Genworth® Financial

Total Living Coverage℠ Annuity
SALES AND FEATURES GUIDE

**SINGLE PREMIUM DEFERRED ANNUITY
WITH LONG TERM CARE BENEFITS**

Underwritten by
Genworth Life Insurance Company
Lynchburg, VA

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Total Living Coverage Annuity

Total Living Coverage Annuity (TLCA), a linked benefit product from Genworth Life, is a fast, easy way to pair the safety and tax-deferred growth of a single premium deferred annuity (SPDA) with long term care (LTC) coverage. With a few simple choices, your client can leverage assets to create a larger pool of benefit dollars available for comprehensive long term care should the need arise.

Who Buys TLCA?

TLCA should be considered for consumers who:

- Want to stretch their dollar to provide for LTC – just in case.
- Have savings in non-qualified annuities, certificates of deposit or lower-risk mutual funds.
- Prefer insurance products with relatively safe investment features, but don't want additional life insurance.
- Want financial independence in retirement, but are not as concerned with tax-efficient asset transfer to heirs.

Profile

- Age 55-75, retired or close to retirement.
- Generally optimistic about the future.
- Doesn't think long term care services will be needed for them personally.
- Recognizes that LTC should be included in financial and retirement planning because the risk of needing long term care is great and the cost is too high to ignore.
- Understands that Medicare and Medicaid are not suitable options for long term care.

Assets

- Suggested investment assets ≥ $300,000, not including the home and qualified plan assets (Must have $250,000 in South Dakota).
- Currently self-insuring the risk of long term care.
- May currently have emergency funds in an annuity, CDs, mutual funds and savings.
- Considers leveraging assets for potential long term care needs an attractive alternative.
- Wants to cover the potential need for LTC benefits.
- Wants assets to be protected and able to grow tax deferred.

How Does TLCA Work?

An SPDA policy with a long term care rider and a range of allowed benefit combinations, TLCA is a powerful tool your clients can use to leverage assets and help protect against the risk of future long term care expenses. The following sections describe how TLCA and the choices your client makes work together for optimal coverage.

Product Basics

- **Leverage Value:** The single premium that funds the annuity is leveraged to provide even more long term care (LTC) coverage. LTC coverage can be 2x or 3x the single premium amount. Optional inflation protection is also available.
- **Mechanics:** The annuity value grows with interest. Monthly charges for LTC, reduced by any couples discount, are deducted. LTC coverage is guaranteed even if the annuity value has been used up by LTC claims – as long as the LTC coverage maximum has not been depleted.

TLCA Core Components

- **SPDA Policy**
  – The single premium provides an annuity value that helps fund long term care benefits.
- **Long Term Care Rider (LTCR)**
  – Draws down the annuity value to pay rider charges and covered long term care expenses.
  – The **LTCR Coverage Maximum**, or leverage factor, increases the single premium payment by 2x or 3x … this is how much is initially available for covered long term care expenses.
  – The **LTCR Period** can be four or six years and is used to determine the LTCR monthly maximum.
  – The **LTCR Monthly Maximum** is the amount available on a monthly basis for covered long term care expenses.
  – Allows benefits to continue to be paid until the LTCR Coverage Maximum is reached.
  – Long term care coverage cannot begin until after two years from the policy effective date (deferral period) and the subsequent 90-day elimination period.
  – Long term care charges begin on the policy effective date.
- **Optional Inflation Protection Benefit (IPB)**
  – Increases the LTCR monthly maximum and the LTCR coverage maximum by either 3% or 5% per year (compound).
  – Inflation protection reduces initial leverage factor to 1.5x or 2x.
- **No-lapse guarantee**
  – Policy will not lapse even if the annuity value isn't sufficient to cover long term care charges.
  – Long term care coverage continues until both the annuity value and the LTCR coverage maximum are depleted unless the client surrenders the policy or chooses an income benefit.

