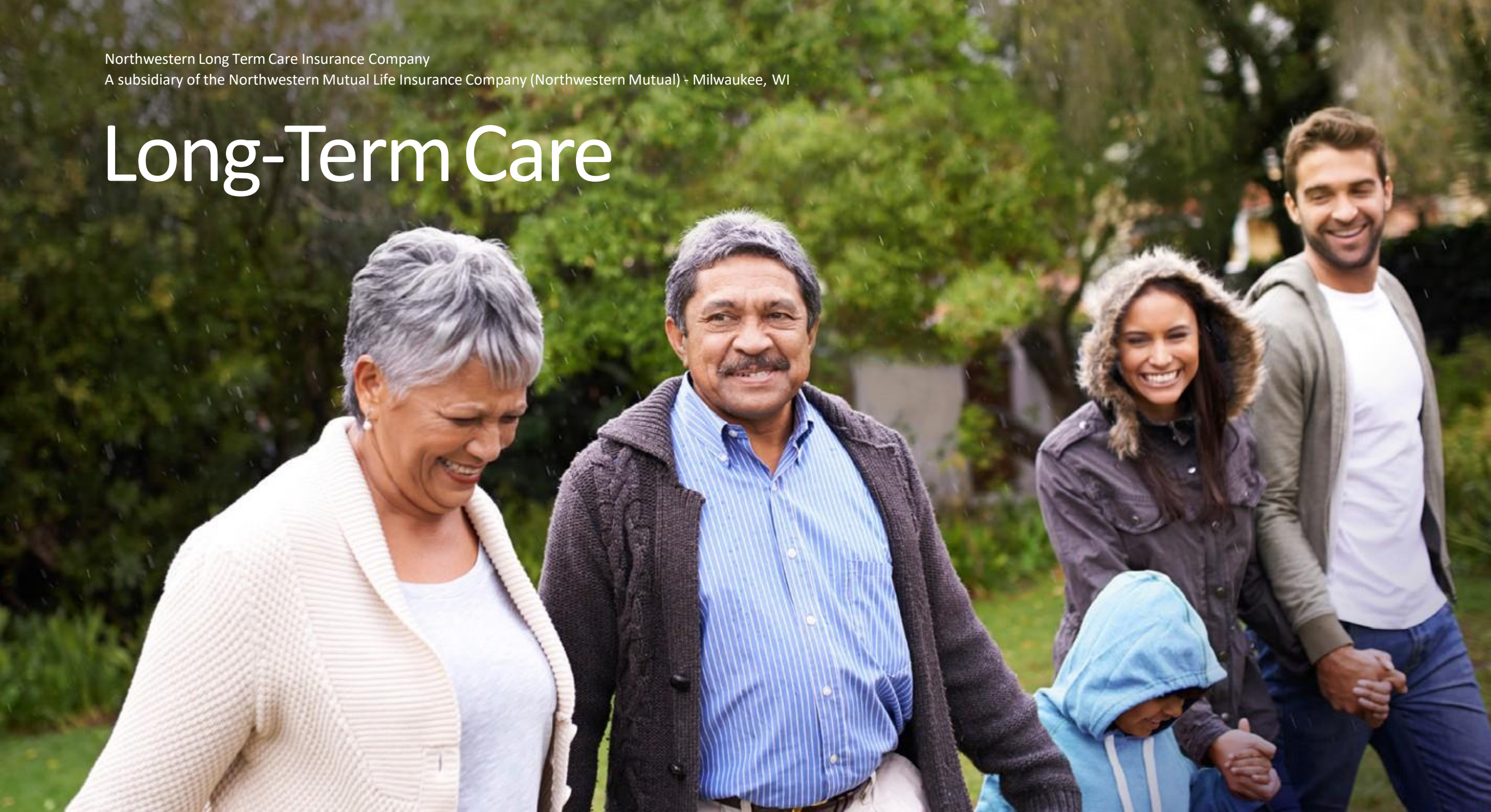


Northwestern Long Term Care Insurance Company
A subsidiary of the Northwestern Mutual Life Insurance Company (Northwestern Mutual) - Milwaukee, WI

Long-Term Care



Licensed Agent Name
Licensed Agent Title

90-2577-76 (0820)

 **Northwestern Long Term Care
Insurance Company™**

A Northwestern Mutual Company

The average age of a caregiver is

49¹



Most caregivers provide
6 or more hours per day.²

Today's Agenda

- What is long-term care?
- What does it cover?
- How much does it typically cost?
- How can this kind of care be paid for?
- Q&A



Long-Term Care Defined

Often referred to as Chronic Care or Extended Care, long-term care refers to services provided to someone who has a chronic condition that may often be progressive in nature. These services are generally needed for an extended period of time and may not “cure” or “heal” the person receiving them.

