



Asset-Care[®]

Producer guide

Products and financial services provided by
THE STATE LIFE INSURANCE COMPANY | *a ONEAMERICA[®] company*

Summary of Asset-Care Solutions offered by The State Life Insurance Company

Asset-Care protects against the risk of LTC expenses and provides a wealth-transfer mechanism through the use of specially designed whole life insurance policies. All Asset-Care plans include the following guarantees: death benefit, cash value growth, access to 100 percent of the death benefit (paid monthly) for qualifying LTC expenses and an optional rider for lifetime LTC coverage at never-to-increase premiums.

All Asset-Care solutions are available on a single life or joint life basis. Preferred risk class applicants are typically non-smokers, while standard risk class applicants are typically smokers.

Overview of the Asset-Care solutions:

Asset-Care I

- Single-premium whole life policy with accelerated death benefit for qualifying LTC expenses
- Available for issue ages 40–80 (age last birthday)
- Typically funded through money currently in CDs, money market funds, savings, stocks, bonds or life insurance cash values

Asset-Care II

- Non-qualified annuity that funds a 20-payment whole life policy with accelerated death benefit for qualifying LTC expenses
- Available for issue ages 59½–80 (age last birthday)
- Typically funded through money currently in existing non-qualified annuities or life insurance cash values

Asset-Care III

- Individual Retirement Annuity (IRA) that funds a 20-payment whole life policy with accelerated death benefit for qualifying LTC expenses
- Available for issue ages 59½–80 (age last birthday)
- Typically funded through money currently in qualified retirement plans such as 401(k)s, 403(b)s and IRAs

Asset-Care IV

- Whole life insurance with accelerated death benefit for qualifying LTC expenses
- Available for issue ages 20–80 (age last birthday)
- Premiums can be paid over the insured(s) lifetime or with guaranteed payment options from 10 to 20 years
- Premiums can be paid annually or through modal options (monthly, quarterly or semi-annually)

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Important notice: *This producer informational brochure is for licensed agents and brokers only. It is not advertising and should not be shown to prospective clients. For further details, the policy itself should be consulted.*

The State Life Insurance Company and its representatives do not give legal or tax advice. The tax comments in this brochure simply reflect our understanding of the current tax laws as they relate to life insurance. These laws are subject to interpretation and change; therefore, it is recommended that your client seek the advice of an attorney, accountant or other qualified tax advisor regarding life insurance taxation.

Product overview

	Asset-Care I	Asset Care II	Asset Care III
Source of premium	Simple reallocation of CDs, stocks, mutual funds, money markets or savings accounts into Asset-Care I can provide long-term care protection and income tax-free life insurance proceeds to beneficiaries.	Your clients' non-qualified annuities can protect them from nursing facility, assisted living and home health care expenses.	Your client can utilize IRA or retirement plan funds for LTC protection.
Issue ages	Single: 40–80 Joint: 35–80 (must have joint equal age of 40-80) Maximum 25 year age difference between unrated joint insureds.	Single: 59½–80 Joint: Annuitant must be 59½–80, spouse must be 40–80 (joint equal age cannot exceed 80) Maximum 25 year age difference between unrated joint insureds.	Single: 59½–80 Joint: Owner/Annuitant must be 59½–80, spouse or second insured can be 40–80 Maximum 25 year age difference between unrated joint insureds.
Policy structure	Single-premium whole life insurance.	Non-qualified annuity and whole life policy.	IRA and whole life policy
Guarantees	<ul style="list-style-type: none"> • Return of premium (all years) • Minimum 4% interest rate • No additional premium required • Cash value growth • Death benefit 	<ul style="list-style-type: none"> • Return of premium (all years) • Minimum 4% interest rate on life policy • Minimum 3% interest rate on annuity policy • Life policy LTC benefits increase over a 20-year premium payment period • Life premium will not increase • Cash value growth 	Same as Asset-Care II
Long-term care benefits	Policy provides up to 2% of death benefit per month, per insured subject to policy limits. Applies to nursing facility, assisted living and home care (see page 6 for details). Option to use LTC benefits up to 3 or 4% per month, per insured (additional premium required). No surrender charges apply to qualifying LTC benefits. Asset-Care Plus ¹ can extend LTC benefit to provide lifetime coverage. (Additional premium required. See page 6 for details.)	Policy provides up to 2% of annuity value and up to 2% of life insurance death benefit per month, per insured subject to policy limits. Applies to nursing facility, assisted living and home care (see page 6 for details). Option to use LTC benefits up to 3 or 4% per month, per insured (additional premium required). No surrender charges apply on withdrawn LTC benefits. Asset-Care Plus ¹ can extend LTC benefits to provide lifetime coverage. (Additional premium required. See page 6 for details.)	Same as Asset-Care II
Premium type	Single premium	Annuity policy funded at issue. Whole life policy funded through annual withdrawals from annuity. Life policy paid up after 20 years. Premium amount guaranteed at issue.	IRA policy is funded at issue. Whole life policy is funded through annual withdrawals from annuity. Life policy is paid up after 20 years. Premium amount is guaranteed at issue.
Minimum deposit	\$10,000 ²	\$20,000 ²	\$20,000 ²

