



Long Term Care Rider



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Long Term Care (LTC) Rider Quick Facts

Issue Ages:	18 – 75 years, subject to policy issue age maximums.
Minimum LTC Rider Specified Amount:	\$100,000 (\$112,500 Vermont, \$150,000 South Dakota).
Maximum LTC Rider Specified Amount:	\$1,000,000
LTC Rider Risk Classes:	Preferred Non-Smoker Smoker <i>Note: LTC Rider is not available on base policies rated higher than Table D; LTC Rider and base policy may have different risk classes and ratings.</i>
Base Policy Death Benefit Option Availability:	Available on any death benefit option for the base policy.
Base Policy 7702 Test:	Cash Value Accumulation Test (CVAT) or Guideline Premium Test (GPT)
Benefit Eligibility Triggers:	Inability to perform 2 out of 6 Activities of Daily Living (bathing, continence, dressing, eating, toileting, transferring); or Severe Cognitive Impairment.
Elimination Period:	90 days on which the insured has incurred expenses (needs to be satisfied only once).
Maximum Monthly Rider Benefit:	Lesser of: 2% of the LTC Specified Amount when LTC benefits begin; or the per diem amount allowed by HIPAA times the number of days in the month.
Rider Charges:	Until the policy anniversary at the insured's age 121, rider charges will be calculated monthly and subtracted from the policy value at the beginning of each policy month unless LTC Rider benefits are being paid.
Waiver of LTC Rider Charges:	LTC Rider charges are waived while LTC Rider benefits are being paid. All other policy Monthly Deductions continue.
Rider Availability	The Overloan Protection Rider is not available on policies that include the LTC Rider. No other elective riders are available if LTC is chosen.
Residual Death Benefit (provided by separate endorsement):	A Residual Death Benefit may be payable if the insured dies while on claim or if the Rider Maximum Amount has been paid. No Residual Death Benefit is payable if the insured has recovered and is not on claim.
Loans and Withdrawals:	Not allowed while on claim. Loans and withdrawals will reduce the death benefit and LTC Rider benefit.
LTC Specified Amount:	Equals the base policy Face Amount. No other amount can be elected.
Increase in LTC Specified Amount:	Not allowed after the policy and Rider are issued. However, if the owner changes the death benefit option which results in an increase in the face amount of the policy, the LTC Rider specified amount will also increase such that it is equal to the policy face amount.
LTC Claim Illustratable:	TransWare® software can illustrate hypothetical LTC claim scenarios.

LTC Rider Overview

The LTC Rider is designed to accelerate the death benefit of the base policy to provide policy owners with certain benefits to help offset expenses that arise in connection with long term care for the insured.

The cost of an LTC Rider frequently is less than for similar coverage amounts under a stand-alone long term care policy. And, if the LTC Rider benefits are not needed, a life insurance death benefit is still paid when the insured dies. Therefore, there is financial benefit under the policy whether or not long term care benefits are ever paid.

The LTC Rider Specified Amount is equal to 100% of the base policy face amount, so the full face amount of the policy can be accelerated over the life of the LTC Rider.

There is a Rider charge taken as a Monthly Deduction Rider from the Policy's Value. The LTC Rider monthly deduction rates will not be level in all policy years but rather will vary by the insured's attained age, gender, risk class and face amount band.*

The LTC Rider is intended to be a federally tax-qualified LTC insurance contract under Section 7702B(b) of the Internal Revenue Code (IRC) of 1986, as amended.**

The rider is designed to provide coverage for qualified long term care services as provided under Internal Revenue Code (IRC) Sections 101(g) and 7702B. As such, Rider benefits may be income tax-free when received. Generally, under IRC Section 101(g), accelerated death benefit payments from a qualified LTC contract are not includible in income for tax purposes so long as the payments made from all LTC contracts are not more than the greater of (a) the HIPAA per diem limits for LTC benefits or (b) the actual expenses incurred for qualifying LTC services. Since the maximum income tax-free LTC benefits are based on benefits paid from all sources, it is possible, of course, that any benefit payment from our Rider could create taxable income for the policy owner if LTC benefit payments are received from other sources. Clients should consult with and rely on a tax advisor.

