



SecureCare III tax sales success kit

SecureCare III is a nonparticipating whole life insurance policy with long-term care (LTC) benefits. SecureCare III:

- Provides a cash LTC benefit clients can use however they want
- Helps shield loved ones and assets from the impact of LTC expenses
- Leaves a tax-free death benefit to beneficiaries
- Offers three return of premium options so clients can choose to maximize protecting their premium dollars or maximize leveraging them¹

Plus, clients may be able to take advantage of SecureCare III's unique premium structure, which offers potential tax deductions and savings. Inside this toolkit, you'll find a turn-key sales process — complete with prospecting tips and sales tools — to help you leverage this opportunity.



Discover how to use
tax-advantaged dollars
for LTC planning

Contact us

1. Upon surrender, the policy owner will receive the surrender value proceeds. The surrender value proceeds may not equal the sum of premiums paid. Surrenders are subject to the return of premium option selected and the premium vesting schedule (if applicable).

Step 1

Read the [SecureCare III tax guide](#) for an overview of SecureCare III's premium structure and the opportunities it creates.

Incorporate these two questions into your LTC sales process:

1. "Do you have a health savings account (HSA)?"
2. "Are you a business owner?"

If the answer is yes to either question, that's your cue to look at SecureCare III.

Step 2

Clients with HSAs

Show them how they can use their HSA to help pay for a SecureCare III policy.

Be on the lookout for older prospects (between 61 and 71 years old) who have a well-funded HSA as they stand to potentially gain the most from this strategy.

Sales tool for you

[Using HSA dollars to pay for LTC](#)

Sales tool for consumers

[LTC tax deduction worksheet: individual](#)

Step 3

Clients who are business owners

Explain how they can fund their own LTC needs with business dollars and provide key employees with LTC coverage.

If your client has a business partner, make sure to present this strategy to them, as well. The partner may be interested in this solution – giving you a new client who's just a follow-up phone call away.

Sales tools for you

[Sole proprietor, S corporation and partnership](#)

[Key employee coverage and C corporation owner/employee](#)

Sales tools for consumers

[LTC tax deduction worksheet: key employee and C corp](#)

[LTC tax deduction worksheet: S corp](#)

[Tax reference guide: LTC policies offered as an employee benefit](#)

Bonus tip

Clients can use the consumer tax reference guide and tax deduction worksheet to help their tax professional understand the strategy.

SecureCare III
Long-term care and nonparticipating whole life insurance
Insurance products issued by Minnesota Life Insurance Company

Taxation Guide

In 1996, the Health Insurance Portability and Accountability Act (HIPAA) outlined requirements for qualified long-term care (LTC) policies under the Internal Revenue Code (IRC) section 7702B. This act also defined a linked-benefit contract with qualified LTC features as a 7702B policy. Some of the benefits and payments for these policies are afforded the same tax treatment as individual LTC policies.¹ Qualified LTC premiums are considered a medical expense under IRC sections 7702B and 213. The premium associated with the face amount, or the base life insurance policy, and the premium waiver agreement, if elected, generally do not qualify as medical expenses. However, premiums associated with the Acceleration for Long-Term Care Agreement, the Extension of Long-Term Care Agreement, and the Long-Term Care Inflation Protection Agreement generally are considered payments towards a qualified LTC contract.² The premiums associated with these benefits are calculated and noted both within a proposal and the data pages of a policy.

In order to be a qualified long-term care contract, there can be no cash value. The three LTC agreements that are part of the SecureCare III policy do not have cash value and the premiums for the LTC portion of the contract are paid directly to Securian Financial for the LTC benefit. Since Securian Financial charges a premium and that premium is never part of the cash value of the life insurance policy, our clients have a reasonable argument that they should be able to deduct those premiums, subject to the age-based limitations.