ALLOWED COMBINATIONS OF LEVERAGE AND LTCR PERIOD

Without IPB	With IPB
2x and 48 months (4 years)	1.5x and 48 months
3x and 72 months (6 years)	2x and 72 months
2x and 72 months (6 years)	1.5x and 72 months

Easy Choices for the Client

- **How much leverage is needed?**
  – 2x the single premium
  – 3x the single premium
- **How long should benefits last?**
  – 4 years (with 2x leverage factor)
  – 6 years (with 2x or 3x leverage factor)

Note: If the long term care expenses actually incurred each month are less than the LTCR monthly maximum, benefits may last for a longer period of time

- **What about inflation protection?**
  – 3% compound
  – 5% compound

Note: Inflation protection reduces initial leverage factor to 1.5x or 2x but LTCR values increase each year by the chosen percentage

Total Living Coverage Annuity (cont.)

ALLOWED BENEFIT COMBINATIONS WITHOUT IPB

LTCR Period (Minimum Payout Period*)	LTCR Leverage (Multiple of Premium)	Single Premium Range Without Inflation	Initial LTCR Coverage Maximum Range
4 Years (48 Months)	2x	$36,000 - $288,000	$72,000 - $576,000
6 Years (72 Months)	3x	$36,000 - $288,000	$108,000 - $864,000
6 Years (72 Months)	2x	$54,000 - $432,000	$108,000 - $864,000

ALLOWED BENEFIT COMBINATIONS WITH IPB

LTCR Period*	LTCR Leverage (Multiple of Premium)	Single Premium Range With Inflation	Initial LTCR Coverage Maximum Range
4 Years (48 Months)	1.5x	$48,000 - $384,000	$72,000 - $576,000
6 Years (72 Months)	2x	$54,000 - $432,000	$108,000 - $864,000
6 Years (72 Months)	1.5x	$72,000 - $576,000	$108,000 - $864,000

**Period extends if full LTCR monthly maximum is not utilized.*
Monthly reimbursement model designed to provide LTCR monthly maximum benefit in range of $1,500 to $12,000.
Not all benefit combinations may be available for all ages.

HERE'S AN EXAMPLE

Joe is in his late fifties, married, quite healthy and looking forward to an active retirement. A casual investor without much time for complicated financial strategies, Joe has set aside $150,000 for potential long term care expenses.

Joe learns about Total Living Coverage Annuity. Recognizing the opportunity to establish a safety net for long term care, he decides to purchase TLCA as the owner/annuitant. If he chooses a 3x leverage factor, a 6-year period and no inflation, Joe can leverage $100,000 of his $150,000 to a long term care coverage maximum of $300,000 with a $4,166 monthly maximum for covered expenses, and use the remaining $50,000 as he chooses.

After filling out an application and completing a phone interview, Joe qualifies for a 10% LTC couples discount and his agent is notified that he is approved for a TLCA policy within one business day. He has gained all of the advantages of an annuity – and the amount he has available for long term care expenses is now far greater.

TLCA SUMMARY

Single Premium	**$100,000**
Leverage Factor	**3x**
Long Term Care Period	**6 years**
Initial LTCR Coverage Maximum *(Single Premium x Leverage Factor)*	**$300,000**
LTCR Monthly Maximum *(LTCR Coverage Maximum/ No. of months in Period)*	**$4,166**

Let's say Joe needs long term care in 15 years. He has already satisfied the two-year deferral period and subsequent 90-day elimination period and is eligible to begin drawing down the value of his annuity to pay long term care expenses. What impact would a claim totaling $4,000 have on his policy, assuming he has taken no withdrawals?

PAYMENT OF THE LTCR BENEFIT	BEFORE	AFTER
Annuity Value	**$150,000**	**$146,000**
Leverage Factor	**3x**	**3x**
LTCR Coverage Maximum	**$300,000**	**$296,000**
LTCR Monthly Maximum	**$4,166**	**$4,166**

If Joe dies without needing long term care, the annuity value is passed on as a death benefit. If Joe dies after having incurred long term care expenses, any remaining annuity value goes to his beneficiaries.

Leveraging a single premium of $100,000 allowed Joe to significantly increase the amount available for covered LTC expenses, have access to comprehensive long term care services when needed and benefit from the tax-deferred growth of an annuity.

TLCA FEATURES

Couples Discounts

Long term care couples discounts apply to the monthly charges for long term care coverage. One person who applies for TLCA may receive a 10% discount. If two people apply together for TLCA policies, a 20% discount may be available. The 20% discount could also be available to one person if the other is already covered by an individual LTC, Total Living Coverage[SM] (TLC) or TLCA policy previously issued by us. Discounts are applicable only if the proposed annuitant(s) pass(es) the phone interview.

