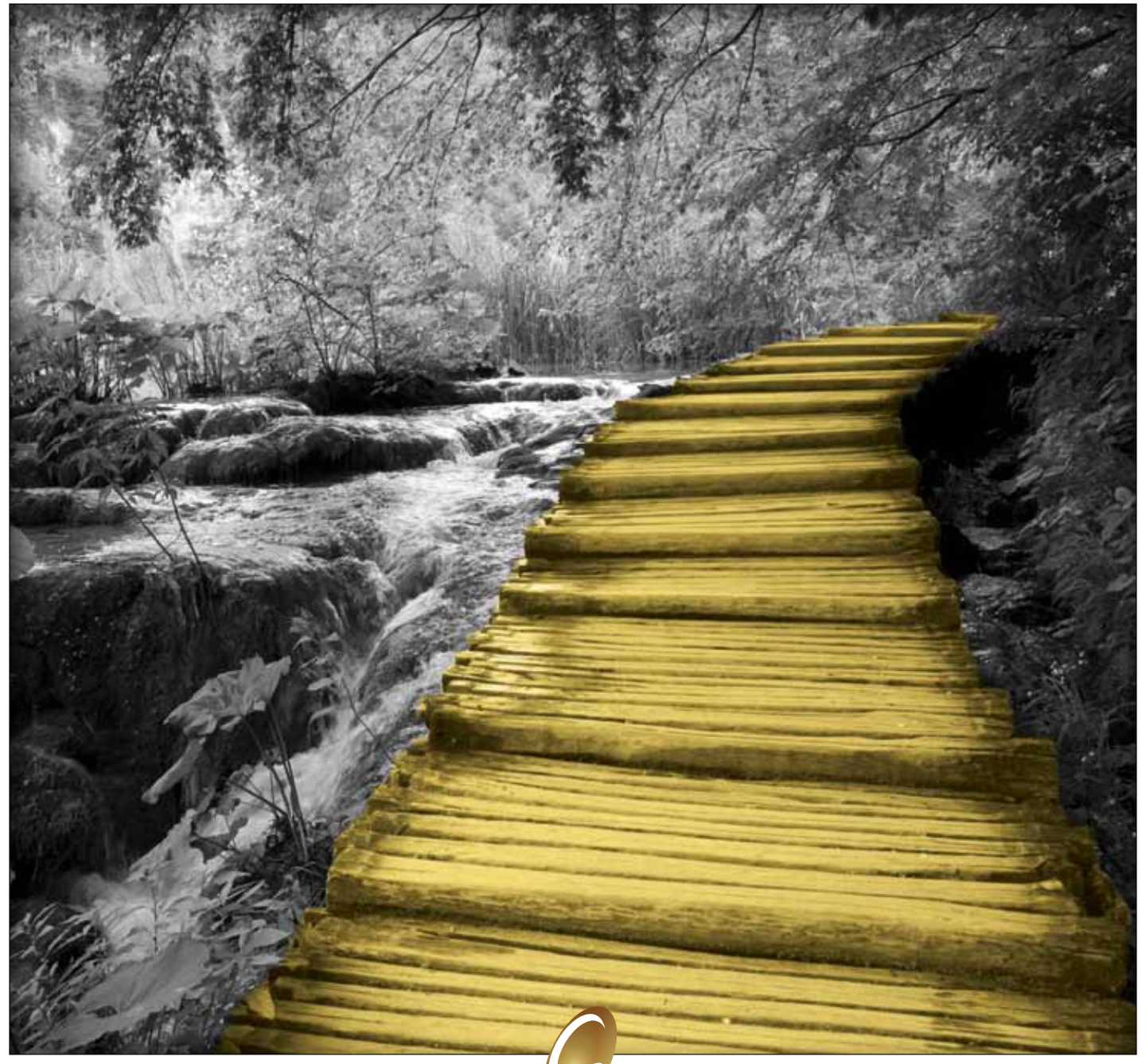
Ensuring Your Path

Solutions Protecting Life's Next Steps



GUARDIAN®

The Guardian Life Insurance Company of America

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A LONG TERM CARE GUIDE
FOR CONSUMERS

"The good news is that people are living longer; the bad news is that people are living longer."