Linked-Benefit annual premium

	Not deductible (Life)	Deductible (LTC)
Face amount (base life insurance)	Not deductible	
Premium waiver (not deductible)	Not deductible	
Acceleration for Long-Term Care Agreement		Deductible
Extension of Long-Term Care Benefits Agreement		Deductible
Long-Term Care Inflation Protection Agreement		Deductible

1. IRC section 7702B(c)(1) and IRC Section 7702B(c)(2). Payments made for the policy are not eligible for the advantageous tax treatment if they are a "charge against the cash surrender value of a life insurance contract." SecureCare III incorporates a long-term care premium payment, rather than a charge.

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Using pre-tax dollars to pay for long-term care

Thanks to SecureCare III's unique policy design, clients may be able to use a health savings account (HSA) to help fund a portion of their premium. And for some, using pre-tax dollars to help pay for future long-term care (LTC) needs could be a powerful tool.

Prospecting points:

- SecureCare III offers four powerful guarantees – death benefit, LTC cash indemnity benefit, reduced paid-up benefit¹ and three return of premium options² – so clients are guaranteed to get something out of their premium dollars, whether they need care or not.
- Older prospects may be strong candidates for this strategy as age-based limits increase with age.
- Individuals who are still working and contributing to their HSA may be excellent candidates, as a well-funded HSA is a critical component of financial strategy.

How it works³

Howard, age 60
HSA account with \$40,000
\$100,000 SecureCare III policy
\$10,000 annual premium for 10 years

	Minimum death benefit ⁴	Monthly LTC benefit ⁵	Total LTC benefits available
Day 1	\$93,640	\$3,963	\$302,960
Age 65	\$93,640	\$4,175	\$454,375

1. Reduced paid-up benefits refer to the reduced paid-up nonreturnable benefit that purchases paid-up insurance in the event premium lapse.
2. Upon surrender, the policy owner will receive the surrender value proceeds. The surrender value proceeds may not equal premium paid. Surrenders are subject to the value of premium option selected and the premium setting schedule (if applicable).
3. This is a hypothetical example for illustrative purposes only.
4. The death proceeds, return of premium amount and long-term care benefit amount depend, in part, on the values of premium selected on the policy application. This option cannot be changed after the policy is issued. For more information regarding premium options, please review the policy contract.
5. Minimum annual paid income tax free to lifetime beneficiaries may be due before the needs LTC. The amount paid will be any terminal illness benefit payments, premium due, partial surrenders and any installments.

SecureCare III
Long-term care and nonparticipating whole life insurance
Insurance products issued by Minnesota Life Insurance Company

Tax-advantaged dollars for long-term care

Sole proprietor, S corporation and partnership

SecureCare III, a whole life insurance policy with cash indemnity benefits, has a unique policy structure that may create a valuable opportunity for owners/employees of pass-through entities, such as sole proprietors, S corporations and partnerships. You can help these prospects create a long-term care (LTC) strategy that allows them to provide key employees with LTC coverage and use business dollars to fund their own LTC needs in a more tax-efficient manner.

How it works¹

Sam, age 55
\$100,000 SecureCare III policy
\$10,000 annual premium for 10 years

	Minimum death benefit ²	Monthly LTC benefit ³	Total LTC benefits available
Day 1	\$109,653	\$4,509	\$354,462
Age 65	\$109,653	\$11,090	\$860,805

1. This is a hypothetical example for illustrative purposes only.
2. Please note: It is important to work with your client's tax and legal professional to create a valid strategy for the agreement and terms of the plan providing the benefit.
3. The death proceeds, return of premium amount and long-term care benefit amount depend, in part, on the values of premium selected on the policy application. This option cannot be changed after the policy is issued. For more information regarding premium options, please review the policy contract.
4. Minimum annual paid income tax free to Sam's beneficiaries if due before the needs LTC. Terminal illness benefit payments, premium due and any installments.

SecureCare III
Long-term care and nonparticipating whole life insurance
Insurance products issued by Minnesota Life Insurance Company

Employee: Long-term care (LTC) tax deduction worksheet

Employee and C corporation owner/employee

The Internal Revenue Service adopted rules that allow, under certain conditions, for insurance premiums to not be included as income for employees. The premiums associated with the tax-qualified long-term care (LTC) riders of SecureCare III fall under these guidelines. Please consult a tax professional to determine if you and your company may be able to exclude these premiums from your income.