Long-term care typically does not include medical care or treatment of the underlying illness or injury.



Chronic Conditions Can Happen at Any Age

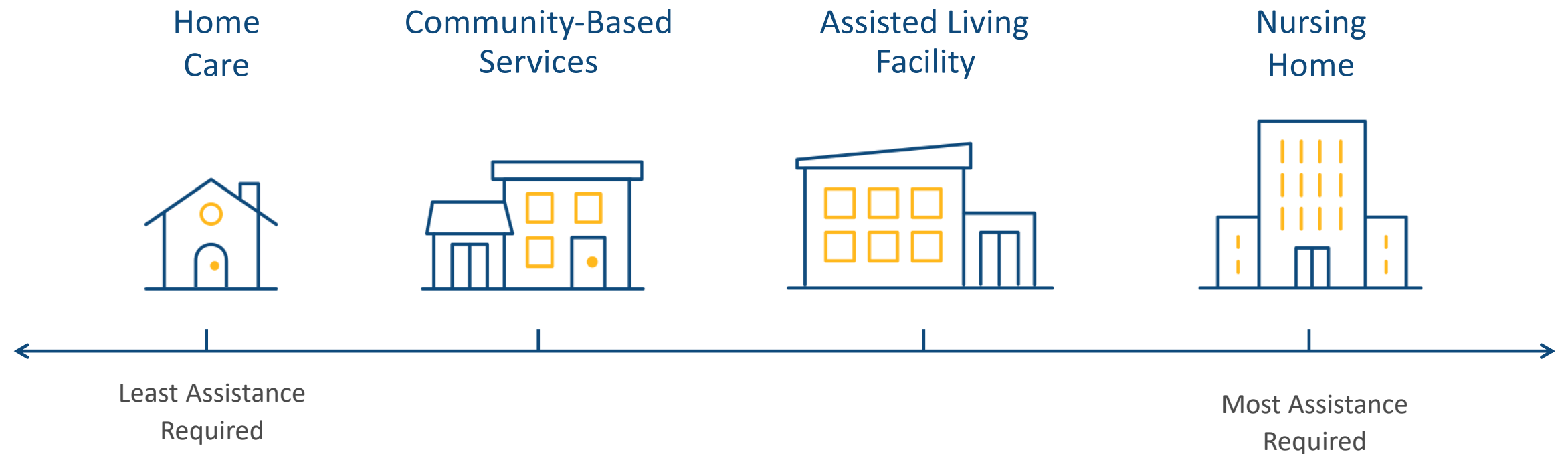


37%

of all people currently receiving long-term care in the U.S. are **adults under the age of 65.¹**

Understanding Long-Term Care

Options for Long-Term Care



Cost of care can vary greatly depending on the level of care that's needed and where it's received.

Home Care

Most long-term caregiving is in the home¹ with care provided:

- Informally by a family member or friend.
- By a paid caregiver, such as a nurse or home health aide.

51%

Of long-term care insurance claims are for Home Health Care²

¹ <http://www.aaltci.org/long-term-care-insurance/learning-center/home-health-care.php>

² <https://www.aaltci.org/long-term-care-insurance/learning-center/lcfacts-2019.php#2019claims>



National Caregiving Costs

Potential Scenarios



Home Care

Cost per year: **\$74,489¹**



Community-Based Care
(Adult Day Care Facilities²)

