

Nationwide YourLife CareMattersSM

Technical Guide

Guarantees are subject to the claims paying ability of the issuing company. Life insurance products are issued by Nationwide Life Insurance Company or Nationwide Life and Annuity Insurance Company, Columbus, Ohio.

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General Information

What is Nationwide YourLife CareMatters?

Nationwide YourLife® CareMattersSM is a linked-benefit Life/Long-Term Care (LTC) product with:

- Cash Indemnity style benefits, and
- covers care services existing today and evolving tomorrow

It offers a cash indemnity benefit, which means that once the insured qualifies for benefits there are no monthly bills or receipts for the policy owner to submit. Nationwide YourLife CareMattersSM is currently* the only linked-benefit long-term care product designed to give consumers a GUARANTEED monthly benefit amount paid directly to the policy owner, once they qualify for benefits.

Who is it for?

Although long-term care is a topic that many do not like to discuss, there is a growing awareness of the need and costs of care. CareMatters is targeted towards insureds ages 50-70 that have ample assets where a portion can be repositioned into a CareMatters policy, or insureds with excess liquid income that can be used in a 5 or 10 pay premium schedule to purchase a CareMatters policy. This client wants flexibility to control how to pay for care, without the worry of submitting bills and receipts and waiting to see what is covered. They want options that cover traditional long-term care services such as – home care, assisted living, adult day care, or nursing home care. They also want options that cover alternative long-term care services and the ability to pay a family member to provide care.

Why is Nationwide introducing CareMatters?

51 to 70% of long-term care claims are for home health care and 80% of people who start out receiving care at home will stay there¹.

CareMattersSM is designed to help keep clients in their home when long-term care services are needed. With our unique product design, they can enjoy complete control of their LTC benefits with the full monthly benefit amount paid directly to the policy owner. This allows clients the option to pay family members for providing care** and the flexibility to use the excess benefits for expenses not covered by other LTC products. With the added advantages of not submitting monthly receipts and waiting to get reimbursed, our product helps customers focus on their well-being instead of the claims process.

Also, if LTC benefits are not needed, customers have the option to use the net surrender value for their policy to generate income. If the client decides they no longer want their policy, we guarantee the client can get the premium back (minus loans/withdrawals from the policy) and the net surrender value (ie. Amount available for income) will never decrease over the life of their policy.²

*As of the date of this material, there was no other life insurance company in the industry offering a linked benefit policy that pays any type of indemnity benefits

**Benefits can be used to pay a family member, or anyone the policy owner chooses, to provide care for the insured as long as the care giver is deemed capable by a licensed health care professional of providing the services outlined in the plan of care.

All guarantees and benefits of the insurance policy are subject to the claims paying ability of the issuing insurance company.

¹ American Association for Long-term Care Insurance (AALTCI) 2011 Sourcebook.

² For Single Premium payments, the Return of Premium Value is available starting day one, subject to a vesting schedule. There is a full return of all premium starting in year six. Return of Premium is available on 5 and 10 year payment schedules only after the end of the Premium Payment Period and all Required Premium has been paid (minus any loans or withdrawals).

Why Nationwide?

At Nationwide, our unique combination of mutual company heritage and risk management capabilities is difficult to replicate. Here are some of the many reasons you can continue to have confidence in Nationwide:

- We're proud of our heritage, providing innovative protection products and services for our policyholders for over 80 years
- We identify with our roots – doing together what individuals can't do on their own
- We contribute meaningfully to every community we call home
- We want to be known as a great company that's also a great place to work
- We believe these aspects of our identity support the delivery of our business through highly engaged associates and partners

Nationwide® continues to enjoy strong ratings in the top quartile of all the major ratings agencies, as indicated below:

AGENCY	RATING	RANK	RECEIVED	AFFIRMED
A.M. Best	A+ Superior	2nd strongest of 16	10/17/02	4/02/14
Moody's	A1 'Good'	5th strongest of 21	3/10/09	9/12/13
Standard & Poor's	A+ Strong	5th strongest of 22	12/22/08	5/13/14

These ratings and rankings reflect rating agency assessment of the financial strength and claims-paying ability of Nationwide Life Insurance Company and Nationwide Life and Annuity Insurance Company. They are not intended to reflect the investment experience or financial strength of any variable account, which is subject to market risk. Because the dates are only updated when there's a change in the rating, the dates above reflect the most recent ratings we have received. They are subject to change at any time.