Since accessing LTC Rider benefits reduces the life insurance death benefit and the cash surrender value dollar-for-dollar, it is important that buyers evaluate their estate planning and retirement needs to decide whether they should purchase additional life insurance or a stand-alone LTC policy. There is no guarantee that the LTC Rider will cover all of the costs associated with long term care that the insured incurs during the period of coverage.

*May vary by state.

**Transamerica Life Insurance Company and their representatives do not give tax or legal advice. For questions regarding tax implications, the buyer must consult with his or her own tax advisor.

Availability

The LTC Rider is available on select CVAT and GPT policies with a base face amount of \$1,000,000 or less. Only the primary insured on the policy is covered under the LTC Rider. If the owner and the insured are different individuals, the owner is NOT covered. The LTC Rider is not available in conjunction with any other optional riders or the Overloan Protection Rider.

Underwriting

For detailed underwriting information please download the Long Term Care Rider Underwriting Guide.

The LTC Rider will be fully underwritten for all issue ages and risk classes. Information regarding the insured’s health status and underwriting risk class will be obtained from the base policy application, a supplemental application, the Medical Information Bureau (MIB), telephone interview, a prescription benefit manager report, a cognitive screening test via telephone interview and an on-site face-to-face assessment, as applicable, depending on the issue age of the proposed insured.

Underwriting approval of the rider is separate and distinct from approval of the base policy. All underwriting evidence that is required for the life policy and the LTC Rider will need to be received prior to underwriting making final determinations. The results received for both the policy and the rider will be used in the risk selection process of both the life policy and the LTC Rider.

Underwriting risk classes for the LTC Rider are:

- Preferred
- Non-Smoker
- Smoker

The base policy must be rated Table D or less in order to be eligible for the LTC Rider. The LTC Rider may be rated Tables A – D and may have a different rating than the base policy. Initial underwriting requirements for the LTC Rider are shown in the following chart:

Age	Initial LTC U/W Requirements	At Underwriter’s Discretion
18-44	Medical Information Bureau (MIB), Prescription History (RX)	LTC Phone Interview (PIL) “For Cause”, Medical Records “For Cause”, Face-to-Face Assessment (F2F) “For Cause”
45-59	Medical Information Bureau (MIB), LTC Phone Interview (PIL), Prescription History (RX);	Medical Records “For Cause”, Face-to-Face Assessment (F2F) “For Cause”
60-65	Medical Information Bureau (MIB), LTC Phone Interview with Cognitive Screen (PIC), Prescription History (RX)	Medical Records “For Cause”, Face-to-Face Assessment (F2F) “For Cause”
66-69	Medical Information Bureau (MIB), Medical Records, LTC Phone Interview with Cognitive Screen (PIC), Prescription History (RX)	Face-to-Face Assessment (F2F) “For Cause”
70-75	Face-to-Face Assessment (F2F), Medical Information Bureau (MIB), Medical Records, Prescription History (RX)	Not Applicable

LTC Rider Charges

The monthly rider charge will be determined by multiplying the base Policy's Net Amount at Risk (NAR) by the LTC Rider charge (per \$1,000 of base Policy NAR, but no greater than the LTC Rider Specified Amount). The LTC Rider charge is taken until the policy anniversary at the insured's age 121. The LTC Rider monthly deduction rates will vary by the insured's issue age, duration, gender, risk class and face amount band.

Waiver of LTC Rider Charges

LTC Rider charges will be waived while rider benefits are being paid. Base policy charges will continue to apply. When the insured comes off benefit, rider charges will be assessed beginning with the first monthly date following the cessation of rider benefits. When the sum of LTC Rider benefits paid out equals the LTC Rider Specified Amount or the LTC Rider Maximum Amount, we will no longer assess any LTC Rider monthly deductions under the policy.

Lapse Protection

While LTC Rider benefits are being paid, the policy will not lapse due to the policy's Cash Surrender Value not being sufficient to pay the Monthly Deduction due.