Cost per year: **\$12,792¹ or \$82/day**



Assisted Living Facility

Cost per year: **\$52,492¹**



Nursing Home

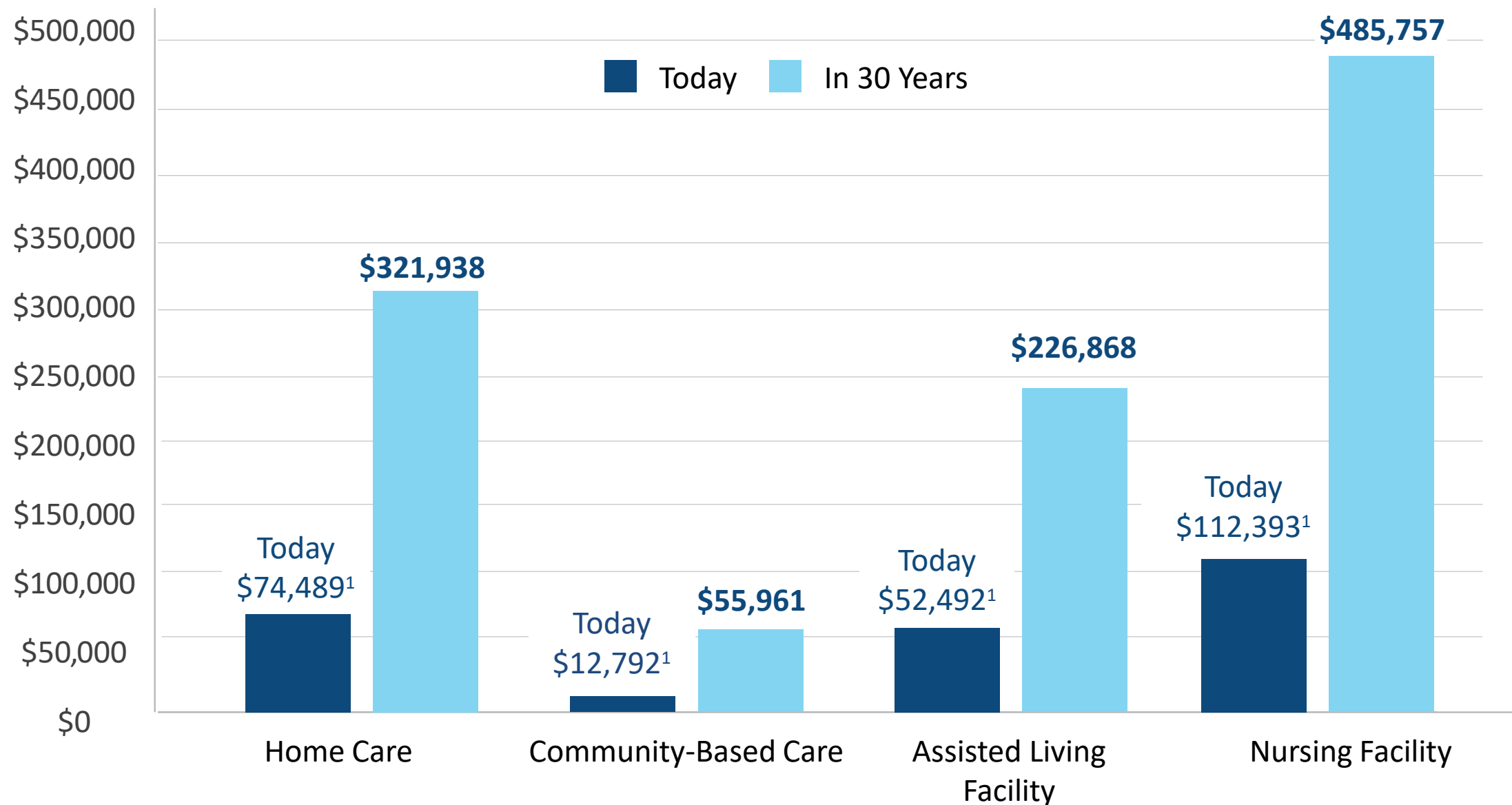
Cost per year (private): **\$115,428¹**

¹ 2019 Cost of Care Research Study conducted by the Long Term Care Group, Inc. on behalf of Northwestern Long Term Care Insurance Company;
<https://news.northwesternmutual.com/cost-of-long-term-care-study>.

