

Sales Ideas

Tips for Selling LTC

April
2014



How the Buy-Up Option Works

The Situation: Your client is uncertain about which inflation percentage to select.

You have a client who knows he needs to add inflation protection to the MutualCare® Custom Solution policy he's considering, but he's not sure which option is right for him. The Custom Solution product offers compound inflation protection options ranging from one to five percent in increments of .25 percent. And all those choices are making him feel a bit uncertain.

Sales Idea: Explain how the buy-up option ensures he can't make a wrong decision.

MutualCare® Custom Solution policies include an inflation protection buy-up option that allows insureds to increase (or decrease) their inflation protection percentage once each year. This gives them the flexibility to make adjustments to policy benefits to address their changing needs.

Here's how it works:

- Matthew, age 60, purchases a MutualCare® Custom Solution policy with one percent inflation protection
- Three years later, at age 63, he decides he would like to increase to 2.5 percent
- He submits his request in writing, and the increase becomes effective on the policy anniversary following the election with benefit increases occurring the following anniversary
- The premium on Matthew's policy increases because of this change; however, premium for the initial one percent remains based on his age at the time the policy was issued. Only the premium for the 1.5 percent difference is based on his new, attained age of 63
- Three years later, he once again exercises the buy-up option, increasing his inflation protection to 3.5 percent. Again, only the premium for the 1 percent difference (from 2.5 to 3.5 percent) is based on his attained age of 66
- Finally, at age 85, Matthew chooses to buy down to his initial 1 percent inflation option. At this point, his premium for inflation protection is based on issue age. In addition, he keeps any gains applied to the policy as a result of the inflation protection rider. Going forward, his policy benefits continue to grow at 1 percent



(continued on back)



Mutual of Omaha

(continued from front)

How the Buy-Up Option Impacts Premium				
At Age:	60	63	66	85
Inflation Percentage:	1% initial	2.5% after buy-up	3.5% after buy-up	1% after buy-down
Premium for Inflation Protection Rider Calculated:	Based on issue age 60	1% based on issue age 60	1% based on issue age 60	Based on issue age 60
		1.5% based on attained age 63 at time of buy-up	1.5% based on attained age 63 at time of first buy-up	
			1% based on attained age 66 at time of second buy-up	

The Buy-Up Option Explained

- The buy-up option is only available on MutualCare® Custom Solution policies
- Each year, on or before the policy anniversary date, the insured can choose to increase his or her compound inflation protection to any percentage we offer. The insured must elect this option in writing
- The total level of inflation protection cannot exceed five percent
- The premium for the policy will increase each time the buy-up option is elected; however, only the premium for the increase amount is based on the insured's attained age at the time of the increase
- The increase is effective on the policy anniversary following the election with benefit increases occurring on the following anniversary
- The increase is available prior to the lesser of 20 years or age 75
- The insured also has the option to buy down to a lower inflation percentage