– U.S. Senate Committee on Aging

This optional rider allows the policy owner to accelerate the death benefit of the life insurance policy to which it is attached for qualified long term care services pursuant to New York State Insurance Law § 1113(a)(1)(D). This rider is not a health insurance policy providing long term care insurance subject to the minimum requirements of New York Law, does not qualify for the New York State Long Term Care Partnership program, nor is it a Medicare supplement (policy).

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FLEXIBILITY, CONVENIENCE, AND VALUE FOR YOU

You may know the value of owning whole life insurance – the guarantees, growth, security, and tax advantages inherent in the policy. Now, Guardian can help you address two protection needs with one product – a long term care insurance rider with a Guardian whole life insurance policy.[2]

Death benefit protection and a source to pay for long term care expenses, all in one policy –

Walk Your Path With Confidence

[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 premium.

Aging in America – Planning Ahead

Recent statistics indicate that people are living longer. Health care for the aging population is a special concern for many as a larger number of people will require health care services now and in the future, including services for long-term care (LTC) needs. No one is certain of what the future will bring, but preparing now is important. Consider the following statistics regarding LTC needs.[3,4]

- About 70% of people over age 65 will require some type of long-term care services during their lifetime.
- Approximately 44% of people reaching age 65 are expected to enter a nursing home at least once in their lifetime.
- Of those who do enter a nursing home, about 53% will stay for a year or more.
- People use at-home or facility long-term care for an average of three years.

Planning Ahead

Often people think it's premature to start planning for LTC if they are actively working. But there are advantages to planning early:

- It will help you determine the quality and type of care you want.
- You can select the setting and circumstances that you choose.
- It will help you to be better prepared financially.

No Surprises

If you or a loved one has experienced a long-term care event, you are aware of the financial impact to you – and your family. There are many situations where nursing home care is not necessary, but daily assistance is needed due to an accident or illness. Often, family members sacrifice their time and resources to help care for a family member. So what are the costs of professional care?

What Long Term Care Can Cost[3]

According to the government website, www.longtermcare.gov, it costs $229 on average, per day, for a private room in a nursing home in the United States (in 2010). That's:

- $6,965 per month, or
- $83,585 per year

In addition, costs can vary greatly by the type of care received and geographical location.

- Nursing homes vs. assisted living facilities vs. at-home care:
  - — $3,293 per month for care in an assisted living facility (for a one-bedroom unit)
  - — $67 per day for services in an adult day health care center
  - — $21 per hour for a home health aide

As the general population ages and people are living longer, these costs will continue to rise. Additionally, by 2050, the number of individuals using paid long-term care services or skilled nursing facilities will likely double from 13 million to 27 million.[4]

Key Questions to Ask Yourself and Discuss with Your Family:

1) Will you need long-term care?

2) Will your family take care of you?

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

Building a Longevity Plan –

Having a longevity plan can help you make the most of your later years and help you achieve your goals, such as:

1. I want to maintain my independence.
2. I want to protect my standard of living.
3. I want to retire at the time of my choosing.
4. I want to leave an inheritance to my family.
5. I want to have care options available to me.

[3] National Clearinghouse for Long Term Care Information, www.longtermcare.gov – based on 2010 government statistics.

[4] "A Shoppers Guide to Long Term Care Insurance." 2010 National Association of Insurance Commissioners.

Meeting Your Long Term Care (LTC) Needs

Having a strategy for protecting against the costs associated with long-term care is a critical consideration to factor into your longevity plan.

Funding for long-term care expenses may come from a variety of sources, including:

- Personal resources, such as pensions, 401(k)s, IRAs, annuities, bank accounts, etc.
- Medicare (or Medicaid), although these programs were not designed to cover long-term care expenses (and LTC benefits are extremely limited)
- Traditional long term care insurance policies
- Combination of life/long term care insurance products

Many individuals prepare for contingencies in later years by relying on the potential growth of current earnings and assets. However, it is difficult to know how much of an asset to earmark for care, while many of your assets may already be earmarked for other purposes (such as retirement).