Rider Benefits

Indemnity Benefits

If the insured becomes eligible for benefits under the LTC Rider, the rider benefits will be payable on an "indemnity" basis, meaning that rider benefits are paid without regard to the amount of actual qualifying long term care expenses incurred. Also, benefits are not dependent on the type of care provided, or the setting in which the care is delivered. To receive LTC Rider benefits Transamerica requires proof of loss* during the Elimination Period and benefit period.

LTC Rider Specified Amount

The LTC Rider Specified Amount will be equal to 100% of the base policy face amount.

Minimum LTC Rider Specified Amount:
\$100,000**

Maximum LTC Rider Specified Amount:
\$1,000,000

LTC Rider Specified Amount Reductions

Reductions in the LTC Rider Specified Amount are not allowed independently of reductions in the policy face amount. No increases are allowed to the Base Policy Face Amount or the LTC Rider specified amount.

*Receipts or bills are required.

** \$112,500 in Vermont and \$150,000 in South Dakota

Benefit Eligibility

To be initially eligible for benefits, the following conditions must be satisfied:

- a.** the insured must be certified as a Chronically Ill Individual;
- b.** a Plan of Care acceptable to us and Proof of Loss must be provided;
- c.** the Elimination Period must be satisfied;
- d.** Qualified Long Term Care Services must begin while the rider is in force;
- e.** all charges must be incurred for services rendered or goods provided while this rider is in force;
- f.** all care services must be in accordance with accepted medical and nursing standards of practice and be consistent with the Insured's current Plan of Care; and
- g.** if required, an assessment of the insured's functional and cognitive abilities must be completed at our expense. If an assessment is performed and the licensed health care practitioner cannot certify that the individual is Chronically Ill and is expected to remain so for a period of at least 90 days, then the claim will not be approved.

Chronically Ill

Chronically Ill Individual means an individual who has been certified by a Licensed Health Care Practitioner as:

- 1.** being unable to perform, without substantial assistance from another individual, at least two out of the six Activities of Daily Living (ADLs) – bathing, continence, dressing, eating, toileting, transferring – for an expected period of at least 90 days due to a loss of functional capacity; or
- 2.** requiring substantial supervision to protect the Insured from threats to health and safety due to Severe Cognitive Impairment.

Elimination Period

This rider has an Elimination Period of 90 days.

This means that we will not pay benefits under this rider for any period before the Insured has incurred expenses on each of 90 separate days during which this rider is in effect for Qualified Long Term Care Services that would otherwise be covered under this rider. These days of care or services need not be continuous. Proof of loss must be provided in order to satisfy the Elimination Period.

The 90-day Elimination Period only needs to be satisfied one time for the rider. During the Elimination Period, the insured must qualify for benefits and incur expenses for receipt of covered long term care services. During the length of the Elimination Period, the insured must not be able to perform, without substantial assistance from another individual, at least two out of the six ADLs or be cognitively impaired. They must also receive covered long term care services for which the insured actually incurs expenses for qualifying long term care services, whether those services are provided in a nursing home, assisted living facility, adult day care center, or in the home. Only those days count toward the Elimination Period during which the insured:

- (1)** is certified by a licensed health care practitioner as being chronically ill; and
- (2)** incurs expenses for receipt of covered long term care services

The actual dollar amount of expenses incurred and paid is not material in determining whether an elimination day has been satisfied. Qualifying long term care expenses must be incurred and paid. Evidence of those expenses must be provided to Transamerica to support satisfaction of each day in the Elimination Period.

Maximum Monthly Benefit

The Maximum Monthly LTC Rider Benefit payable for any calendar month will be equal to the lesser of “a” or “b” where:

- a. is 2% of the LTC Rider Specified Amount at commencement of benefits; and
- b. is the monthly amount allowed by HIPAA, which is the per diem amount times the number of days in the calendar month.

A Monthly LTC Rider Benefit amount less than the above maximum may be selected, but the monthly benefit must be at least \$500 (may vary by state). Choosing an amount less than the Maximum Monthly LTC Rider Benefit could extend the period during which benefits may be payable.