1. Not available in all states. May vary by state.

2. Differs in CA, MN, NC and WI.

Product overview

	Asset-Care I:	Asset Care II:	Asset Care III
Access to cash value	Accumulated interest withdrawn with no surrender charge. Loans made at a 4% net cost.	From annuity: 10% of cash value withdrawn annually without surrender charge. It is very important to note, amount withdrawn to pay life policy premium is included in 10% available. Up to 2% of cash value per month per person without surrender charge for LTC payments. From life insurance: loans made at 4% net cost	From annuity (IRA): same as Asset-Care II. Also, no surrender charge applies for any minimum distribution withdrawal in excess of premium for life insurance. From life insurance: same as Asset-Care II
Type of contract for tax purposes	Modified Endowment Contract (MEC). Loans and withdrawals taxable to extent of gain in contract.	Non-qualified annuity — taxed as annuity. Life insurance — see page 8.	IRA — withdrawals are taxable. Life insurance — see page 8.
Premium funding vehicles	Include CDs, money market, mutual funds, life insurance cash values, stocks and bonds	Non-qualified annuities, life insurance cash values	Qualified retirement plans and IRAs
Funding options	<ul style="list-style-type: none"> • \$1,000 with application and remainder within 45 days (not required in CA) • CD transfer • Full premium with application • 1035 Exchange from life insurance • If selected, include Asset-Care Plus annual premium with application 	Section 1035 Exchange from an annuity or life insurance policy	1) Direct transfer from IRA or a qualified retirement plan 2) Rollover from an IRA
Surrender charges	11% of cash value first year, decreasing over 10 years. Client will receive either a full return of premium or the cash value minus surrender charges, whichever is greater.	9% of cash value first year, decreasing 1% per year. Client will receive either a full return of premium or the cash value minus surrender charges, whichever is greater.	9% of cash value first year, decreasing 1% per year. Client will receive either a full return of premium or the cash value minus surrender charges, whichever is greater.



Product overview

	Asset-Care IV	
	10-20 Pay	Whole life
	Offers guaranteed level premiums spread conveniently over the period selected at time of application, from 10 to 20 years	Continuous premiums guaranteed never to increase
Issue ages (single and joint)	20–80 Maximum 25 year age difference between unrated joint insureds.	20–80 Maximum 25 year age difference between unrated joint insureds.
Policy structure	Limited – payment whole life	Annual continuous pay whole life
Long-term care benefits	Base policy provides up to 2% of death benefit per month per insured subject to policy limits. Applies to nursing facility, assisted living and home care. Option to use LTC benefits up to 3 or 4% per month per insured (additional premium required). Asset-Care Plus ¹ can extend LTC benefits to provide lifetime coverage. (see page 6 for details)	Same
Minimum death/long-term care benefits²	Issue ages 20–50: \$100,000 Issue ages 51+: \$50,000	Same
Guarantees	<ul style="list-style-type: none"> • Premiums never increase • Cash value growth • Death benefit 	Same
MEC status	See page 8 for information.	Same
Guaranteed interest rate	4%	4%
Modal factors	1.0000 — Annual 0.5200 — Semi-annual 0.2650 — Quarterly 0.0858 — PAC	Same
Surrender charge (as a percent of first year premium)	Years 1–5: 75% Years 6–10: decreases by 5% per year Year 11: 35% Year 12: 20% Years 13+: 0%	Same Years 1–5: 100% Years 6–14: Decreases by 10% per year Year 15+: 0%
Waiver of premium	Available at additional premium. Premium waived if qualifying care received and waiting period satisfied.	Same