Medicare and Medicaid are not designed to cover long-term care expenses and will only pay for certain aspects of care – with complicated rules, limits and restrictions. There is also continued uncertainty surrounding the benefits of both of these programs in the future.

Traditional long term care insurance is purposed to help fund long-term care costs, and is a reliable way to supplement other sources. However, there are fewer and fewer choices in this marketplace and individual policies can be costly. Plus, the return on the dollars spent for these premiums cannot be measured unless you need care.

There is another option that integrates easily into most families' financial portfolios, and provides an economical alternative to purchasing long term care insurance. More and more consumers are turning to other arrangements to fulfill their long-term care planning requirements.

Guardian's Long Term Care Rider – a Different Option[5]

Guardian offers a Long Term Care Rider with a selection of its premier whole life policies. Available for an additional premium, 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 provides a flexible, economical alternative or supplement to other sources of funding. It can help relieve the financial strain many families experience when the need for long-term care occurs.

Having the Long Term Care Rider in place can help:

- Eliminate unplanned financial surprises related to care
- Put you in control of the type of care you receive and where you receive it
- Lift the burden of responsibility from family and friends
- Maintain the lifestyle your spouse or partner now enjoys
- Conserve wealth, allowing you to leave the legacy you intended

This rider may be issued with other accelerated benefit riders that cover terminal illness. The Terminal Illness Rider (TABR) is automatically issued with the Long Term Care Rider for additional coverage contingent on future events – giving you more flexibility.[6]

[5] The rider is available for an additional premium.

[6] Once the TABR has been used, the Long Term Care Rider will be terminated.

Guardian's Long Term Care Rider – a Different Option *– continued*

Take a look at the differences in the following chart of having a long term care benefit as part of your life insurance policy versus maintaining separate policies.

Your Choice...	Maintaining Separate Life Insurance and Traditional Long Term Care Policies	Purchasing a Guardian Life Insurance Policy that Includes the Long Term Care Rider in the Same Policy
Protection	Life insurance provides an income-tax-free death benefit when structured properly. Long-term care benefits are provided by a Long Term Care policy.	Life insurance provides both an income-tax-free death benefit when structured properly and long-term care benefits by accelerating a portion of the death benefit on your life insurance policy.
Expense	Client pays a separate premium for each policy and the money spent on the Long Term Care policy is an expense item until the care is needed.	Client pays only the life insurance premiums which, depending on the insured, will be on average 5% to 10% more than the premiums without the optional Long Term Care Rider.[7]
Liquidity[8]	Whole life policies may have cash value. Long-Term Care insurance typically has no cash value (some may have a return of premium option).	The policy may have long-term growth potential and liquidity.[9]
Risk[10]	Whole life insurance can lapse if premiums are not paid. However, policy values may sustain the insurance for a certain amount of time. Long Term Care policy may lapse if premiums are not paid.	Whole life Insurance can lapse if premiums are not paid. However, policy values may sustain the insurance for a certain amount of time.
Taxation[11]	Life insurance death benefits are typically received income-tax-free by beneficiaries. Long-term care benefits are also typically tax-free and premiums for these policies may be tax deductible.	Life insurance death benefits are typically received income-tax-free by beneficiaries. Long-term care benefits may be tax-free. Premiums for the Long Term Care Rider are potentially tax-deductible.

[7] Premium for rider is not guaranteed.

[8] Whole Life Insurance base guaranteed cash values may not be available in the first two policy years. In addition, dividends, which are not guaranteed, may not be paid in the first two policy years. Whole life cash accumulation should be considered for its long term values.

[9] Dividends are not guaranteed. They are declared annually by Guardian's Board of Directors.

[10] Policy benefits are reduced by any outstanding loans and loan interest. Dividends, if any, are affected by policy loans and loan interest. 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 59 1/2 any taxable distribution from the policy is also subject to a 10% tax penalty.