² Refers to care in various non-institutional settings within the community.

Increasing Cost of Care

Potential annual costs in 30 years with 5% inflation



¹ 2019 Cost of Care Research Study conducted by the Long Term Care Group, Inc. on behalf of Northwestern Long Term Care Insurance Company;
<https://news.northwesternmutual.com/cost-of-long-term-care-study>

How would you pay for
long-term care services?

Misconceptions About How Long-Term Care Expenses Are Covered

- Health insurance
- Medicare
- Medicaid¹
- Disability income insurance
- Personal savings
- Informal, unpaid care from family



Misconceptions About How Long-Term Care Expenses Are Covered

Health Insurance

Private health insurance¹ or major medical insurance plans do not typically cover long-term care services.

Medicare

Covers medically necessary acute care

- It generally does not cover the cost of most long-term care services.²

Medicaid

Government-funded program for some people with limited income and resources³

- Eligibility is complex and varies by state.
- Choice of care may be limited

¹ Health insurance means coverage other than long-term care insurance.

² <https://longtermcare.acl.gov/medicare-medicaid-more/medicare.html>

³ For more information about state Medicaid eligibility, go to <http://www.medicaid.gov/>

Misconceptions About How Long-Term Care Expenses Are Covered

Disability Income Insurance

Designed to help with essential expenses while you're sick or injured and unable to work.

Personal Savings

Costly, and could impact your other financial obligations and savings goals.



