

Long Term Care Rider – Frequently Asked Questions

Transamerica Financial Foundation IUL®*

Overview

Q: WHAT IS LONG TERM CARE (LTC)?

A: Long term care is the type of ongoing assistance and/or supervision people need when they are unable to perform normal daily activities on their own, such as bathing, dressing, eating, toileting, or getting in and out of bed; or they are severely cognitively impaired. The need for long term care can arise from an accident or illness as well as the normal aging process.

Q: DOESN'T HEALTH INSURANCE OR MEDICARE HELP COVER THE COST OF LONG TERM CARE?

A: Health insurance or Medicare can help pay for the cost of immediate medical expenses, such as a surgeon's bill, or even some short-term rehabilitative care associated with a surgery or accident. However, in most cases, long term care costs are not covered under a health insurance plan or Medicare.

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The Long Term Care (LTC) Rider

The Long Term Care Rider (named Comprehensive Long Term Care Insurance Rider in California), or LTC Rider, on the Transamerica Financial Foundation IUL (FFIUL) is designed to provide clients with a safeguard against the financial responsibility of long term care. The LTC Rider coverage can give clients the ability to:

- > Maintain their family's standard of living
- > Preserve their spouse's financial security and independence
- > Manage long term care costs
- > Choose how and where to receive care

Q: HOW DOES THE LTC RIDER WORK?

A: The LTC Rider provides an acceleration of the death benefit to help pay for costs involved with long term care. Excess accelerated benefit payments not needed for long term care may be used for any expense, not just those directly related to LTC costs. The payments under the rider may not cover all the costs incurred with long term care.

Q: WHAT TYPE OF LTC RIDER PLAN DOES TRANSAMERICA OFFER?

A: The benefits of the LTC Rider on a Transamerica policy are payable on an indemnity basis rather than a reimbursement basis. This means that LTC benefits will be paid by Transamerica without regard to the actual dollar amount of LTC expenses incurred. We will, however, require evidence of receipt of qualified LTC services during the elimination period** and each month during the benefit period.

* Named TFLIC Financial Foundation IUL in the state of New York.

** Named Eligibility Period in New York

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Long Term Care (LTC) Rider *(continued)*

Q: DO I HAVE TO ADD THE LTC RIDER TO EVERY POLICY?

A: No, the LTC Rider is optional. The FFIUL can be sold with or without any of our additional riders.

Q: CAN THE LTC RIDER BE ADDED TO AN FFIUL POLICY AFTER IT HAS BEEN ISSUED?

A: The Rider may only be added at issue for states in which the Rider is currently approved.

Q: CAN OTHER RIDERS BE ATTACHED TO A FFIUL WITH LONG TERM CARE RIDER?

A: Yes. The LTC Rider is available on the same policy with the Base Insured Rider, Terminal Illness Rider, Critical Illness Rider as well as the Income Protection Option and Overloan Protection Rider. For additional details please see the LTC Rider Agent Guide.

Q: WILL LTC RIDER CHARGES INCREASE IN THE FUTURE?

A: Yes. Rider charges generally increase as you get older but are guaranteed not to exceed the table of maximum rates shown in the contract.

Q: WHAT IS THE MAXIMUM FACE AMOUNT ON A FFIUL POLICY WITH THE LTC RIDER?

A: The maximum Face Amount on a FFIUL policy with the LTC Rider is \$2 million at issue. A separate FFIUL policy must be submitted if the policy owner requires a death benefit greater than \$2M. The separate policy will not have the LTC Rider.

Q: CAN THE FACE AMOUNT ON A FFIUL POLICY BE DIFFERENT THAN THE LTC SPECIFIED AMOUNT (EXAMPLE: \$500,000 FFIUL POLICY WITH A \$250,000 LTC RIDER)?

A: No. The LTC Specified Amount always equals the base FFIUL policy Face Amount.

Q: WHAT IS COVERED AND WHERE CAN LONG TERM CARE BE RECEIVED?

