

Sales Idea

Give key person insurance a lifeline.

Standard key person life insurance only pays when a key person dies, so what happens if she lives — but can no longer take part in the business?

Doctors save lives they never could have saved before. That's great, but it also complicates key person insurance planning.

- No death means no death benefit to help the business
- The policy's cash value may not be enough to help
- Bank loans and depleting company assets usually aren't attractive options

Offer clients a lifeline by adding the Nationwide® Long-term Care rider to their key person life insurance.

Adding Nationwide's indemnity-style rider, available at an additional cost, to a life insurance policy gives you a lifeline for small business clients trying to protect a key person's services.

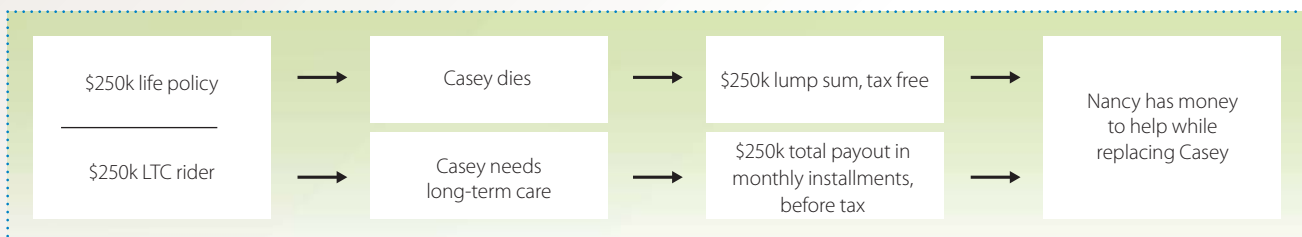
- It pays when an illness or injury causes **cognitive impairment or the inability to perform two activities of daily living**
- The contract owner gets an **accelerated death benefit in monthly installments, after a 90-day elimination period**

Examples always help!

So look at what Nancy did. With her successful business being so dependent upon Casey's ability to bring in new accounts, she knew it would be tough to survive without him. When she talked it over with her insurance professional, they agreed she needed a solution that could help her business if Casey died. But they knew she'd also need help if Casey suddenly couldn't work because of an unforeseen illness or injury — one that qualifies under the Long-term Care rider.

Nancy bought a Nationwide® key person life insurance policy with the Nationwide Long-term Care rider. It was a \$250,000 life insurance policy on Casey and included the Nationwide Long-term Care rider for \$250,000. If Casey dies, Nancy will get \$250,000 in a lump sum. And if Casey has to stop working due to a condition that leaves him with cognitive impairment or the inability to perform two activities of daily living (ADLs), Nancy's business (contract owner) will get monthly benefit payments of \$5,000 for 50 months (\$250,000 total payout) after the 90-day elimination period. Either way, she'll have that money to help compensate for the loss of Casey, as well as to recruit and train a replacement.

How it plays out if something happens to Casey



Sales Idea — Key Person Insurance with the Nationwide® Long-term Care Rider

For insurance professional use only — not for use with the public

- Not a deposit • Not FDIC or NCUSIF insured • Not guaranteed by the institution
- Not insured by any federal government agency • May lose value



Nationwide®
On Your Side

How does the Nationwide® Long-term Care rider¹ work?

Total long-term care specified amount. You choose the total amount of long-term care coverage, called the long-term care specified amount, when you apply. It can be as much as 100% of the policy's total specified amount, as little as 10% of that total specified amount or anywhere in between. In New York and Kentucky, however, the long-term care specified amount is automatically equal to the policy's total specified amount.

Monthly benefit amount. We'll pay the contract owner the long-term care specified amount in monthly installments. The monthly benefit amount will be the lesser of 2% of the long-term care specified amount or the HIPAA per diem amount (\$260 for 2007) times the number of days in the month.

Pays contract owners directly. Our indemnity-style design lets us pay the contract owner directly — no need to send us bills or receipts — once the insured qualifies because of an inability to perform two activities of daily living (ADLs) or with cognitive impairment, and after a 90-day waiting period. Reimbursement plans, which pay the health care facility directly, won't work for key person business planning.

Tax implications for key person insurance. While death benefits paid to the business remain tax-free, long-term care benefits will be taxable under Internal Revenue Code section 101(g)(5), which provides that the general treatment of accelerated death benefits as amounts payable by reason of the death of the insured (and therefore generally non-taxable under section 101) does not apply to amounts paid to the taxpayer other than the insured if the taxpayer has an insurable interest on the life of the insured by reason of the insured being a director, officer or employee of the taxpayer.

¹ This rider may not be available in all states and may be known by a different name in some states.

Please remember the purpose of the Nationwide Long-term Care rider for this plan is to protect the business owner who loses a key employee because of a qualifying illness or injury, not to pay the long-term care bills of the employee. Also note that as an acceleration of the death benefit, the Long-term Care rider reduces the death benefit dollar for dollar. Care should be taken to make sure the client has additional life insurance as necessary. The Nationwide Long-term Care rider isn't available with all products.

Why not reward the key employee while you're at it?

Planning like this is important because the key employee means so much to the business, and he or she has to agree to be insured for the key person insurance anyway. So, reward the employee with an Executive Bonus Section 162 Plan, Supplemental Employee Retirement Plan (SERP) or Split Dollar Plan at the same time.

As your clients' personal situations change (e.g., marriage, birth of a child or job promotion) so will their life insurance needs. Take care to ensure these strategies and products are suitable for their long-term life insurance needs, and help them weigh any associated costs before purchasing. Remember that the fees and charges include costs of insurance that vary with such characteristics of the insured as gender, health and age, as well as additional charges for riders to customize a policy to fit your clients' needs. Remind your clients to seek the advice of their legal or tax advisors, as Nationwide and its representatives don't give legal or tax advice.

Call us today to find out more about helping your clients protect their businesses with the Nationwide Long-term Care rider.

Independent Dealers	1-800-321-6064	Financial Institutions	1-800-893-5399
Wirehouse/Regionals	1-800-720-1511	Nationwide Agents	1-888-333-4202
Nationwide Financial Network®	1-877-223-0795	Brokerage General Agents	1-888-767-7373

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LAM-0648AO (11/07)