Rider Benefit Period

Monthly Rider Benefit payments begin after the end of the Elimination Period and after the claim for rider benefits has been approved by us.

Once rider benefit payments begin, they will continue to be paid each calendar month so long as the insured remains chronically ill and receives qualifying long term care services, the LTC Rider Maximum Amount has not been fully paid out, and the policy owner does not request termination of the claim or the rider.

Rider Maximum Amount

The LTC Rider Maximum Amount is the maximum amount of LTC Rider benefits that we will pay. The Rider Maximum Amount is equal to the LTC Specified Amount minus any outstanding policy loans.

Death Benefit

The total amount of LTC Rider benefits paid reduces the death benefit payable on the death of the insured. If the insured dies while receiving benefits under the LTC Rider or thereafter, we will pay the greater of the death benefit or the Residual Death Benefit.

Although the policy’s death benefit may exceed the face amount of the policy when the policy is in corridor, the LTC Rider Specified Amount does not increase since it is based on the policy’s face amount and not on the death benefit (when that latter amount differs from the face amount).

If the death benefit option at time of claim is not Level, the death benefit option will be changed to Level.

Residual Death Benefit

The Residual Death Benefit is equal to the lesser of:

1. 10% of the lowest face amount of the base policy from inception, less any outstanding policy loans; or
2. \$ 10,000

If the insured dies while receiving benefits under the LTC Rider, or the insured dies after we have paid the Rider Maximum Amount, the Residual Death Benefit will be available if it is higher than the policy’s death benefit.

No Residual Death Benefit is payable if the insured has recovered and is not on claim. If there are any policy loans at the time the Rider Maximum Amount has been reached, the policy owner must pay the interest due on any policy loans as it becomes due, otherwise the policy will terminate.

Base Policy Face Amount

Transactions that reduce the face amount of the policy will result in a dollar-for-dollar reduction in the LTC Rider Specified Amount. When monthly LTC Rider benefits begin, the policy face amount does not get reduced dollar-for-dollar each month by the amount of the LTC Rider benefits paid.

What is Not Covered?

This rider may not cover all the expenses associated with the insured's long term care needs such as confinement or services performed by an immediate family member. Qualified Long Term Care services also do not include care, confinement or services resulting from:

- » alcoholism or drug addiction or chemical dependency (unless as a result of medication used as prescribed by a physician)
- » attempted suicide or intentionally self-inflicted injury
- » participation in a felony, riot or insurrection

In addition, qualified Long Term Care services do not include care, confinement or services:

- » received outside the 50 United States and the District of Columbia, or Canada
- » provided in a government facility (unless otherwise required by law) or under any governmental programs except Medicaid
- » paid or payable under Medicare or under any state or federal workers' compensation, employer's liability or occupational disease law, or any motor vehicle no fault law, for which no charge is normally made in the absence of insurance

Effect of Reaching the Rider Maximum Amount

After the rider maximum amount has been paid:

- a. We will not charge any further monthly charges for this rider.
- b. Interest will continue to be credited to the Policy Value if it is not less than zero.
- c. Any negative Policy Value will be reset to zero.
- d. Policy owner must pay interest on any policy Loans as it becomes due or the policy may terminate.

Policy Value

Since payment of monthly rider benefits is an acceleration of the base policy's death benefit, the sum of the LTC Rider benefit payments is a lien on the death benefit and the Cash Surrender Value. However, there is no effect on the Policy Value. While rider benefits are being paid, even though rider charges are waived, all other policy Monthly Deductions continue to be assessed even if the Policy Value becomes negative.

Cash Surrender Value

When surrendering the policy, the Cash Surrender Value is reduced by the total amount of LTC Rider benefits paid. Further, the amount available for any future policy loans or withdrawals will be limited to the excess of the Surrender Value over the sum of rider benefits paid.

Loans and Withdrawals

Loans and withdrawals will not be permitted while LTC Rider benefits are being paid.

Policy Loans

If there are any outstanding policy loans at the time rider benefits are being paid, and loan interest due is not paid in cash, we will allow the outstanding loan to capitalize until the amount of any outstanding loan plus the LTC Rider benefits paid equals the LTC Rider Specified Amount, i.e. the Rider Maximum Amount is reached.