1. Not available in all states. May vary by state.

2. Differs in CA, MN, NC and WI.

Long-term care benefits

Asset-Care covers:

- Care in a LTC facility (all levels)
- Hospice care
- Adult day care
- Respite care (21 days per calendar year)
- Care in an assisted living facility
- Home health care (including hospice care and homemaker services)
- Bed reservation (31 days per calendar year)
- Care coordination
- Caregiver training
- Supportive equipment

Review your state’s Outline of Coverage for a specific and complete list of policy exclusions and limitations.

Monthly benefits

The policy monthly LTC benefit is 2% of the death benefit per month for each insured, or actual charges, whichever is less. The full monthly benefit is available for qualified expenses.

If the option to use 3 or 4% of the death benefit per month per insured for LTC is selected, the same limits would apply to care in all of the above-listed settings.

Waiting period

After 60 days of qualified LTC within a 180-day period, Asset-Care will begin paying benefits.

Other information

Pre-existing conditions will be covered if fully disclosed at time of application. Asset-Care benefits will not be excluded if the chronically ill individual has LTC costs due to a mental or nervous disorder.

Inflation Protection Rider

Asset-Care offers an Inflation Protection Rider (IPR)¹ that can help to protect against the rising cost of qualifying long-term care expenses. This optional benefit with an additional premium guarantees that the base policy long-term care benefit will increase. This increase, in turn, increases the monthly maximum benefit for long-term care.

- IPR premiums are noncancelable. Premiums cannot increase and only the policyowner can terminate the rider.
- Four choices are available to the policyowner:
 - 3% simple growth¹
 - 3% compound growth¹
 - 5% simple growth
 - 5% compound growth
- IPR premiums are paid in the following ways:
 - Asset-Care I — Choice between single premium or annual premiums to age 100
 - Asset-Care II/III — Premium is withdrawn from the annuity along with the life policy premium over 20 years
 - Asset-Care IV — Premium will be the same duration as your base premium (e.g., 15-pay policy will have a 15-year IPR payment period)
- Premiums are waived if an insured has satisfied the waiting/elimination period and is receiving qualifying care
- On a joint life policy, premiums do not change after the first insured has died
- IPR only affects the base Asset-Care coverage: See Asset-Care Plus for information about extending long-term care benefits beyond the base policy benefits

Example (Client age 60, base policy monthly benefit limit is \$3,000)

Client age	No inflation protection rider	5% simple growth	5% compound growth
61	\$3,000	\$3,150	\$3,150
65	\$3,000	\$3,750	\$3,828
70	\$3,000	\$4,500	\$4,886
75	\$3,000	\$5,250	\$6,236
80	\$3,000	\$6,000	\$7,959

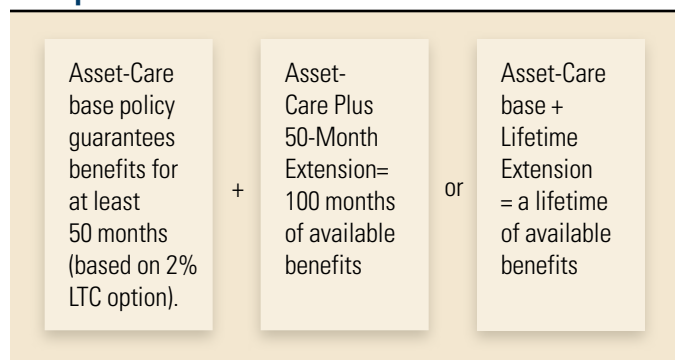
1. Not available in all states.