Please note: If you are planning to pay an additional lump-sum premium in the first plan year, the premium amounts applied to your policy's face amount and LTC agreements will be different in year one than in subsequent years. Please refer to the Detailed Premium Report on page 5 of your SecureCare III proposal for more information.

Overview

Company → SecureCare III → Employee (C corp owner/employee)

Total annual premium amount	Tax implication
\$10,000	Annual tax deduction for company

Face amount (Base life insurance)	Premium amount	Tax implication
\$100,000	\$10,000	Included in income (Life)
Premium Waiver for Long-Term Care Agreement		
Acceleration for Long-Term Care Agreement		
Extension of Long-Term Care Agreement		
Long-Term Care Inflation Protection Agreement		Not included in income (LTC)

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Tools to get
you started

Financial professional materials

[SecureCare III tax presentation](#)



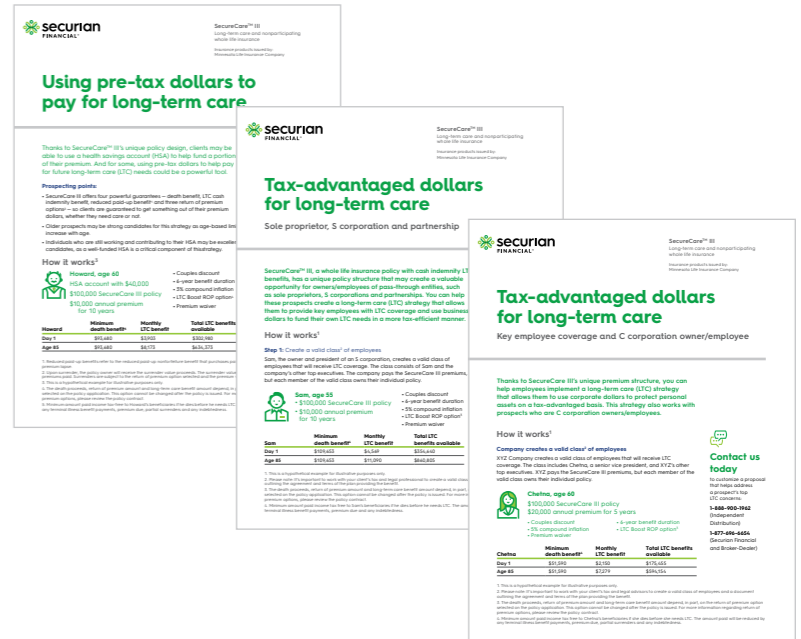
[SecureCare III tax guide](#)

Tax-advantaged dollars for LTC sales ideas

[Individual with HSA](#)

[Sole proprietor, S corporation and partnership](#)

[Key employee coverage and C corporation owner/employee](#)