Waiver of Monthly Charges

We waive monthly LTCR charges beginning with the first month after the first claim payment is made for home care, facility care or bed reservation benefit. Charges resume when the annuitant recovers.

Policy Effective Date

The policy effective date is defined as the date when the single premium has been received and all underwriting and delivery requirements have been met.

Issue Ages

18-79 age nearest birthday. Backdating the policy effective date is not permitted.

Maturity Age

Attained age 95 unless extended (maturity cannot be extended beyond life expectancy)

If the policyowner elects not to annuitize, interest continues to be credited to the annuity value, long term care charges continue to be deducted from the annuity value and long term care coverage can remain available. If income payments begin at any time, the LTC rider terminates and LTCR charges cease.

Interest Rate

Interest is credited from the policy effective date and is guaranteed never to be less than 3.0%. Initial and renewal interest rates will be guaranteed for at least one year.

Long Term Care Rider Charges

LTCR charges are deducted from the annuity policy value each month beginning on the policy effective date.

Surrender Charges

There are no surrender charges on withdrawals due to covered care or to LTCR charges. For other withdrawals or cash surrender, there is a 10% annual free withdrawal, which means that up to 10% of the prior anniversary's annuity value (or single premium in the first policy year) can be withdrawn without a surrender charge. The minimum withdrawal amount is $500 and at least $25,000 must remain after the withdrawal.

Surrender charges, at the following rates, apply to withdrawals and surrender amounts in excess of the free withdrawal amount.

Policy Year	1	2	3	4	5	6	7	8+
Surrender Charge	7%	7%	7%	6%	5%	4%	3%	0%

Note that, since the LTCR coverage and monthly maximums are reduced in the same proportion as the withdrawal to the annuity value immediately before the withdrawal, reductions may be significantly larger than the amount of the withdrawal. The annuity value is reduced by the amount of the withdrawal.

The only way to get tax-deferred gain out of an annuity policy tax free is via the purchase and use of a long term care rider.

Liquidity

- **Withdrawals**
  - Withdrawals reduce LTC benefits in the same proportion as the withdrawal to the annuity value.
  - These reductions may be significantly larger than the amount of the withdrawal.
- **Annuitization (income payments begin)**
  - Allowed at any time starting 13 months after the policy effective date, but causes LTC benefits to terminate.
- **Transfers**
  - The LTCR terminates when the owner's interest transfers except due to divorce or legal separation.

Death Benefit

Any death benefit is equal to the annuity policy value and will not be less than the single premium less LTC claims and other withdrawals paid prior to death.

When the owner dies, a death benefit is payable. And since long term care coverage ends once a death benefit choice is made by any beneficiary, it is advisable for the owner to be the actual annuitant.

If the owner is not an individual, the death of the annuitant is treated as if it were the death of the owner, and a death benefit is payable.

Tax Information

The death benefit is included in the gross income of the beneficiary to the extent that the death benefit exceeds the income-tax basis of the policy and is taxed accordingly.

For Federal income-tax years beginning before 1/1/2010, long term care benefit payments and monthly charges for long term care insurance are taxable to the extent the annuity value exceeds the income-tax basis of the policy, at which point they reduce income-tax basis. Under certain circumstances, a medical expense income-tax deduction may be available. If under the age of 59½, when the benefit payments are made and/or the monthly charges are deducted, the policyowner may be subject to an additional tax of 10% of the amount included in gross income unless an available exception applies.

As a result of the Pension Protection Act of 2006, long term care benefit payments are not taxable after 12/31/2009. Monthly charges for long term care insurance are not included in the gross income of the policyowner, but they reduce income-tax basis (not below zero). No medical expense income-tax deduction is available.

Except for withdrawals to pay LTCR charges and benefits, any amount received by the policyowner is taxable to the extent the annuity value exceeds the income-tax basis of the annuity policy. The additional 10% tax may also apply.

LONG TERM CARE BENEFITS

Policyowner may direct the benefit payments to the service provider.