2019

Average cost: \$74,489¹



In 30 years with 5% inflation

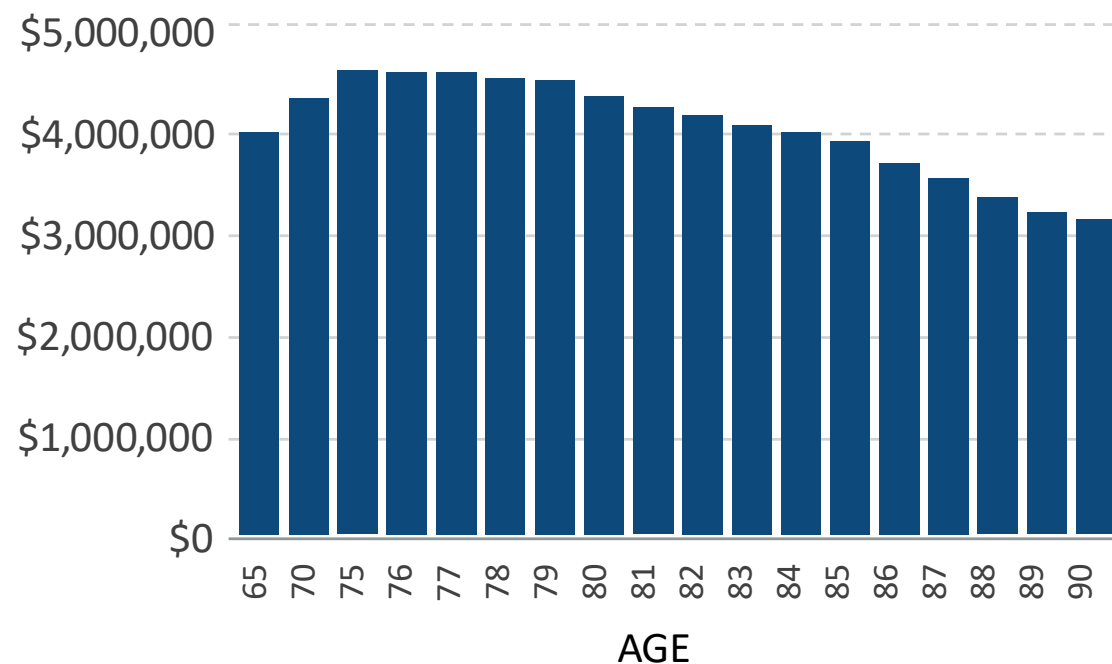
Average cost: \$321,938¹

A five-year event could cost more than \$1,500,000

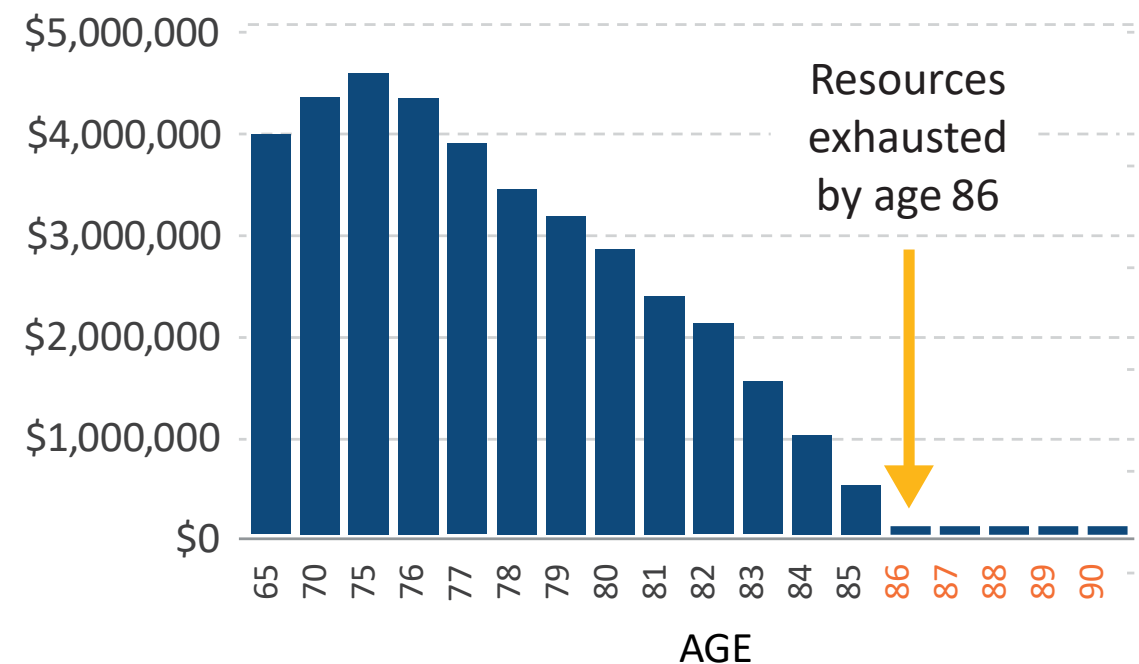
Impact of a Long-Term Care Event on Retirement Savings

Without Long-term care funding

No Long-Term Care Event¹



Long-Term Care Event¹ (experienced at age 75)

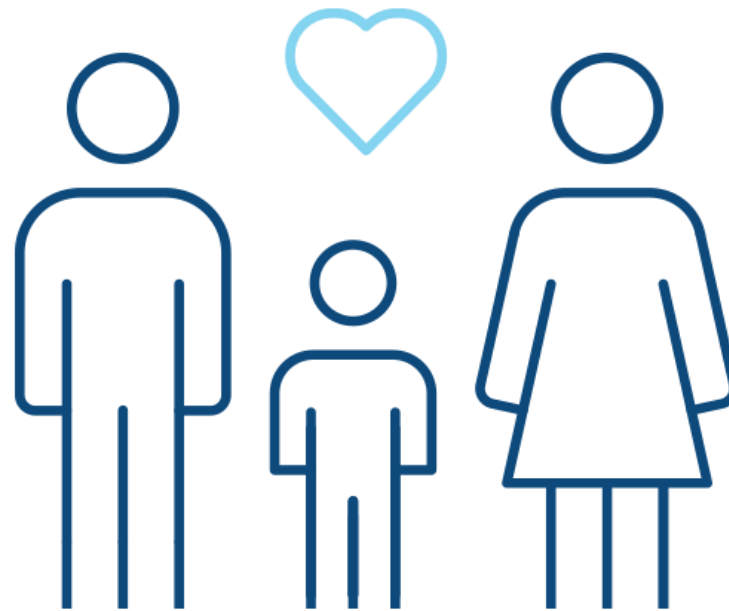


¹ In these hypothetical scenarios, the future income need in retirement is \$200,000 per year (after-tax in today's dollars). The average rate of inflation used in these scenarios is 3.00% and effective income tax rate used is 30.00%. Income may include earned income, unearned income, social security benefits, retirement plans, and withdrawals from life insurance. Other financial resources include investment accounts such as taxable retirement assets and 401K retirement plans. The rate of return on the investment accounts used for retirement is 6.00%. Long-term care expenses reflect the national average for cost of care based on the 2019 Northwestern Long Term Care Cost of Care Study. Expenses are for one person beginning at age 75 with long-term care expenses equaling \$250 per day (in today's dollars), in addition to the regular lifestyle expenses. The long-term care need is expected to last until death. The inflation rate on long-term care expenses is 5.00%.