Asset-Care Plus

Asset-Care Plus is a LTC benefit continuation rider that protects against the costs of extended qualifying care. The rider may be added to any Asset-Care base policy with an additional premium at time of application.

- This rider is noncancelable. Premiums cannot increase and only the policyowner can terminate the rider.
- Rider benefits start after the base policy LTC benefits are reduced to zero.
- Two choices of extended benefit period are offered: limited and lifetime.
- The limited period depends on the maximum monthly LTC option:
 - 2% = 50 months' extended benefits
 - 3% = 33 months' extended benefits
 - 4% = 25 months' extended benefits
- On a joint policy, the lifetime benefit applies to both insureds for one premium rate.
- Inflation protection and nonforfeiture benefits are available on Asset-Care Plus, for an extra premium.
- Premiums can be paid on a single premium, a 10-pay or an annual premium basis.

Example



Note: Your Asset-Care illustration will provide Asset-Care Plus rates, with the applicable options for your state.

Common questions and answers

Q *Should joint applicants name each other as beneficiaries?*

A No. It is very important to remember that Asset-Care policies do not pay the death benefit until the last insured dies. It is common on joint policies to name children, a trust, siblings or a charity as the beneficiary.

Q *What type of 1035 Exchange is permissible?*

A Internal Revenue Service Code Section 1035 will allow individual single life insurance to be exchanged for single life Asset-Care I or an Asset-Care II annuity. Section 1035 Exchanges are also acceptable for non-qualified annuities or life insurance to an Asset-Care II annuity. Section 1035, however, does not allow one or more individual single life insurance policies to be exchanged for a joint Asset-Care I policy. Nor can you exchange an existing annuity for an Asset-Care I.

Q *How does a certificate of deposit (CD) transfer work?*

A By completing a Request of Funds Form, the owner of the CD(s) authorizes the transfer of the full, matured value or a specific dollar amount to State Life on the date the CD matures. Once the form is completed and sent to State Life, it will be forwarded to the appropriate financial institution. The CD funds will automatically transfer to State Life on the date of maturity. This process is the most convenient way for the client to liquidate a CD.

Q *What forms should be included with submissions?*

A See page 10 in this Producer Guide for a complete chart of all forms necessary for each Asset-Care product according to the asset used to fund it. If you have any questions about necessary forms, feel free to call 1-800-275-5101.

Taxation

LTC benefits

Under the Health Insurance Portability and Accountability Act of 1996, Asset-Care insureds who receive LTC benefits from their policy will have the entire amount of LTC benefits treated as an income tax-free prepayment of the death benefit. Annuity withdrawals on Asset-Care II and III will be taxable to the extent of gain, which could be deducted to the extent it is considered an unreimbursed medical expense (and exceeds 7.5% of the taxpayer's adjusted gross income).

Example

Client enters nursing home with a \$100,000 death benefit and a \$40,000 cash value:

- \$25,000 original premium and \$15,000 gain.
- State Life pays \$20,000 in long-term care benefits during the calendar year.
- Entire \$20,000 is received by policyowner income tax-free.

Death benefits

Asset-Care I

Amounts not paid for LTC pass income tax-free to the named beneficiary.

Asset-Care II

Amounts not paid out for LTC under the life policy pass income tax-free to the named beneficiary. If the spouse is the beneficiary on the annuity portion, the spouse can assume the policy and can continue to defer any gain or select a payment option.

Asset-Care III

Amounts not paid for LTC benefits under the life policy pass income tax-free to the named beneficiary. If the spouse is the beneficiary on the IRA, the spouse can assume the policy and continue to defer any gain or select a payment option.

Asset-Care IV

Amounts not paid for LTC benefits pass income tax-free to the named beneficiary.

Loans and withdrawals

Asset-Care I (modified endowment contract — MEC)

Lifetime distributions (loans and withdrawals) are interest first, then principal. Interest-only distributions are subject to income tax. Distributions taken by an owner before age 59½ will be subject to an additional 10% tax by the IRS.