Benefit Triggers

The policyowner must choose to file a claim in which a doctor, nurse or licensed social worker certifies that the annuitant is unable to perform or needs substantial assistance with at least two of the six activities of daily living for an expected period of 90 days or has a severe cognitive impairment. The six activities of daily living are bathing, dressing, continence, eating, transferring and toileting. A severe cognitive impairment means the annuitant suffers a significant, measurable loss or deterioration in intellectual capacity due to Alzheimer's disease, senile dementia or a similar condition.

Once claims are payable, TLCA can pay benefits directly to service providers if requested by the policyowner. Benefits will be paid monthly up to the LTCR monthly maximum and can continue until the lifetime maximum is exhausted.

Deferral Period for Long Term Care Expenses

Long term care expenses are not covered and the elimination period cannot be satisfied during the first two years from the policy effective date. However, long term care charges are deducted from the annuity value each month, starting at the policy effective date.

Covered Long Term Care Expenses

Privileged Care® Coordination services assess needs, help develop a plan of care, assist with initial claims paperwork, locate providers and schedule services, all at no cost to the annuitant.

TLCA pays long term care benefits for these expenses:

- Home care – Covers long term care services received in the home, including the cost of nurses and therapists; home health aides; and personal care, homemaker and chore services.
- Hospice care
- Adult day care services
- Nursing homes
- Assisted living facilities
- Bed reservation – If the annuitant temporarily leaves the nursing home or assisted living facility to visit family or enter the hospital, the bed will be reserved for up to 60 days per year.
- Caregiver training – Pays to train an unpaid friend or relative to provide care. The maximum benefit is 20% of the LTCR monthly maximum over the life of the policy.
- Respite care – Pays the cost of the annuitant to stay in a facility temporarily while the primary, unpaid caregiver can take a break. The maximum benefit is 30 days per policy year.
- Supportive equipment – Pays the cost of home modifications such as ramps and grab bars. The maximum benefit is twice the LTCR monthly maximum over the life of the policy.
- Alternative care – Pays for other services not specified in the policy, if agreed upon by the annuitant, doctor, owner and the company.
- Monthly LTCR charges will be waived while home, respite and facility care and bed reservation benefits are being paid.
- International coverage – Reimburses the policyowner up to 75% of the monthly maximum and for up to four years for nursing home care received outside the United States. Home care benefits, assisted living facilities and Privileged Care Coordination services are not available outside the United States.

State variations apply.

Long Term Care Expenses Not Covered

TLCA does not cover Medicare deductibles and coinsurance expenses. TLCA reimburses only for covered expenses that exceed what Medicare or other government health care programs or laws pay, except for Medicaid.

Generally, benefits are not paid for services:

- provided by family members. An exception is made if the family member is a regular employee of the organization providing the service, the organization receives payment for the service and the family member receives compensation normally provided to employees in that job.
- provided without charge whether by a provider, Veteran's Administration or other government facility.
- provided outside the United States, its territories and possessions, except as noted in "International Coverage."
- resulting from alcoholism, drug or narcotic addiction, unless they occur as a result of administration under the written instruction of a doctor.
- resulting from war or any act of war, intentionally self-inflicted injury or attempted suicide.

State variations apply.

WRITING TLCA BUSINESS

Underwriting Overview

For all ages

- Part 2 of the application is a medical questionnaire completed with a phone interview.
- Contains yes/no questions.
- If proposed annuitant has been previously declined for any long term care insurance including Total Living Coverage[SM] or TLCA, he or she is not eligible for TLCA.
- If the applicant's height/weight is outside limits, the case is declined.
- Applicant must validate with a voice signature.

Additional requirements for ages 65+

- Phone interview includes cognitive test.
- A face-to-face cognitive exam for inconclusive cases.

Pre-Qualifying Questions

In addition to determining whether TLCA is appropriate for your client's needs, the following 10 questions will help you determine whether or not your client may be eligible for TLCA from an underwriting perspective. If your client answers yes to any of the questions, he or she is not a candidate for TLCA.

These questions represent the more common impairments, and are not all-inclusive. If you have questions regarding your client's medical history, we encourage you to contact the underwriting department at 866 446.9852 prior to submitting the application.

