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Minnesota Life Insurance Company

When long-term care and market volatility collide

Sequence of returns risk can compound the impact of LTC costs

Affluent clients often plan to self-fund long-term care (LTC) using investment assets. But when an LTC event coincides with a market downturn, the combination of large withdrawals and negative returns can significantly impact portfolio performance.

This is sequence of returns risk, and it can create lasting consequences even for high-net-worth clients.

> **Sequence of returns risk.** The risk that the timing of investment gains and losses can impact how long someone's money lasts.

Ready to connect?

Contact your SecureCare sales team:

1-877-696-6654
(Broker-Dealer)

1-888-900-1962
(Independent Distribution)

Sequence of returns risk: self-funding LTC

Linda, age 85 experiences an LTC event during a market downturn

- Annual in-home care need: $100,000
- Annual taxable income for basic needs: $105,000
- Annual withdrawal: $205,000

INITIAL VALUE OF PORTFOLIO: $2 MILLION

	$205,000 withdrawal per year
Year 1: market down 15%	$1,495,000
Year 2: market down 10%	$1,140,500
Year 3: market up 5%	$992,525
Year 4: market up 10%	$886,778
Year 5: market up 7%	$743,852

After five years of paying for care out-of-pocket, Linda's portfolio loses 63% of its original value and is now worth $743,852

This is a hypothetical example for illustrative purposes only.

An alternative approach:
Protecting the portfolio with SecureCare™ IV

LTC and nonparticipating whole life insurance

Because relying entirely on taxable portfolio withdrawals leaves her vulnerable to sequence-of-returns risk, Linda purchases SecureCare IV at age 60 to help protect her if she needs LTC.

At age 85, she goes on claim. Her annual in-home care needs are covered by her LTC benefit, meaning that she only needs to make an annual withdrawal of $105,000 from her portfolio to meet her basic income needs.

Linda, age 85, has an LTC event during a market downturn and has LTC coverage

INITIAL VALUE OF PORTFOLIO: $2 MILLION

	$105,000 withdrawal per year
Year 1: market down 15%	$1,595,000
Year 2: market down 10%	$1,330,500
Year 3: market up 5%	$1,292,525
Year 4: market up 10%	$1,316,228
Year 5: market up 7%	**$1,303,359**

With SecureCare IV, Linda's portfolio is nearly **$559,000 higher**

Case ID: 28267234. This is a hypothetical example for illustrative purposes only.

Your opportunity

By connecting clients with LTC solutions, you can help them reduce the need for large portfolio withdrawals and help them:

- Limit sequence of returns risk
- Avoid selling assets at market lows
- Preserve retirement assets
- Maintain flexibility during volatile periods
- Support long-term legacy and wealth transfer goals

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

Life insurance products contain charges, such as Cost of Insurance Charge, Cash Extra Charge, and Additional Agreements Charge (which we refer to as mortality charges), and Premium Charge, Monthly Policy Charge, Policy Issue Charge, Transaction Charge, and Surrender Charge (which we refer to as expense charges). This policy may contain restrictions, such as surrender periods.

SecureCare IV may not be available in all states. Product features, including limitations and exclusions, may vary by state. SecureCare IV includes the Acceleration for Long-Term Care Agreement and Extension of Long-Term Care Agreement. These two 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 the agreement. 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. Please ensure that your clients consult a tax advisor regarding long-term care benefit payments, or when taking a loan or withdrawal from a life insurance contract.

The death benefit proceeds, return of premium amount and long-term care benefit amounts depend, in part, on the return of premium option selected on the policy application. For more information regarding return of premium options, please review the policy carefully.

The optional Long-Term Care Inflation Protection Agreement is available with 3% simple interest, 3% compound interest, 5% simple interest or 5% compound interest.

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.

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