[11] The foregoing is offered for informational purposes only and should not be considered tax or legal advice. Please consult your tax advisor regarding the tax treatment of the policy and policy benefits before purchasing any long term care insurance policy or rider. Any tax statements contained in this document are not intended or written to be used, and cannot be relied upon, to avoid penalties imposed under the Internal Revenue Code. Guardian, its subsidiaries, agents and employees do not give tax or legal advice.

Rider Features

How does it work?

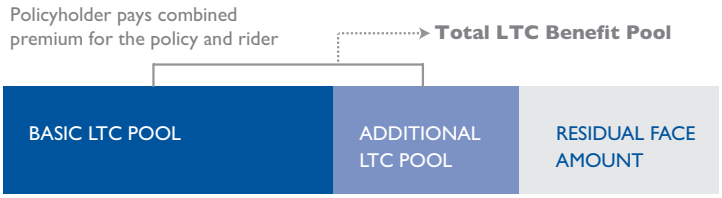
Guardian's Long Term Care Rider is available at an additional cost when applying for a Guardian whole life policy. With this rider, the owner will have the ability to accelerate a portion of the death benefit if the insured is chronically ill and receiving qualified long-term care services pursuant to a plan of care. When you submit a claim to accelerate your policy's death benefit, the maximum monthly benefit payable under the rider is equal to the lesser of:

- 2% of the Basic LTC pool; or
- 1x the Monthly IRS Per Diem Limit.[12]

At the time you elect Guardian's Long Term Care rider, you must specify the amount of the Basic LTC Pool, which is the portion of the face amount that you would like to make available for accelerated payment.

- The maximum Basic LTC pool is lesser of: (a) 90% of the base policy face amount: or (b) the policy face amount less $25,000. The Basic LTC Pool is subject to a maximum amount of $2,500,000 and a minimum of $50,000. Because the Basic LTC Pool will always be less than the policy face amount, Guardian ensures that there will always be a portion of the face amount that remains intact for loved ones, even after the Basic LTC pool has been used.
- In addition to the Basic LTC Pool, you can elect to have your dividends applied to purchase LTC Dividend Additions, thereby creating an Additional LTC Pool.[13] If you elect the Additional LTC Pool, these additions will also be available for acceleration under the rider. The Additional LTC Pool extends the length of time that the owner can receive monthly benefit payments. However, the Additional LTC Pool will not increase the monthly benefit payment that the owner receives.
- If you require long-term care and satisfy the eligibility requirements, you may start to receive monthly benefit payments. This product allows you the flexibility to choose the amount of the monthly benefit that best suits your needs. You can choose to receive a monthly benefit payment equal to the maximum monthly benefit available under the rider, or you could specify a lower monthly benefit payment so that the amount available under the rider lasts longer – giving you choice and flexibility.[14]
- Monthly benefit payments continue as long as you satisfy the eligibility requirements based upon submission of periodic proof. You may choose to stop receiving benefit payments or change the amount of the payment at any time. Monthly benefit payments reduce the death benefit. Monthly benefit payments are no longer available once the Total LTC Pool has been fully accelerated.

Guardian Whole Life with Long Term Care Rider



- You must pay an additional premium for your Long Term Care Rider in addition to the premium for your whole life policy. The LTC Rider premium is scheduled to be level. However, Guardian has the right to change these premiums, subject to a maximum amount.

Designed with flexibility to offer a choice of continued coverage – once the policy is in force, your coverage is maintained as long as you pay your life insurance premium.

[12] The Heath Insurance Portability and Accountability Act (HIPAA) per diem limit. The per diem limit for 2013 is $320 and may be adjusted annually for inflation. This per diem limit can be used to determine if the LTC benefit is taxable. However, it's based on individual circumstances. Consult with your own tax advisor. Please note on NY policies, that benefit payment may be reduced with respects to coordination of Per Diem benefit payments.

[13] Dividends are not guaranteed. They are declared annually by Guardian's Board of Directors.

[14] The minimum is $500 per month and there are restrictions on how often you can change the benefit election amount.

