Annuity Care® III Overview for producers

Since 1998, Annuity Care® has been the leading fixed interest annuity solution with long-term care benefits. Now, Annuity Care just got even better with the addition of Annuity Care III for your clients with tax-qualified funds like IRAs, 401(k)s, and 403(b)s.

Annuity Care III utilizes Annuity Care II to provide long-term care benefits for clients with significant amounts of qualified money not needed for income in retirement.

Annuity Care III is a strategy that allows clients to withdraw these qualified dollars over time, pay taxes on them, then move the net proceeds into a fixed interest deferred annuity with long-term care benefits.

At time of initial application, a Total Purchase Amount (TPA) is selected. This can be paid over four years in equal amounts. Each additional purchase will result in a new policy being issued. If the customer opts not to exercise a purchase right during any year, all future purchase rights are terminated. Underwriting is based on the TPA and only occurs at the time of initial application. For the following three years, a letter will be sent to the client informing them of their purchase rights (and a copy of this letter will be sent to you, the producer).

Each policy receives its own surrender charge schedule, current interest rate, guaranteed interest rate and monthly charge for the Continuation of Benefits based upon prevailing rates and attained age. Each annual purchase by the client grows the aggregate long-term care benefit amount and monthly LTC benefit. All while the client conveniently withdraws manageable sums of qualified money each year, rather than in a lump sum.

Annuity Care III is available to spouses on the same policy, using our joint annuitant option. On these cases, it is appropriate to have one spouse as owner, and the non-owner spouse be named as the primary beneficiary.

Note: Please also see the Annuity Care II Overview for Producers for additional information and product terminology. Annuity Care II is a single premium deferred annuity underwritten and issued by the State Life Insurance Company, Indianapolis, IN. Policy form SA35. Not available in all states and may vary by state. Please note that the replacement of an existing annuity must not be made unless all factors are weighed and it is documented as suitable for the client.

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Annuity Care®

About State Life

The State Life Insurance Company, a OneAmerica company, is focused on providing asset-based long-term care solutions. State Life is a recognized leader in providing these solutions, which utilize life insurance, fixed-interest deferred and immediate annuities. The company's extensive Care Solutions portfolio of products helps consumers prepare for future long-term care needs by helping to protect their assets.

About OneAmerica

OneAmerica Financial Partners, Inc., is headquartered in Indianapolis, IN. The companies of OneAmerica can trace their solid foundations back more than 130 years in the insurance and financial services marketplace. Focusing on retirement services, life insurance and employee benefit plan products, we deliver on our promises when customers need us most.

The companies of OneAmerica®:

American United Life Insurance Company®, The State Life Insurance Company, OneAmerica Securities, Inc., McCready and Keene, Inc., R.E. Moulton, Inc. and Pioneer Mutual Life Insurance Company (PML). PML is a stock subsidiary of American United Mutual Insurance Holding Company.

Products and financial services provided by

The State Life Insurance Company | *a OneAmerica® company*

P.O. Box 406 | Indianapolis, IN 46206 | (317) 285-2300 | www.oneamerica.com

Annuity Care® III strategy

Issue ages	Minimum: 60 **Note:** No new annuitants can be added to future Annuity Care III policies.	Maximum: 77 (age last birthday)
LTCAV withdrawal period	• 24 months-Single annuitant	• 30 months-Joint annuitants
Continuation of benefits (COB) options (Availability based upon the age of the oldest applicant)	• 3 years (ages 60 to 77) • 6 years (ages 60 to 75) • 9 years (ages 60 to 70) On a joint Annuity Care III, each annuitant must be within the ages noted. **Note:** The COB benefit period on the initial policy cannot be exceeded on subsequent policies (e.g. 9 year COB cannot be purchased on future policies if initial COB benefit period is 6 years).	
Total purchase amount (TPA)	Minimum: $40,000 **Note:** Minimum premium is higher in states where required.	Maximum: $500,000 ($300,000 if inflation or indemnity selected) **Note:** Maximum premium reflects all Annuity Care policies in-force in addition to TPA.
Time period to purchase additional policies (1 per year)	4 years	

Surrender charges (Each policy purchased receives its own surrender charge schedule)	1 = 9%	2 = 8%	3 = 7%	4 = 6%	5 = 5%	6 = 4%	7 = 3%	8 = 2%	9 = 1%	10+ = 0%

Partial surrender	After the first contract year, the owner may withdraw up to 10 percent of the accumulated cash value (as of the beginning of the contract year) without a surrender charge Full surrenders within 12 months of a partial surrender will result in a recapture of the waived surrender charges No surrender charge will be assessed on any qualified LTC benefit withdrawal
Tax advantages	Annuity Care III provides an effective way to protect savings from the potential expenses associated with end of life care. And, it does so in very tax-efficient ways! • Long-term care benefit payments from the Long-Term Care Accumulated Value (LTCAV) are income tax-free as a reduction of cost basis • Long-term care benefit payments from the COB balance are income tax-free • The monthly charge to pay for the COB balance is income tax-free as a reduction of basis in the LTCAV The policy owner pays taxes when the qualified money is withdrawn. But Annuity Care III allows clients to liquidate their funds over a multi-year period with underwriting on the TPA done upfront.
Death of owner/annuitant	Surrender charges will be waived upon the death of the owner or annuitant (if different)
Types of care covered	Long-term care withdrawals may be taken for qualifying care of the following types: • Nursing home facility • Assisted living facility • Hospice care • Bed reservation • Home health care • Adult day care • Respite care Producers must provide applicants with the Outline of Coverage that provides detailed information on coverage, policy exclusions and limitations.
LTC withdrawals	Annuity Care III provides long-term care coverage when an annuitant qualifies in one of two ways. • Inability to perform two of six activities of daily living (bathing, continence, dressing, eating, toileting and transferring); or • Cognitive impairment
LTC elimination period	Clients have a 90-day elimination period before they can withdraw funds for LTC expenses.
LTC withdrawal methods	At the time of application, clients have two choices to receive their LTC withdrawals from the LTCAV and COB balance: • Reimbursement — the payment amount will be based upon the amount of actual expenses incurred for qualified LTC expenses up to the Monthly Benefit Limit • Indemnity — the payment amount will be based upon the LTC monthly limit. The indemnity approach means more potential liquidity, but also a higher monthly charge. The withdrawal method must be selected at time of application and cannot be changed after contract issue. **Note:** If "reimbursement" is selected on the first Annuity Care III policy, it must be chosen on all future policies.
Interest rates	A minimum interest rate will be credited to both the LTCAV and the Accumulated Value (AV). Please contact your State Life representative for current and guaranteed interest rates in your state(s). The interest rate for the LTCAV is guaranteed for five years from the contract effective date.

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