

# UNITED OF OMAHA LIFE INSURANCE COMPANY

A MUTUAL of OMAHA COMPANY

## Living Care<sup>®</sup> Annuity Sales Solution



A single premium deferred annuity that pays long-term care benefits of up to 3X the annuity value...guaranteed.

## The right answers about taxation and self-funding for long-term care

### Taxation – now and after 2009

There are monthly charges deducted from the Living Care<sup>®</sup> Annuity to pay for the long-term care rider. The rider provides clients up to 3X their annuity value (based on value at time of first claim) when long-term care benefits are needed.

Now through December 31, 2009, monthly charges for the rider are considered to be withdrawals from the annuity and are taxable. United of Omaha will send your client an IRS 1099 form to file with their taxes.

Starting January 1, 2010, monthly charges can be considered a “reduction in cost basis” and will not be a taxable event, thanks to provisions of the Pension Protection Act of 2006.

Here’s the best part. Long-term care benefits paid from Living Care<sup>®</sup> Annuity will be tax-free! This product is intended to be qualified long-term care insurance in tax years after 2009. Since the plan requires a wait of two years before long-term care benefits can be accessed, you can tell all your clients these long-term care benefits will be tax-free.

### How this plan beats “self-funding” for long-term care expenses

Let your clients know that repositioning assets to Living Care<sup>®</sup> Annuity will outperform a self-funded plan using a CD...in terms of tax-deferred growth and funds available for LTC expenses.

#### LIVING CARE<sup>®</sup> ANNUITY

65 year old male, \$100,000 initial premium. Assumes the policy is issued on July 1, 2009, 28% marginal tax bracket, and the minimum guaranteed interest rate of 3% is credited in all years.

Tax Year	End of Tax Year Account Value	Funds Available for LTC	Tax Year LTC Charges	Tax Due
2009	100,736.00	100,736.00	499.01	139.72
2010	102,729.47	102,729.47	1,012.40	-
2011	104,762.30	314,286.90	1,032.42	-
2012	106,835.34	320,506.02	1,052.86	-
2013	108,949.40	326,848.20	1,073.69	-

#### CERTIFICATE OF DEPOSIT

Assumes the CD pays 3% interest, client is in a 28% marginal tax bracket and the taxes are paid out of the CD fund at the end of each year.

Tax Year	End of Tax Year Account Value	Funds Available for LTC	Taxable Earnings	Tax Due
2009	101,488.92	101,488.92	1,488.92	416.90
2010	104,104.18	104,104.18	3,032.16	849.00
2011	106,352.83	106,352.83	3,097.66	867.34
2012	108,650.05	108,650.05	3,164.56	886.08
2013	110,996.89	110,996.89	3,232.92	905.22