Asset-Care II annuity policy

Withdrawals from the annuity portion are interest first, then principal. Interest-only distributions are subject to income tax. Annuity withdrawals where the owner is less than age 59½ are subject to income tax and an additional 10% tax by the IRS.¹ Annuity withdrawals taken to fund the Asset-Care policy are taxable as ordinary income to the extent of any interest withdrawn.

Asset-Care III annuity policy

Withdrawals from the IRA portion will be fully taxable like any IRA. Annuity withdrawals by an owner less than age 59½ are subject to income tax and an additional 10% tax by the IRS.¹ IRA withdrawals taken to fund the life policy are taxable as ordinary income.

Asset-Care II & III Life Policy

Based on annual premiums (withdrawals from the annuity), the life policy will be a MEC at all issue ages.

Asset-Care IV

No single life policies are a MEC. No joint life policies where both insureds are Preferred risk class with a joint equal age of 79 or less are a MEC.

Other Asset-Care IV joint life contracts, depending on payment duration and mode of premium, may be a MEC if the joint equal age is 75 or greater. Contact our Producer Resource Center if your specific case is not listed.

1. Please consult your tax advisor for complete details.

Additional information

Effective date

Coverage on Asset-Care is effective the later of the date full premium is received by State Life or all required medical exams and tests are completed and received. The maximum insurance amount that may become effective prior to policy delivery is \$100,000. See the conditional receipt with the Asset-Care application for more details.

Forms

The Outline of Coverage, illustration, and NAIC Long-Term Care Shopper's Guide must be given to the client prior to application. After the sale, the customer must receive the Temporary Insurance Agreement if applicable.

Loans

Life insurance policy loans are available but reduce the LTC benefits. Loans are typically for a temporary need. Unpaid loans can cause a policy to lapse. The net cost of borrowing is 4%. If funds are unlikely to be repaid, a partial withdrawal is recommended.

Withdrawals from Asset-Care I and IV

A partial withdrawal will proportionally reduce the cash value, the death benefit and the LTC benefits of the policy. A withdrawal (unlike a loan) will permanently reduce the death benefit.

Free withdrawals

Asset-Care I

After the first policy year, interest accumulation may be withdrawn without a surrender charge. However, if both principal and interest are withdrawn within a 180-day period, surrender charges will apply on the total amount withdrawn.

Asset-Care II and III (from annuity)

Up to 10% of the cash value can be withdrawn annually without a surrender charge. The amount withdrawn to pay the life policy premium is included in the 10% withdrawal amount.

Asset-Care IV

Withdrawals from the limited-pay whole life products will be subject to applicable surrender charges.

Required Minimum Distribution (Asset-Care III annuity)

State Life will calculate the required minimum distribution after age 70½ in accordance with current tax regulations. Any minimum distribution in excess of the life premium will be forwarded directly to the policyholder.

Illustrations and Outlines of Coverage

Complete individualized Asset-Care illustrations must be given to each prospect. Outlines of Coverage are required to be delivered to clients prior to the completion of the application. Your State Life marketing representative can give you more information on running illustrations and obtaining Outlines of Coverage.

Premium tax states

Qualified annuities (IRAs) are exempt. Maine (2%) and South Dakota (1.25%) impose a front-end premium tax on non-qualified annuities.

Submission checklist

Key

- Required
- Optional
- ▷ If required by state
- ▲ If the full Asset-Care Plus annual premium is included, the single, partial or modal premium amounts for the base policy need not be included with the application. The client will have 60 days from the date of issue to submit balance of premium.