Rider Features – *continued*

Policy Values under Accelerated Benefits

When you receive monthly benefit payments under the LTC Rider, you are accelerating your life insurance benefit, which will reduce the death benefit available to your beneficiaries and policy values:

- **Death Benefit:** Your policy's death benefit will be reduced by the sum of all monthly benefit payments you receive. This means that while the face amount of your policy does not change, the death proceeds payable to your beneficiaries will be reduced.
- **Cash Values:** When you receive monthly long-term care benefits under the rider, there is a proportional reduction to:
  - — the amount available for policy loans
  - — the surrender value
  - — any amounts available for withdrawal
- **Premium:** A premium credit will be applied to reduce the premium under your life insurance policy when you receive monthly benefit payments. The credit while you are receiving LTC benefit payments is an amount equal to the full policy premium, excluding the cost of other optional riders, if the Basic LTC Pool is equal to 90% of the face amount.

Important Frequently Asked Questions

How do I know if I'm eligible to receive accelerated benefits?

Under Guardian's Long Term Care Rider, the insured may apply to receive accelerated benefits if a physician certifies that he or she is either:

- chronically ill, meaning unable to perform at least two out of six activities of daily living; or
- has a severe cognitive impairment (such as Alzheimer's disease).

In addition to the above, in order to qualify to receive monthly LTC benefits, you must also satisfy the following:

1. The insured is receiving qualified long-term care services under a doctor's plan of care in a qualified facility or in your home by a qualified health care provider;
2. A 90-day waiting period has been completed;
3. All required claim paperwork has been received and approved. Claim paperwork includes a claim form, a doctor's certification, copies of medical records and documentation that you received care during the waiting period.

What is the Waiting Period?

It is 90 calendar days from the date you start receiving long-term care services. The rider does not provide monthly benefit payments during the waiting period.

What are the limitations and exclusions?

There are some limitations and exclusions regarding when the rider can be exercised, which you should review with your Guardian representative and tax advisor before electing the Long Term Care Rider.

- The rider doesn't cover care or treatment: From a facility that primarily treats drug addicts or alcoholics, provides domiciliary, residency or retirement care or is owned or operated by an immediate family member.
- From a provider that is the owner, insured, any immediate family member, even if that individual is licensed to provide such services, or anyone under suspension from Medicare or Medicaid.

Important Frequently Asked Questions – *continued*

- When the qualified long-term services are received outside of the United States, unless the initial physician's plan of care and all renewal plan of care updates are provided by a physician licensed in the United States.

In addition, the owner will not be eligible to receive monthly benefit payments if the insured's chronic illness is due to, or is directly caused by:

- an attempted suicide or intentionally self-inflicted injuries;
- alcoholism or drug addiction;
- mental or nervous disorders, excluding Alzheimer's disease and similar forms of irreversible dementia;
- committing or attempting to commit a felony, riot or insurrection; or
- war or act of war (whether declared or undeclared).

Based on New York Law, benefit payments under this rider may not be payable if it is determined that such payment would not receive favorable tax treatment under Federal law.

"Indemnity" Style Benefit

Guardian's Long Term Care Rider is designed for the future – and help protects the impact it may have on generations of families.

Guardian's Long Term Care Rider provides an "Indemnity Style" benefit. Under this type of benefit, you are not required to continually submit bills and receipts each month in order to receive monthly benefit payments under the rider. This gives you flexibility and control, while simplifying the process for obtaining your benefits and keeping it simple.[15]

"Reimbursement Style" benefits require you to submit bills and receipts each month in order to receive monthly benefit payments, and the company then determines the amount of qualifying charges they will reimburse you for (up to the maximum amount allowed). A large portion of stand-alone policies and long term care riders are "Reimbursement Style" plans.

A Hypothetical Example

Mike, an accomplished medical professional, is working with a Guardian representative to discuss his goals and objectives. He is looking to purchase a Guardian whole life policy to protect his family in the case of his premature death. However, as he well knows from his medical career, long-term care needs can adversely affect his family's future. He decides to add Guardian's Long Term Care Rider to his policy.