Informal, Unpaid Care by Family

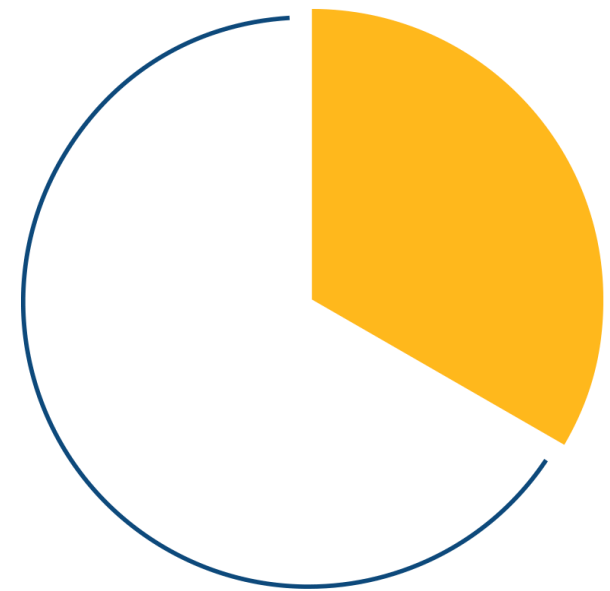
Consider this:

- Would you feel comfortable providing the necessary care?
Or receiving it?
- Most caregivers provide care for nearly a decade.¹



Financial Impact of Family Caregiving

Caregivers estimated that more than 1/3 of their monthly budget goes toward caregiving.¹



Consider the impact in lost wages and Social Security benefits when leaving the labor force to be a caregiver.

What do you know about
long-term care insurance?

Long-Term Care Insurance

Designed to help protect you against the financial risks of long-term care.

A powerful tool to help you create a comprehensive plan for financial security.



Qualifying for Long-Term Care Benefits

Within the last 12 months, a certified health care practitioner must certify that the person either:

- Needs hands-on or stand-by assistance from someone else for a minimum of two of six Activities of Daily Living for **90 DAYS OR MORE** due to loss of functional ability; or
- Requires substantial supervision to protect from threats to health and safety due to a severe cognitive impairment.

Activities of Daily Living



Eating



Bathing



Dressing



Toileting



Transferring



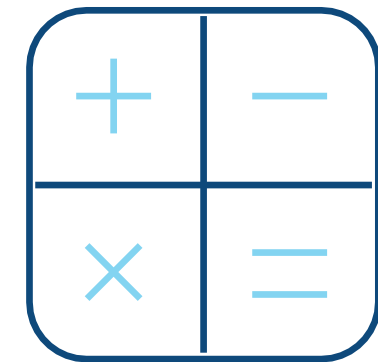
Continence

Affordability

Long-term care insurance policies can be customized to meet your needs and budget.

Think about:

- Average costs
- How much coverage you want
- How much you're willing to pay from savings if care is needed



Remember: Long-term care insurance isn't all or nothing. A financial professional can help you choose a policy that makes sense for you.