A: The monthly benefit payments will help take care of qualifying costs, including costs associated with:

- > Long Term Care Facility Confinement
- > Home Health Care Services
- > Home Care Services
- > Adult Day Care in an Adult Day Care Center
- > Hospice Care by a Hospice Care Provider
- > Respite Care

Benefits Eligibility

Q: HOW DOES AN INSURED BECOME ELIGIBLE TO RECEIVE LTC BENEFITS?

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

- a. the insured must be certified as a Chronically Ill Individual;
- b. there must be a Plan of Care for the insured;
- c. proof of loss must be documented; and
- d. the Elimination Period* must be satisfied.

* New York Only - Named Eligibility Period and must be satisfied within a period of 180 days.

Benefits Eligibility *(continued)*

Q: HOW IS AN INDIVIDUAL CERTIFIED AS CHRONICALLY ILL?

- A:** An individual is certified as Chronically Ill by a Licensed Health Care Practitioner when the individual:
- a.** is 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
 - b.** has a severe cognitive impairment that requires substantial supervision to protect the individual from threats to health and safety.

Q: IS THERE A WAITING PERIOD BEFORE THE POLICY OWNER MAY BE ELIGIBLE TO RECEIVE BENEFIT PAYOUTS UNDER THE LTC RIDER?

- A:** Yes, a waiting period (Elimination Period*) of 90 separate days must be satisfied. This is the number of days during which the insured otherwise qualifies as a Chronically Ill individual, receives qualifying long term care services, and has incurred expenses for those services. Benefits are not payable during the Elimination Period. The Elimination Period need only be satisfied once.

Long Term Care Benefits

Q: WHAT IS THE MAXIMUM MONTHLY BENEFIT AMOUNT?

- A:** The maximum monthly long term care benefit payout for any calendar month will be equal to the lesser of “a” or “b” where:
- a.** 2% of the Long Term Care Specified Amount, at commencement of benefits; or
 - b.** the HIPAA per diem amount times the number of days in the calendar month.

Q: WHAT IS THE CURRENT HIPAA PER DIEM AMOUNT?

- A:** The 2017 HIPAA per diem amount is \$360 (i.e., approximately \$10,800 per month).

Q: CAN AN INSURED TAKE LESS THAN THE MAXIMUM MONTHLY BENEFIT?

- A:** Yes. If the insured does not require the entire maximum monthly benefit amount, the policy owner can elect to take an amount between the maximum allowable benefit and the minimum monthly benefit of \$500.

Agent Licensing and Contracting

Q: DO I NEED A HEALTH LICENSE AND LONG TERM CARE CE TRAINING IN ORDER TO SELL THE LTC RIDER?

- A:** Yes. Most states require a health license and CE training to sell the LTC Rider.

Q: DO I HAVE TO HAVE A HEALTH LICENSE IF I AM NOT SELLING THE LTC RIDER?

- A:** No, if you are only selling the FFIUL you only need a life license from the state where the sale is made.

Illustrations

Q: HOW DO I SELECT AND ILLUSTRATE THE LTC RIDER ON A FFIUL POLICY?

- A:** The option to select the LTC Rider will appear on the “Riders” section of the Illustration system software. If selected, the LTC Rider will be included in the FFIUL policy illustration.

* New York Only - Named Eligibility Period and must be satisfied within a period of 180 days.

Illustrations *(continued)*

Q: CAN LTC RIDER BENEFIT HYPOTHETICAL SCENARIOS BE ILLUSTRATED IN THE ILLUSTRATION?

A: Yes. The illustration system provides the hypothetical LTC benefit scenarios and will appear in an LTC supplemental report (subject to state availability).

Underwriting

Q: WHAT IS THE UNDERWRITING PROCESS FOR THE LTC RIDER ON THE TRANSAMERICA FFIUL?

A: The FFIUL base policy and the LTC Rider will each be underwritten and are subject to separate underwriting approval.

Q: IS THE LTC RIDER INFORMATION INCLUDED WITHIN THE BASE PRODUCT APPLICATION?

A: No. A LTC Rider supplemental application is required. "Supplemental Application for LTC Rider".

