



HOW CAN AN ANNUITY WITH A LONG-TERM CARE RIDER HELP YOU CLOSE THE COVERAGE GAP?





WILL LONG-TERM CARE NEEDS IMPACT YOUR RETIREMENT?

It's no secret. As we age, health issues can become more prevalent. Being financially prepared to manage resulting expenses is important.

WHAT ARE YOUR FINANCIAL GOALS?

As you think about your financial future, these may be questions you've considered:

- How can I accumulate money for retirement and other future needs?
- Can I earn a competitive rate of return, defer taxes and protect my assets?
- Is there a way to be prepared for potential long-term care expenses while also saving for retirement?

A fixed annuity with a long-term care rider may be the right solution to help you accomplish these goals.





WHY DO PEOPLE NEED LONG-TERM CARE?

Common conditions that contribute to long-term care needs include:



Injury and recuperation resulting from a fall or accident



Alzheimer's disease and other forms of dementia



Cancer, diabetes, multiple sclerosis, Parkinson's disease and mental illness

People qualify for long-term care coverage when they experience severe cognitive impairment or are unable to perform activities of daily living, which include bathing, continence, dressing, eating, toileting and transferring.

WHAT LONG-TERM CARE EXPENSES MIGHT A PERSON ENCOUNTER?

An illness or injury could have a potentially overwhelming impact on a person's accumulated assets.

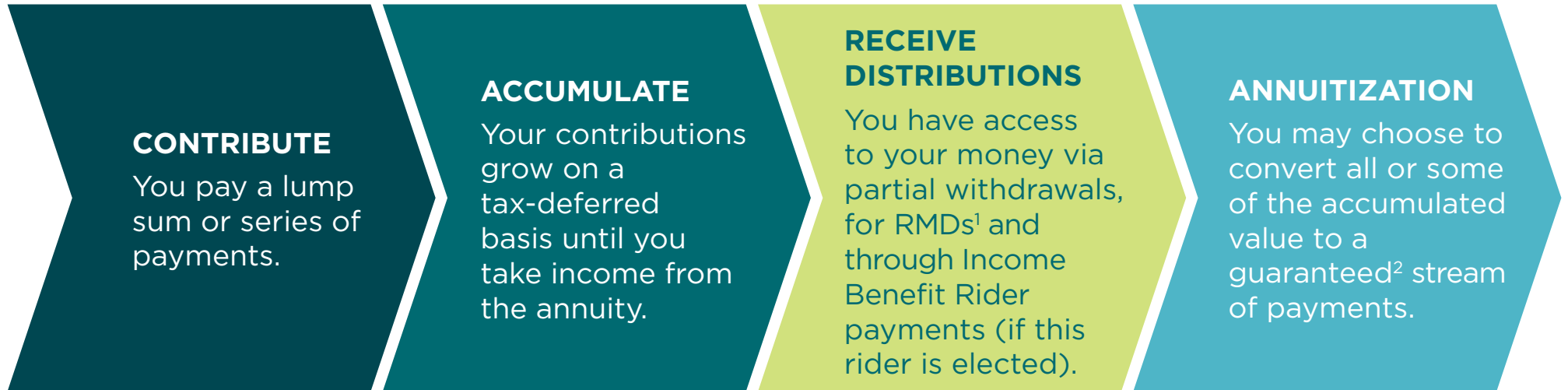
What are the types of long-term care costs?

- Home health care
- Assisted living
- Adult day health care
- Nursing home care
- Home modifications
- Medical equipment and supplies to assist with activities of daily living



LET'S START WITH THE BASICS: WHAT IS AN ANNUITY?

An annuity is a contract between you and an insurance company. How does an annuity work?



An annuity is the only vehicle that provides a guaranteed² stream of income for your lifetime.

¹ Required Minimum Distributions

² Guarantees are based on the claims-paying ability of EquiTrust Life Insurance Company.



WHAT ABOUT MANAGING LONG-TERM CARE COSTS IN RETIREMENT?

Standalone long-term care (LTC) insurance can be expensive and difficult to obtain. And it's generally "use it or lose it" coverage ... you pay the premium, but there is no residual value if you never use the coverage.