Policy Choices



Elimination Period – length of time you pay out-of-pocket before using your benefits



Monthly Benefit – maximum amount the policy will reimburse in a month



Benefit Period – minimum number of years you can expect your coverage to last

Benefit Account Value¹

Maximum Monthly Benefit x Number of Months in Benefit Period =
Benefit Account Value

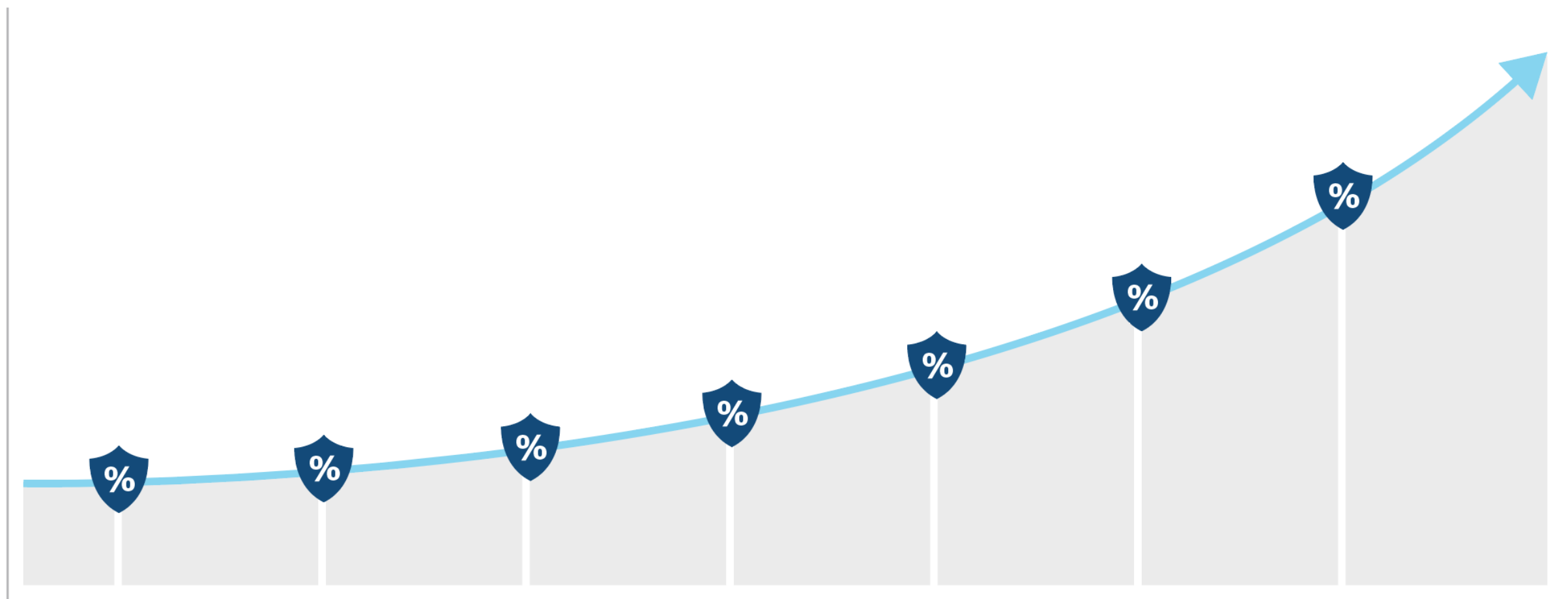
Example:

$$\$4,500 \times 72 \text{ months} = \$324,000$$

If monthly reimbursements are less than policy maximums, the unused monthly benefits will be available for future use on qualifying expenses.

Inflation Protection

Increase your benefit amount by a percentage each year to help protect against inflation.



Other Considerations

1. Discounts

- Spouses or companions both purchasing policies¹
- Eligible employer or association groups

2. Tax benefits for qualified policies

- Employer-paid premiums may be excludable from the employee's income and fully deducted by employer
- Policy benefits, within limits set forth in the Tax Code, are not taxable income.
- Talk to your tax advisor for more information.

3. Know how your policy works with Medicare and Medicaid

Combination/Hybrid Products

Provides flexibility by packaging long-term care coverage with a life insurance policy or annuity product