Illustrating the LTC Rider Benefit

The illustration software, TransWare, allows for a hypothetical LTC benefit scenario to be illustrated when the HIPAA per diem estimated growth rate and the insured's age at which to begin receiving LTC monthly benefits are specified. The Hypothetical Long Term Care Benefit Scenario will appear in a supplemental illustration. The QuickView page will reflect the initial annualized cost of the LTC Rider. When the LTC Rider is selected, the base policy illustration will display the initial underwriting requirements for the LTC Rider alongside the underwriting requirements for the base policy. An Outline of Coverage will also be generated with the illustration output. The Outline of Coverage is a required document that must be presented to the applicant at the time of solicitation. The LTC Rider option appears on the "Policy Riders" section of TransWare. On this screen the notice reminds the user that the producer must be appropriately licensed to sell LTC insurance. The default risk class for the LTC Rider will be the risk class most similar to the base policy risk class. An LTC Rider risk class different from the default risk class may be selected by the user.

To illustrate the Hypothetical Long Term Care Benefit Scenario, the user can indicate:

- » The "HIPAA Per Diem Growth Rate," which is a pull-down menu that allows the user to specify an inflation rate that would affect the HIPAA per diem amount.

- » The “Projected LTC Benefit Starting Age,” which is a pull-down menu that allows the user to specify the age at which LTC benefit may be received.
- » The “Desired Daily LTC Benefit,” which allows the user to specify a daily benefit amount that is less than the maximum. Even though the benefit will be paid monthly, it may be important for a client to quantify his or her needs based on a daily benefit. The default radio button for this field is the maximum daily benefit. Loans, withdrawals, and policy changes are not illustratable on the supplemental LTC illustration for durations beginning after the “Projected LTC Benefit Starting Age.”

Producer Requirements

Licensing

Licensing and continuing education requirements for the LTC Rider will vary by jurisdiction. The producer must have Accident and Health (A&H) Authority on their state insurance license before soliciting and selling the LTC Rider. Many states also have continuing education requirements to obtain authority to sell the LTC Rider. In addition, some states require that producers be certified to sell both Partnership and Non-Partnership LTC policies. The LTC Rider does not qualify under the Partnership program. However, in order to sell the policy with the LTC Rider in states that have a Partnership program in place, the required training must be completed, if applicable. For more information on how to get licensed, please contact Transamerica at 1-800-256-7971 option 1.

Contracting

An Amendment to Agreement(s)(4112 AGO1234-U 9-23-13) to cover the sale of the LTC Rider is required to be signed and received by the Company prior to the solicitation of new business. If the signed Amendment to Agreement(s) is not received within 10 days of the application submission, the application will be returned. The signature date of the Amendment to the Agreement must precede the date of the new business application. The signed agreement must be sent to the following email address or fax: ascl@transamerica.com or 1-888-837-2820. For producers who do not have an agreement with Transamerica Life Insurance Company, a Producer’s Conditional Agreement (LPCAH4112 L&P PCA HIPAA 3-20-14) must be signed and provided.

Point of Solicitation Requirements

Because sales of the LTC Rider are governed by Long Term Care Regulations, the following requirements are necessary for solicitation in addition to those required for the base policy:

- » Outline of Coverage
- » Notice of Availability of Senior Insurance Counseling Program
- » Medicare Supplement Buyers Guide
- » HIPAA Notice of Health Information Privacy Practices

Note: Some states require additional materials at time of solicitation.

Free Look Period and Delivery Receipt

The LTC Rider has a 30-day free look period and the 30 days will begin on the date the policy with LTC Rider is received by the owner. We will require a delivery receipt upon delivery of a policy. If the rider is not taken but the policy is accepted, the policy will need to be reissued with revised policy data pages and without the LTC Rider.

Protection against Unintentional Lapse – Third Party Designation & Grace Period

The LTC Rider cannot lapse or terminate unless a notice of termination for nonpayment of premium has been provided to the policy owner and any third party designee at least 30 days before the effective date of the lapse or termination. The notice will not be provided until a period of 30 days after a premium is due and unpaid.