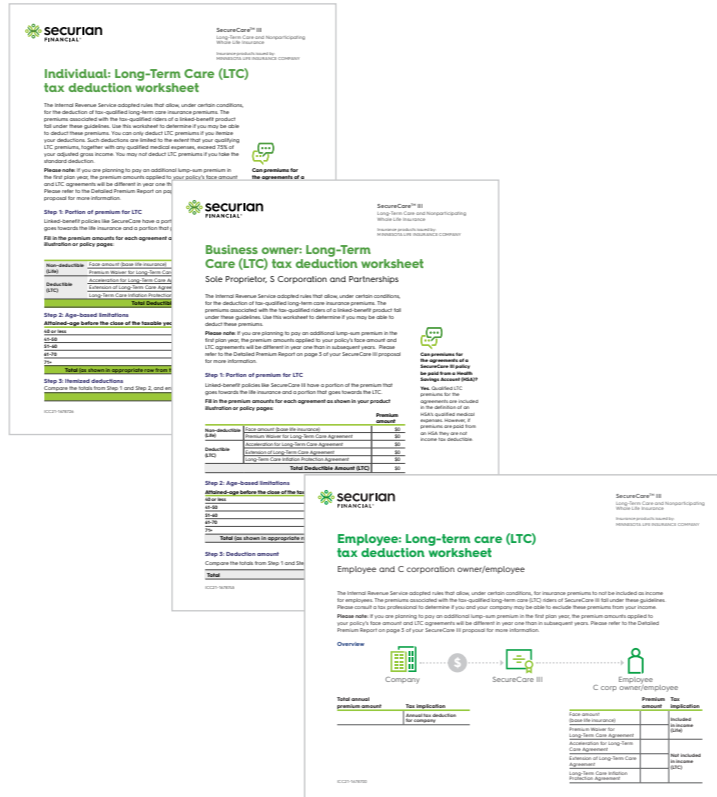
Consumer materials

Tax deduction worksheets

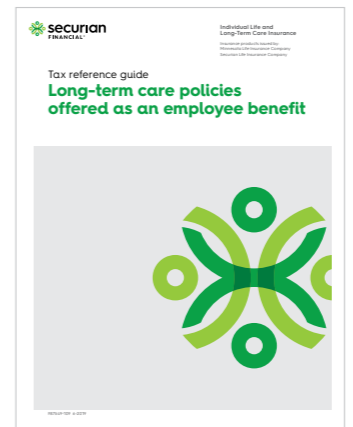
[Individual](#)

[Sole proprietor, S corporation and partnership](#)

[Key employee coverage and C corporation owner/employee](#)



Tax reference guide: LTC policies offered as an employee benefit



Log in to:

[Run a proposal](#)

[Don't have an account? Creating one is easy!](#)

Ready for more?

Go to
securian.com/SecureCare III

Check out the
[SecureCare III video
resource library](#)

Please keep in mind that the primary reason to purchase a life insurance product is the death benefit.

Life insurance products contain fees, such as mortality and expense charges, and may contain restrictions, such as surrender periods.

Insurance policy guarantees are subject to the financial strength and claims-paying ability of the issuing insurance company.

SecureCare III may not be available in all states. Product features, including limitations and exclusions, may vary by state.

SecureCare III includes the Acceleration for Long-Term Care Agreement. The Acceleration for Long-Term Care Agreement and Extension of Long-Term Care Benefits Agreements are tax-qualified long-term care agreements that cover care such as nursing care, home and community based care, and informal care as defined in these agreements. These agreements provide for the payment of a monthly benefit for qualified long-term care services. These agreements are intended to provide federally tax-qualified long-term care insurance benefits under Section 7702B of the Internal Revenue Code, as amended. However, due to uncertainty in the tax law, benefits paid under these agreements may be taxable.

Additional agreements may be available. Agreements may be subject to additional costs and restrictions. Agreements may not be available in all states or may exist under a different name in various states and may not be available in combination with other agreements.

The death proceeds will be reduced by a long-term care or terminal illness benefit payment under this policy. Clients should consult a tax advisor regarding long-term care benefit payments, terminal illness benefit payments, or when taking a loan or withdrawal from a life insurance contract.

This material may contain a general analysis of federal tax issues. It is not intended for, nor can it be used by any taxpayer for the purpose of avoiding federal tax penalties. This information is provided to support the promotion or marketing of ideas that may benefit a taxpayer. Taxpayers should seek the advice of their own tax and legal advisors regarding any tax and legal issues applicable to their specific circumstances.

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Insurance products are issued by Minnesota Life Insurance Company in all states except New York. In New York, products are issued by Securian Life Insurance Company, a New York authorized insurer. Minnesota Life is not an authorized New York insurer and does not do insurance business in New York. Both companies are headquartered in St. Paul, MN. Product availability and features may vary by state. Each insurer is solely responsible for the financial obligations under the policies or contracts it issues.

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