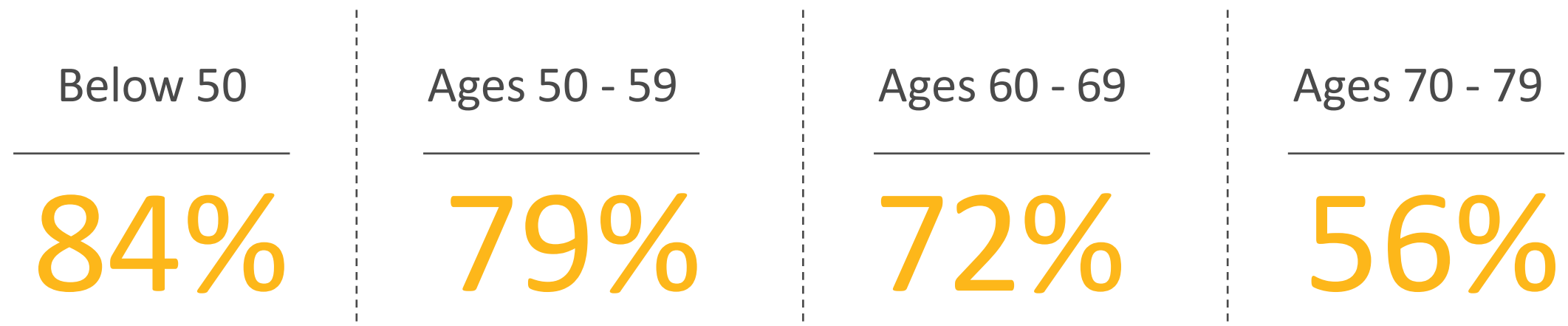
It's Never Too Soon to Start Planning

- Policies purchased will be there for you in the future.
- The cost of insurance usually increases as you get older.
- You must medically qualify for long-term care insurance.



Who Is Most Likely to Qualify?

Percentage of applicants who qualify for traditional Long-Term Care Insurance¹



Creating A Plan

- Start planning as early as possible.
- Talk to your family and a financial professional.
- Discuss how you'd want to receive care and options to pay for it.



Creating A Plan

- Integrate long-term care into your financial plan.
- Talk to your family about their own plans.
- Revisit the plan on a regular basis.
- Keep your family informed.



Choosing a Long-Term Care Insurance Provider

- Reliability
- Industry experience
- Financial strength and security

A++

A.M. BEST

AAA

FITCH

Aaa

MOODY'S
INVESTORS SERVICES

AA+

S&P GLOBAL RATINGS

Ratings are for Northwestern Mutual Life Insurance Company and Northwestern Long Term Care Insurance Company (NLTC), as of the most recent review and report by each rating agency Northwestern Mutual's ratings: A.M. Best Company, A++ (highest), 4/2020; Fitch Ratings, AAA (highest), 5/2020; Moody's Investors Service, Aaa (highest), 7/2020; and S&P Global Ratings, AA+ (second highest), 6/2020. These ratings are not from government-regulated agencies and refer to only the overall financial status of the company; they are not recommendations of the specific policy provisions, rates or practices of the insurance company. Ratings are subject to change. Additionally, benefits of NLTC are 100% guaranteed by Northwestern Mutual.

Any Questions?

Thank You

Disclosures

Northwestern Mutual is the marketing name for The Northwestern Mutual Life Insurance Company (NM), Milwaukee, WI (life and disability insurance, annuities, and life insurance with long-term care benefits) and its subsidiaries. Long-term care insurance is issued by Northwestern Long Term Care Insurance Company, Milwaukee, WI, (NLTC) a subsidiary of Northwestern Mutual.

Long-term care insurance is triggered by an impairment of at least two activities of daily living, such as eating, bathing, dressing, toileting, transferring or continence; or a severe cognitive impairment, such as Alzheimer's Disease.

QuietCare® is an individual tax-qualified long-term care insurance policy that is medically underwritten. This policy provides guaranteed renewable coverage and will remain in force as long as premiums are paid. However, the Company may increase premiums by class. In most states, your state's insurance department must approve rate increases. The final premium for the coverage requested is subject to underwriting limits and approval. A grace period of 65 days will be allowed for payment of premium that is not paid on its due date.

To be used with policy form UU.LTC.(1014). Form numbers may vary by state.

This policy includes exclusions and limitations. For costs and further details of the coverage, including exclusions, any reductions or limitations and terms under which the policy may be continued in force, see your licensed insurance agent/producer or write to the company. The purpose of this material is for the marketing and solicitation of insurance. A financial representative (a licensed insurance agent/producer) may contact you.



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