

*The Prudential Insurance Company of America  
Long-Term Care Insurance*



*LONG-TERM CARE INSURANCE  
EXECUTIVE BENEFIT PROGRAM*



**Prudential  
Financial**



Prudential Financial, with more than 130 years in financial services and the distinctive “Rock” logo is among the most widely recognized companies in the United States. The company’s long history is a testament to the quality of service it has provided its customers. With Prudential Financial, you can rest assured that, when you need us most, Prudential will be there.



## **WHY A LONG-TERM CARE INSURANCE EXECUTIVE BENEFIT PROGRAM?**

As in every successful business, you have worked hard to build an organization that attracts and retains the best talent. Evidence of this can be seen in the composition of your key employees. You've come to count on this elite group for the success of your business, expect the best from them and are ready to reward them for a job well done. You not only care about them, but are also concerned with the well-being of their families and through this relationship you also understand how events at home can significantly impact their performance on the job. In fact, added responsibilities at home, such as caring for a loved one, can significantly impact productivity and time off from work.

That is why you are taking the first step and are exploring the security and peace of mind that a long-term care insurance policy from The Prudential Insurance Company of America (Prudential) may help provide. In addition, there may be significant tax advantages for your company and your employees.

## PRUDENTIAL'S LTC3 EXECUTIVE BENEFIT SOLUTION

*Please note that this is an individual long-term care policy.*

Prudential's LTC3 Executive Benefit program offers high-quality long-term care insurance with a variety of features that can be customized to suit your employees' unique needs. In addition, choosing to offer your employees long-term care insurance is following a growing trend in the industry for several reasons:

- American businesses lose between \$11 billion and \$29 billion each year as a result of employees caring for family members age 50 and over.<sup>1</sup>
- As life expectancy increases, and as the "baby boom" generation moves into its elder years, long-term care is expected to be needed by larger portions of the population.<sup>2</sup>

By choosing to offer long-term care insurance to your highly valued employees, your company can join other employers who are distinguishing themselves from their competitors, while boosting employee morale and helping retain the talent they've worked so hard to cultivate.

**The ranks of the total long-term care insurance target market, estimated at approximately 103 million in 2003, are expected to grow rapidly—over six times faster than other segments of the population for at least the next two decades.<sup>3</sup>**

<sup>1</sup> The State of Aging and Health in America 2004. Merck Institute of Aging and Health, 2004, p. 4.

<sup>2</sup> Elizabeth Dietz and Jordan Pfuntner, U.S. Dept. of Labor Bureau of Statistics: Compensation and Working Conditions Online, "Long-Term Care Insurance Gains Prominence," p. 1, January 28, 2004.

<sup>3</sup> Conning Research and Consulting, Inc., "Long Term Care Insurance: Growth, But at What Cost?," 2003, p. 10.

### PROGRAM HIGHLIGHTS:

- Available for individuals age 18-79
- Modified underwriting for employees age 18-70 purchasing within plan parameters
- Buy-up options and ages above 70 available with full underwriting
- Choice of monthly list billing; or direct billing with monthly EFT, quarterly, semi-annual or annual mode
- 10% discount for employees and their spouse/partner.  
5% discount for other eligible family members, including parents, parents-in-law, grandparents, grandparents-in-law, aunts, uncles, siblings, and children age 18 and older
- Additional LTC3 discounts may be available

## POTENTIAL TAX ADVANTAGES OF PRUDENTIAL'S LTC3 EXECUTIVE BENEFIT PROGRAM

As an employer, your expenses related to long-term care insurance coverage may be tax-deductible if you are contributing towards premiums. Please see the summary provided in the table below.

	Sole Proprietorship	C Corporation	S Corporation	Partnership	LLC
Tax treatment of premiums paid for employees	Fully deductible to entity, not taxable to employee	Fully deductible to entity, not taxable to employee	Fully deductible to entity, not taxable to employee	Fully deductible to entity, not taxable to employee	Fully deductible to entity, not taxable to employee
Tax treatment of premiums paid for owner/employees	Eligible premium deductible above the line*	Fully deductible to entity, not taxable to employee	> 2% owner – eligible premium deductible above the line*; all others fully deductible to entity, not taxable to employee	Eligible premium deductible above the line*	Eligible premium deductible above the line*
Premium Paid by...	Sole Proprietor	Corporation	Corporation	Partnership	LLC
Reported as income to employee/owner as	N/A	N/A	W-2 wages to >2% owner	Scheduled K-1, guaranteed income	Reporting depends on whether elected Corp or Partnership status
Tax treatment of premiums paid for employee's spouse	Fully deductible to entity, not taxable to employee	Fully deductible to entity, not taxable to employee	Fully deductible to entity, not taxable to employee	Fully deductible to entity, not taxable to employee	Fully deductible to entity, not taxable to employee
Tax treatment of premiums paid for spouse as a dependent of owner/employee	Eligible premium deductible above the line*	Fully deductible to entity, not taxable to employee	> 2% owner – eligible premium deductible above the line*; all others fully deductible to entity, not taxable to employee	Eligible premium deductible above the line*	Eligible premium deductible above the line*

