Total Living Coverage® CASE STUDY #3

WHY WOULD WEALTHY CLIENTS NEED LONG TERM CARE INSURANCE?

Total Living Coverage universal life insurance with long term care benefits underwritten by Genworth Life Insurance Company Lynchburg, VA

When asked, clients with substantial assets will respond to you that they can afford to self-insure the risk of long term care (LTC). The client with a high net worth should consider a "smarter way to self-insure."

Facts:
Harvey and Joan are both age 62 and in good health. Harvey has accumulated financial assets worth $6,000,000. He recently retired after selling his 30-year-old family business. Harvey and Joan were approached by their financial planner on the subject of purchasing long term care insurance (LTCI). The response from Harvey was that they had a substantial "nest egg of $6,000,000 to cover the problem."

"What did the financial planner do?"
The planner asked Harvey and Joan to consider Total Living Coverage from Genworth Life Insurance Company as an alternative to traditional long term care insurance. The planner asked a second question…."which asset would you use first if you needed to pay for care?" Harvey and Joan did not know how to answer the question since they felt they had substantial net worth to cover unexpected long term care costs.

Contact your company representative for more information about Total Living Coverage!

Finally, Harvey admitted that they would use $400,000 of CDs in the event either he or his wife needed care. Then the planner suggested that $150,000 be set aside and used to purchase a Total Living Coverage policy ($75,000 for Harvey and $75,000 for Joan). The benefits available are $469,170 total long term care over six years for Harvey and $511,533 total long term care for six years for Joan since both are in very good health.

Look at the comparison before and after the purchase of **Total Living Coverage**:

	Self-Insured	Total Living Coverage
Total LTC Benefit	$400,000	$980,703 TLC
		$250,000 remaining CDs
Death Benefit (DB)	$400,000	$326,901 TLC DB
		$250,000 remaining CDs

Example assumes 4% interest crediting rate, compounded annually.

Basically, the $150,000 premium created leverage of over six times the premium amount in total long term care. The sale was completed when the financial planner compared the benefits of TLC to the amount available as "self-insured emergency assets."

Total Living Coverage® universal life insurance with long term care benefits is subject to the terms, issue limitations and conditions of Policy Form No. ULPLTCIPGLI (11/05) et al. and Rider Form Nos. ULRABRIPGLI (11/05) et al., ULREBRIPGLI (11/05) et al., ULRROPIPGLI (11/05) et al. and ULRGMBRIPGLI (11/05) et al. Policy, benefits and riders may not all be available in all states. Terms and conditions may vary by state.

This is a partial product description. To accurately present this product, you must fully understand its features, benefits and limitations, which are covered in more detail in the product's latest feature guide. Only the policy contains the actual terms and conditions of coverage.

The death benefit payable is received by the beneficiary income tax free under the subsection 101(a)(1) of the Internal Revenue Code unless the owner transfers it for value as provided in subsection 101(a)(2). Payments for covered care are not considered taxable income as provided in subsection 104(a)(3) of the Internal Revenue Code.

This policy may be a Modified Endowment Contract (MEC). Partial withdrawals and policy loans taken from a MEC are taxable under federal income tax law to the extent that there is any gain in the policy. An additional tax of 10% of the taxable amount may be payable unless the owner is at least age 59½ or satisfies another exemption from payment of the additional tax.

LTC benefit payments made under the terms of a contract federally tax-qualified under section 7702B(b) are not subject to federal income tax. These benefit payments must be reported to the IRS on form 1099-LTC. Monthly charges for the LTC coverages are considered to be withdrawals and reportable on Form 1099 to the extent that there is any gain in the contract in excess of the owner's income-tax basis.

If this policy is issued in exchange for a contract entered into before June 21, 1988, partial withdrawals are taxable to the extent that there is any gain in the policy above the owner's income-tax basis (usually premiums paid). Policy loans are taxable upon lapse or surrender of the policy to the extent that there is any gain in the policy. The additional tax that could be payable with respect to MECs does not apply.

All guarantees are based on the claims-paying ability of the issuing insurance company.

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