There are options above and beyond traditional LTC insurance.

WHAT IS AN ANNUITY WITH A LONG-TERM CARE RIDER?

It's a fixed, deferred annuity that provides long-term care (LTC) benefits through an LTC rider.

What does it do?

- Can help you maximize your long-term care benefits while preserving and protecting your retirement assets
- The annuity is a retirement savings vehicle that can provide guaranteed income if the long-term care benefits aren't needed, and long-term care benefits through the LTC rider if and when they are needed.



Know your annuity terms

Fixed — Guarantees a fixed rate for a period of time

Deferred — Provides regular income or a sum of money at a future date

Rider — A provision that can be added on to an annuity contract to enhance benefits or address a specific need

COMPARISON TO TRADITIONAL LONG-TERM CARE INSURANCE

How does an annuity with long-term care benefits differ from traditional long-term care insurance?

Benefit	Annuity with long-term care rider	Traditional long-term care insurance
Retirement income potential	Provides long-term care benefits when you need them, and retirement income payments when you don't. Premium grows on a tax-deferred basis.	No retirement income potential, but may help you manage retirement expenses by providing payments for long-term care services.
Premium used or lost	If you don't use long-term care services, your money will be available as retirement income in the future. You won't lose the minimums you've paid into the contract.	As with many types of insurance, the coverage protects against the risk of needing long-term care services. If you don't use those services, you will not recoup the cost of the insurance premiums you've paid into the policy.
Approval for coverage	Underwriting is generally simplified, and more applicants are approved in underwriting. Some carriers even guarantee approval for LTC benefits.	Underwriting is generally stringent, with approval rates lower than for a hybrid annuity-LTC product.
Benefit payments	Benefits may be direct and indemnity-based, with no requirement for receipts, or reimbursement-based.	Benefits are paid out as reimbursement following submission of receipts or invoices for qualifying services.
Taxes on benefits	Some benefit payments are tax-free, subject to an IRS daily maximum.	Some traditional long-term care insurance policies offer tax-free benefit payments up to a certain amount.



ANNUITY WITH LONG-TERM CARE RIDER

TAX ADVANTAGES

An annuity with a long-term care rider offers some substantial tax advantages.



The annuity premium will grow tax-deferred



Benefits for qualified long-term care services are tax-free¹



Can do a 1035 exchange from an existing Non-Qualified annuity thereby converting taxable gain into tax-free long-term care benefits for qualified expenses

¹ Subject to IRS daily maximum

UNDERWRITING FOR LONG-TERM CARE COVERAGE

- Most carriers offer up to three tiers, also known as underwriting classes
- Some carriers are yes/no in underwriting (insurable/uninsurable)
- Depending on the carrier, underwriting may be based on health, lifestyle, physical abilities and/or cognitive abilities
- Some products even offer guaranteed underwriting approval for long-term care benefits, or the ability to bypass underwriting

PAYMENT OF LONG-TERM CARE BENEFITS

You may receive your long-term care benefit payments one of two ways:

Indemnity-based benefits	Reimbursement
<p>The contract pays out a specific dollar amount to you each month</p>	<p>Expenses may be paid out of pocket, and then reimbursed to you following submission of receipts or invoices</p>
<p>Payments are made directly to you to cover expenses, with no invoices or receipts required (but should be saved for income-tax purposes)</p>	<p>Receipts and invoices must be submitted to the company for approval prior to reimbursement to you</p>
<p>There's no list of covered services, providers, exclusions or limitations¹</p>	<p>You will need to pay out of pocket for any expenses not expressly covered by the policy</p>

¹ Must be used for qualified long-term care services.

EQUITRUST — A NAME YOU CAN TRUST

At EquiTrust, we're committed to being a financial partner you can trust with your retirement dreams. Rest assured your annuity contract is backed by a company with conservative investment strategies, anchored by a disciplined and diversified management style. EquiTrust is supported by a history of success, experience and strength. Magic Johnson Enterprises — a diversified consortium of business entities and partnerships — owns a controlling interest in EquiTrust.

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