1. Has your client ever been diagnosed as having Alzheimer's disease or dementia, Parkinson's disease or multiple sclerosis?
2. Has your client ever been diagnosed as having a stroke or had a transient ischemic attack (TIA) within the last five years?
3. Does your client take insulin for diabetes?
4. Does your client require any assistance with activities of daily living or use any mechanical devices, such as a walker, wheelchair, quad cane or oxygen?
5. In the last 12 months has your client had congestive heart failure, a heart attack or any heart or carotid artery surgery?
6. Has your client been treated or diagnosed for cancer of the bone, brain, lung, ovary, pancreas, stomach, liver, esophagus or any metastatic cancer in the past five years, or any other cancer, except basal cell cancer of the skin, in the last three years?
7. Has your client had any surgery in the last six months that required an overnight stay in the hospital?
8. In the last six months, has your client been hospitalized for any reason for more than one consecutive day?
9. Does your client have diabetes in combination with heart disease, circulatory/ vascular disease or kidney disease?
10. In the last three years, has your client been declined for long term care coverage or a long term care rider?

Note: If your client has suffered a minor injury or illness recently that required an overnight stay at a hospital (e.g., overnight observation for a broken bone or concussion), consider waiting six months before submitting the application.

Licensing Requirements

In addition to the standard contracting paperwork, you must meet the following requirements to sell TLCA:

- You must hold a Life and Health appointment as well as any other state-specific appointments that may apply.
- You must meet the long term care-specific and annuity-specific training requirements in applicable states.
- You must complete any long term care state-specific documentation.

Sales Tips

Here are a few tips for expediting the sales process:

- Complete the pre-qualification questionnaire to ensure the client is an appropriate candidate for a TLCA policy.
- All applicable fields in the application packet must be completed. The application packet includes Part 1 and any state-specific forms. If you have questions about any part of the application, please do not hesitate to call your dedicated sales support contact.
- Help your client understand the phone interview process and the importance of availability.
- Send premium in with the application whenever possible.
- Be aware of appropriate sources of funds, which can include savings, CDs, money markets, cash equivalents or underperforming assets.

Sales Support

Our dedicated team of external and internal wholesalers can provide expert advice about TLCA. We also have a full suite of marketing materials available to help with your sales campaigns.

TLCA ADVANTAGES

- Fast, easy process – once the phone interview is complete, we reach an underwriting decision within one business day *(may be longer for unusual cases requiring additional information).*
- The client can triple a single premium amount in benefit coverage.
- Series of yes/no questions screen applicants quickly.
- Simplified underwriting.
- Couples discounts on LTC charges.
- Optional inflation protection.
- Waiver of monthly charges for nursing home, home care and bed reservation.
- Comprehensive LTC coverage available *(after the two-year deferral period and subsequent 90-day elimination period).*
- Privileged Care® Coordination services available immediately *(no deferral).*
- No-lapse guarantee.
- After December 31, 2009, allows a consumer to get the tax-deferred gain out of their annuity tax-free should LTC be needed.
- International coverage *(with certain restrictions).*

CONTACT YOUR COMPANY REPRESENTATIVE FOR MORE INFORMATION

Total Living Coverage Annuity single premium deferred annuity with long term care benefits is subject to Policy Form No. SPDAPLTC 806 et al. and Rider Form No. SPDARLTC 806 et al. Product may not be available in all states. Terms and conditions may vary by state.

Covered long term care expenses may be paid for a longer or shorter period than the LTCR period. Expenses may be paid for a longer period if the actual expenses paid are less than the LTCR monthly maximum. Expenses may be paid for a shorter period because some services, such as supportive equipment, caregiver training and bed reservation do not count toward the LTCR monthly maximum.

The company has provided this information to help producers understand the ideas discussed. Any examples are hypothetical and are used only to help producers understand the concepts of the policy. What the company says about legal or tax matters is its understanding of current law, but the company is not offering legal or tax advice. Tax laws and IRS administrative positions may change. This material is not intended to be used by any taxpayer to avoid any IRS penalty. Your clients should consult independent tax and legal professionals for advice based on their particular circumstances.

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

Insurance and annuity products:
- **Are not** deposits.
- **May** decrease in value.
- **Are not** insured by the FDIC or any other federal government agency.
- **Are not** guaranteed by any bank or its affiliates.

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