[15] Guardian may periodically require you to submit documentation that you are continuing to receive care.

The following four scenarios illustrate the flexibility and benefits of the rider that Mike may realize:[16]

1 Assuming a $500,000 face amount without the Long Term Care Dividend Option

Basic Face Amount	500,000
Basic LTC Pool	450,000
Basic LTC Pool as % of Basic Face Amount	90%
Maximum Monthly Benefit (2% of Basic LTC Pool)	9,000
Number of months - if maximum benefit paid	50

Upshot

- If Mike qualifies to receive benefits, he can take up to $9,000 per month for 50 months.
- If he takes less than that each month, he can extend the benefit period further.

2 Assuming a $500,000 face amount with the Long Term Care Dividend Option

Basic Face Amount	500,000
Basic LTC Pool	450,000
Basic LTC Pool as % of Basic Face Amount	90%
Assumed Additional Benefit Pool - Year 30	250,000
Total Benefit Pool	700,000
Maximum Monthly Benefit (2% of Basic LTC Pool)	9,000
Number of months - if maximum benefit paid	77

Upshot

- The Additional LTC Pool, which is available through the dividend option, can generate an additional 27 months of benefit payments to Mike.
- If he does not receive benefits, LTC Additions supporting the Additional LTC Pool have cash value and death benefit that may continue to grow over time.

3 Assuming a $2,000,000 face amount with the Long Term Care Dividend Option

Basic Face Amount	2,000,000
Basic LTC Pool	1,500,000
Basic LTC Pool as % of Basic Face Amount	75%
Assumed Additional Benefit Pool - Year 30	750,000
Total Benefit Pool	2,250,000
Maximum Monthly Benefit - Lesser of:	
1x the IRS Limit (2013)	9,600
2% of Basic LTC Pool	30,000
Maximum Monthly Benefit	9,600
Number of months - if maximum benefit paid	117

Upshot

- Since Mike's benefit is capped at 1x the IRS limit, he decides to specify 75% of the Basic Face Amount as the Basic LTC Pool. Based on the current IRS limit, the monthly benefit payment that Mike is receiving is payable for a longer period of time.

Please note: the Additional LTC Pool is based on a hypothetical example. By choosing the Additional LTC Pool, a client is reducing the amount of death benefit they would be purchasing (in comparison to option D). A full illustration, showing both guaranteed and non-guaranteed values, must be provided by a Guardian representative to individuals applying for any Guardian whole life insurance policy.

[16] Guardian, its subsidiaries, agents or employees do not give tax or legal advice. Please consult with your tax or legal advisor.

Guardian Advantages

There are still many uncertainties confronting our nation regarding health care. Guardian wants to help take away some of that uncertainty as you walk down your path to the future. We chose to offer our clients a viable product designed to help them attain a comfortable financial future. While other companies are offering a form of Long Term Care linked to life insurance, Guardian's Long Term Care Rider has several advantages:

- Guardian's is built on an indemnity benefit model – it doesn't require submission of receipts as does the reimbursement model of many companies.
- Tax-qualified design – 7702B design offers the potential for federal or state deductibility of LTC Rider premiums.[17]
- Dividend additions can help increase the duration of the long term care benefit.
- Policy cash values may help sustain the insurance coverage for a certain amount of time by applying dividends or borrowing to pay premiums – a plus if unexpected expenses arise.

Guardian wants to help as you walk down your own path with certainty.

CHOOSING GUARDIAN –
We Help You Take Charge Of Life…

For over 150 years, Guardian has served the best interests of our policyholders year after year with quality products and services – with the commitment to continue this mission well into the future.

Put your longevity plan into effect today.

1) Plan now for the future to take charge of your goals.

2) You can't anticipate future health problems that may prevent you from obtaining coverage later.

3) It costs more as you age.

For more information on Guardian's life insurance products and the Long Term Care Rider, please contact your Guardian financial representative today.

Guardian's Long Term Care Rider is issued on Rider Form 13-LTCR

Guardian Whole Life Products are issued on Policy Form [06-WL, 11-WL 10, 12-L20, 12-L65]

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