Before the policy is delivered, the policy owner must be given the opportunity to designate, in writing, at least one other person who may receive Grace Period notices and a policy lapse notice. The third party’s full name and address must be provided. If the owner chooses not to designate a third party to receive any grace period or policy lapse notice, it must be specified in writing. The Supplemental Application for Long Term Rider includes a section for the owner to either designate such third party or elect not to designate anyone.

The Grace Period for this rider is 65 days. If any amount due is not paid within 30 days from the date that it was due, we will send a notice to the policy owner, the Insured and the person or persons designated by the policy owner to receive such notice at the addresses provided to us. A notice will be given by first class United States mail, postage prepaid. An additional 35 days will be provided to pay the amounts due after we have mailed the notice. During the Grace Period this rider will stay in effect. The person or persons named are not responsible for paying the premium. The policy owner may change the person or persons named at any time while this rider is in effect. Please note that the new address must be provided if any of the addresses change.

Information regarding any changes should be sent in writing to our Administrative Office. We will provide a reminder of the right to change the person or persons named at least every two* years.

Reinstatements

If the policy lapses and is reinstated, the LTC Rider may be reinstated with evidence of insurability specific to the LTC coverage. At time of reinstatement, the supplemental application will need to be submitted. The "reinstatement" box in the supplemental application will need to be checked.

However, if the rider lapses while the insured is chronically ill, we will reinstate the rider along with the policy, subject to all the conditions for reinstatement described in the policy and any endorsements to the policy, except that evidence of insurability will not be required if:

- » We receive a written request for reinstatement within 180 days after the date of lapse; and
- » In lieu of evidence of the insured's insurability, we receive a Licensed Health Care Practitioner's written certification that the insured was diagnosed, using generally accepted medical diagnostic methods and tests, as being a Chronically Ill Individual at the time the rider lapsed.

If the policy and LTC Rider are being reinstated under this provision, the supplemental application will not need to be submitted. Any claim incurred during the 180-day period will be considered for benefits subject to all other Rider provisions.

LTC Replacement

If a life insurance policy that includes a LTC Rider is being replaced by a Transamerica life insurance policy and the LTC Rider, then both life insurance as well as long term care replacement requirements must be satisfied.

Tax Considerations

The LTC Rider is intended to provide a federally tax-qualified long term care insurance coverage under Section 101(g) and Section 7702B(b):

- » LTC benefits are intended to be excludable from Federal Gross Income**
- » Even if the policy is a Modified Endowment Contract (MEC), the intent is for the LTC benefit to continue to be excludable from income taxes

*May vary by state.

**Subject to the terms of Section 101(g)(5)

Important Information

This brochure is not intended to be a full description of the Long Term Care Rider.

Rider benefits may be income tax free when received. Since the maximum income tax free LTC Rider benefits are based on benefits paid from all sources, benefit payments from the rider could be taxable if LTC Rider benefit payments are received from other sources.

This rider should not be the sole basis to purchase any life insurance policy.

Please see the rider for complete details regarding exclusions and limitations.

Transamerica and their representatives do not give tax or legal advice. This material and the concepts presented here are for informational purposes only and should not be construed as tax or legal advice.

To comply with IRS Regulations, we are informing you of the following: Any discussion or advice regarding tax issues contained in this document was not intended or written to be used, and cannot be used, to avoid taxpayer penalties. Such discussion or advice was written to support the promotion or marketing of the transaction(s) or matter(s) contained in this document. Anyone reading this document or contemplating a transaction discussed in this material should seek advice based on the client's particular circumstances from an independent tax advisor.

The Long Term Care Rider is available on the TransNavigator® index universal life insurance policy. Life insurance products issued by Transamerica Life Insurance Company, Cedar Rapids, IA. May not be available in all jurisdictions.

Rider Forms LTCR03 and ICC12 LTCR03 are underwritten by Transamerica Life Insurance Company. Rider form numbers, availability, provisions and benefits may vary by state.