	Asset-Care Life Application (state-specific)	Asset-Care Annuity Application and Withholding Form (state-specific)	CD Transfer/ Request of Funds Form	Mutual Fund Transfer/ Request of Funds Form	IRA (Qualified Funds) Transfer/ Request of Funds Form	Direct Rollover/ Request of Funds Form	1035 Exchange/ Request of Funds Form	Life or LTC Insurance Replacement Form	Full Premium	Minimum \$1,000 Partial Premium Payment (Balance due within 45 days)	Patriot Act Questionnaire	Full Asset-Care Plus Premium
Asset-Care I												
CDs	●		■					▷	■	■	●	▲
Mutual Funds	●			■				▷	■	■	●	▲
Money Market Account	●							▷	■	●	●	▲
Stocks or Bonds	●							▷	■	●	●	▲
Life Insurance Policy	●						●	▷	■		●	▲
Asset-Care II												
Non-qualified Annuity	●	●					●	▷	■		●	▲
Life Insurance Policy	●	●					●	▷	■		●	▲
Asset-Care III												
401(k) or Keogh	●	●				●		▷	■		●	▲
Any Pension Plan	●	●				●		▷	■		●	▲
SEP or IRA	●	●			●			▷	■		●	▲
Asset-Care IV												
10-Pay	●							▷	■	■	●	▲
Continuous Pay	●							▷	■	■	●	▲

tips

Here are some helpful hints to make submitting Asset-Care applications easier:

- Accurately and legibly complete the entire application. Be sure to indicate the amount of premium and its source on the application.
- For Asset-Care II and III applications, remember to complete the SL302 annuity application in addition to the SL301 life application. You must also complete the withholding form, which is attached to the annuity application.
- On joint cases, both spouses must sign any attachments such as beneficiary designations or additional medical information that will be included with the application.
- On joint cases, do not name either of the insureds as the beneficiary. Joint life Asset-Care is a second-to-die policy, requiring another beneficiary to be chosen.
- If applicants have severe medical problems, contact State Life at 1-800-275-5101. Marketing representatives can provide you with sales and underwriting information.
- Be sure to have the applicants sign and date all necessary applications, forms and any attachments.
- Refer to the Submission Checklist above. If you have any questions about necessary forms, feel free to call 1-800-275-5101.

Special notes

- Provide the booklet, A Shopper's Guide to Long-Term Care Insurance, and appropriate Outline of Coverage to your client prior to taking an application.
- Make sure your client needs the coverage you are offering:
 - Inquire and make every reasonable effort to identify the types and amounts of coverage the client has.
 - Make every reasonable effort to determine that your client has adequate income or assets to support the purchase and maintenance of the coverage you are recommending.
 - When replacing coverage with Asset-Care, confirm the client understands any variance in coverage and all pertinent product differences (including issues relating to surrender charges and tax considerations).
- Have your client complete and sign the Third Party Notice information on the life application in case of unintentional lapse.
- Be sure to use a complete illustration and obtain the client's signature.

Marketing materials and assistance

State Life offers a complete range of Asset-Care marketing materials. From color brochures to illustration software and client needs analysis, State Life provides the tools for success.

Asset-Care marketing materials checklist:

- Client brochure
- Worksheets
- Third-party materials
- Illustrations
- Long-term care statistics
- Outlines of Coverage
- Client seminars and invitations
- Producer kit
- Client mailers
- Client letters

Marketing assistance

State Life provides personal attention to your business needs. Your wholesaler team and Producer Resource Center are just a toll-free call away during business hours.

For assistance from your wholesaler team or for quotes, supplies, sales and administrative needs, call **1-800-275-5101**





Ask your State Life wholesaler team or
Producer Resource Center representative
about product details and state availability.
1-800-275-5101

Note: The product highlighted in this brochure is subject to state availability. Asset Care: L301, SA31, R501, R518 and R519 (or state variation). Key aspects of the joint life Asset-Care have been awarded a patent by the U.S. Patent and Trademark Office.

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 build a secure future by creating, leveraging and protecting 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.

OneAmerica's nationwide network of companies offers a variety of products to serve the financial needs of their policyholders and other clients. These products include retirement plans, products and services; individual life insurance, annuities, long-term care solutions and employee benefits. The goal of OneAmerica is to blend the strengths of each company to achieve greater collective results.

The products of the OneAmerica companies are distributed through a network of employees, agents, brokers and other distribution sources that are committed to maximizing value to our policyholders by helping them plan to meet their financial goals.

We deliver on our promises when customers need us most.



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