Q: ARE ANY OTHER FORMS REQUIRED FOR THE LTC RIDER OTHER THAN THE SUPPLEMENTAL APPLICATION?

A: Yes. HIPAA Authorization is also required with the base product application and Supplemental Application.

Q: WHAT OTHER REQUIREMENTS (IF ANY) ARE NECESSARY TO FULLY UNDERWRITE THE LTC RIDER?

A: In addition to the underwriting evidence for the Transamerica FFIUL life policy, depending on the age of the proposed insured, we will also obtain information regarding the proposed insured's health status and LTC Rider underwriting risk class from a telephone interview, cognitive screen, prescription benefit manager report and Face-to-Face Assessment.

Q: CAN AN APPLICANT RECEIVE AN OFFER FOR A FFIUL POLICY AND BE DECLINED FOR THE LTC RIDER?

A: Yes. The applicant can be declined for coverage of the LTC Rider if the proposed insured has a condition that is considered a high risk for loss of the ability to perform normal activities of daily living, or loss of cognitive ability.

iGO

Q: HOW DO I SELECT THE LTC RIDER ON iGO?

A: On the product selection screen, you must select Transamerica Financial Foundation IUL with Long Term Care Rider* to generate the LTC questions and application forms. Selecting just the Transamerica Financial Foundation IUL will not allow you to select the LTC Rider.

Policy Changes

Q: CAN THE POLICY OWNER VOLUNTARILY TERMINATE THE LTC RIDER AFTER THE POLICY HAS BEEN ISSUED?

A: Yes. The LTC Rider can be terminated at any time after the policy has been issued. All LTC Rider charges will stop at the time of termination.

Q: CAN I INCREASE MY BASE POLICY FACE AMOUNT AFTER MY POLICY IS ISSUED?

A: No. If LTC is elected, no increases to the base policy will be allowed.

*TFLIC Financial Foundation IUL with LTC Rider in New York.

Policy Changes *(continued)*

Q: CAN THE POLICY OWNER REQUEST FACE AMOUNT CHANGES IF THERE IS AN LTC RIDER ATTACHED TO THE POLICY?

A: Increases in the Face Amount of the policy or the LTC Specified Amount are not allowed except for those that occur with a death benefit option change. Decreases are allowed but we will not allow face reductions below \$100,000. Face amount may not be reduced below \$112,500 in Vermont and \$150,000 in South Dakota.

Claims Guidelines

Q: ARE PREMIUMS REQUIRED WHILE THE INSURED IS ON CLAIM?

A: Premiums are not required while the insured is on claim. We will not charge monthly charges for this rider for any policy month while we are paying benefits under this rider. However, other policy charges will continue to apply.

Q: CAN THE POLICY LAPSE WHILE ON CLAIM?

A: No. While the insured is on claim, the policy will not lapse due to insufficient Cash Surrender Value.

Q: WHAT HAPPENS WHEN THE ENTIRE LTC BENEFIT AMOUNT HAS BEEN PAID?

A: No further LTC Rider benefits will be payable and no further Rider monthly charges will be taken. A residual death benefit, however, may be payable. The residual death benefit, which is provided by a separate endorsement, is the lesser of: (a) 10% of the policy's lowest Face Amount at the commencement of the LTC claim, reduced by any outstanding policy loans, or (b) \$10,000.

Transamerica Financial Foundation IUL is a non-participating flexible-premium index universal life insurance policy issued by Transamerica Premier Life Insurance Company, Cedar Rapids, IA. Policy Form # ICC16 IUL09 or IUL09, Long Term Care Rider Form # ICC12 LTCR03 or LTCR03. Policy rider forms and numbers may vary, and this policy and rider may not be available in all jurisdictions. Insurance eligibility and premiums are subject to underwriting.

TFLIC Financial Foundation IUL is a non-participating flexible-premium index universal life insurance policy issued by Transamerica Financial Life Insurance Company, Harrison, NY. Policy Form # IUL09 NY, Long Term Care Rider Form # LTCR 03 NY. Insurance eligibility and premiums are subject to underwriting.