*\*Treated as an adjustment to gross income on the Individual Income Tax Return Form 1040 (i.e., before itemized deductions) for sole proprietor, partner, LLC shareholder, >2% S Corp shareholder.*

Prudential does not render tax advice. This chart illustrates some of the advantages that employers may experience, but is not meant as tax advice. You should consult with your own advisors regarding your particular situation.

## FEATURES AND BENEFITS

A customized plan can be designed from a generous range of benefit options. Below is an overview of some of the benefits available.

Every policy includes the following:

- Home Support Services
- Restoration of Benefits
- Respite Care
- Alternate Plan of Care
- Calendar Day Elimination Period
- Waiver of Premium
- Cash Alternative Benefit
- International Coverage
- Benefit Resource Services
- Private Care Consultant

## ELIGIBILITY, PARTICIPATION AND ADDITIONAL OPTIONS

- The Executive Benefit Program applies to active employees working a minimum of 30 hours per week.
- Modified underwriting and the 10% discount are available for:
  - Groups of three to nine employees—where all eligible employees must be insured.
  - Groups of 10 – 500 employees with participation of the greater of 5% or 10 individuals. Spouses may count toward meeting this participation requirement.

*Other restrictions may apply and options may vary by state.*



## POLICY EXCLUSIONS

This is a general list of exclusions; however, state variations may apply. Please see the Outline of Coverage for a complete listing of exclusions which apply to your state of residence. Your Policy is designed to provide benefits to pay for your Qualified Long-Term Care Service needs. Benefits will NOT be payable if any of the following situations apply:

1. Illness, treatment or medical conditions arising out of (a) war or an act of war, whether declared or undeclared, while you are insured\*; or (b) your participation in a felony, riot or insurrection; or (c) alcoholism and drug addiction.\*\*
2. Treatment provided in a government facility, unless payment of the charge is required by law or services provided by any law or governmental plan under which you are covered. This does not apply to a state plan under Medicaid or to any law or plan when, by law, its benefits are excess to those of any private insurance program or other non-governmental program.\*\*\*
3. Charges for services or supplies for which no charge would be made in the absence of insurance.
4. Charges for care or treatment provided outside the United States except as described in the International Coverage benefit.
5. Charges for expenses reimbursable under Medicare or for expenses that would be reimbursable under Medicare but for the application of a deductible or coinsurance amount.
6. Benefits under your Policy may be reduced if Prudential also pays benefits for Eligible Charges under any other Prudential Long-Term Care Insurance Policy.\*\*\*\*

\* In Oklahoma, war or an act of war while serving in the military service or any auxiliary unit attached thereto.

\*\* In Louisiana and Vermont, benefits would not be payable for treatment of alcoholism and drug addiction.

\*\*\* In North Carolina, treatment provided in a government facility (unless otherwise required by law). Services for which benefits are available under Medicare (unless otherwise required by law), or under any other governmental program (except Medicaid). Services or supplies for the treatment of an Occupational Injury or Sickness which are paid under the North Carolina Workers' Compensation Act only to the extent such services or supplies are the liability of the employee, employer or workers' compensation insurance carrier according to a final adjudication under the North Carolina Workers' Compensation Act or an order of the North Carolina Industrial Commission approving a settlement agreement under the North Carolina Workers' Compensation Act.

\*\*\*\* Does not apply to residents of North Carolina.

LTC3<sup>SM</sup> Long-Term Care Insurance is issued by The Prudential Insurance Company of America, 751 Broad Street, Newark, NJ 07102. (800-732-0416). This coverage contains benefits, exclusions, limitations, eligibility requirements specific terms and provisions under which the insurance coverage may be continued in force or discontinued.

The Prudential Insurance Company of America is authorized to conduct business in all U.S. states and the District of Columbia. For costs and complete details of the insurance coverage, call 1-800-732-0416. All insurance policies/options may not be available in your state. Coverage is issued under policy number GRP 113096 (in North Carolina, coverage is issued under policy number GRP 113640, in Virginia coverage is issued under GRP 113327), however policy numbers may vary by state.

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*This is a solicitation for Long-Term Care Insurance.*