Guarantees are subject to the claims paying ability of the issuing insurer.

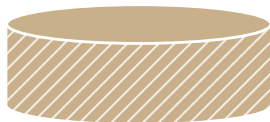
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How does CareMatters work?

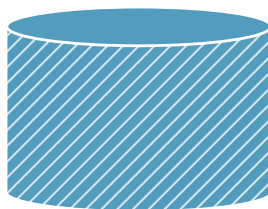
Single Premium
return of premium feature⁹

\$100,000



2-year benefit
Death benefit
and/or LTC Rider
\$180,419

+



4-year benefit
Extension of Benefits
Rider (LTC Only)
\$360,837

=



Monthly LTC Benefit:
\$7,517

6-year benefit
Total available for
LTC Benefits
\$541,256

* Stated benefit amounts are based on hypothetical examples, actual benefit amounts received may vary. This example assumes: a 55-year-old female, couple rate, non-tobacco, 6-year benefit duration, and no inflation option.

Residual Death
Benefit 20%
\$36,084

***Stated benefit amounts are based on hypothetical examples, actual benefit amounts received may vary.**

If a married female, age 55, Nontobacco, pays \$100,000 into a policy with six-year duration:

- Provides for \$541,256 of Long-Term care coverage with a minimum \$36,084 residual death benefit
 - For example, if the client uses \$541,256 of long-term care coverage, a residual death benefit of \$36,084 would be available for heirs
- If \$150,000 of long-term care coverage is used, a death benefit of \$36,083 would be available for heirs
 $\$180,419 - 150,000 = \$30,419$ death benefit available, but since CareMatters has a guaranteed minimum death benefit, \$36,084 of residual death benefit would be available (180,419 multiplied by 20%)
- If \$50,000 of long-term care coverage is used, a death benefit of \$130,419 would be available for heirs
 $\$180,419 - 50,000 = \$130,419$ death benefit available
- If Long-Term care is never used:
 - \$180,419 death benefit <OR>
 - \$100,000 money back (plus any growth in net surrender value, minus any prior partial surrenders)

Maximum/Minimum monthly benefit amount at issue

Maximum monthly benefit amount \$20,833

Minimum monthly benefit amount \$ 2,500

Monthly benefit amounts depend on the insured's underwriting, the specified amount and the LTC benefit period selected at issue and any elected inflation option. See more information in the Product Features section in the General Policy Provisions tab

For clients taking less than the full benefit amount, the minimum monthly payment amount is \$250 (minimum monthly payment amount may vary by state).

How does the LTC Linked-Benefit product work? *(continued)*

LTC Specified Benefit Periods

At time of application, the policy owner will select the LTC specified benefit period. This benefit period will be split into an acceleration period, handled by the Long-Term Care Rider, and an extension period, handled by the Long-Term Care Extension of Benefits Rider, as follows. The specified benefit period cannot be changed after issue.

LTC Specified Benefit Period	Acceleration / Extension period
2 Years	2 Year LTC Rider Specified Acceleration Period
3 Years	3 Year LTC Rider Specified Acceleration Period
4 Years	2 Year LTC Rider Specified Acceleration Period 2 Year LTCEB Rider Specified Extension Period
5 Years	3 Year LTC Rider Specified Acceleration Period 2 Year LTCEB Rider Specified Extension Period
6 Years	2 Year LTC Rider Specified Acceleration Period 4 Year LTCEB Rider Specified Extension Period
7 Years	3 Year LTC Rider Specified Acceleration Period 4 Year LTCEB Rider Specified Extension Period

Please note: The periods listed above represent the minimum length of benefit payments assuming no loans or Reduced Paid Up Insurance is taken. The benefit payment period could be longer if the policy owner takes less than the Maximum Monthly Benefit each month and continues to meet the eligibility requirements.

Guaranteed Minimum Death Benefit

Upon the death of the insured, the beneficiaries will still receive a death benefit equal to 20% of the Specified Amount (minus any indebtedness) even if all long-term care benefits have been paid.

Guaranteed Cash Value Growth

Clients don't need to worry about their premiums going to waste if they never need care. Nationwide YourLife CareMatters has guaranteed cash value and a Return of Premium Feature, with the opportunity for growth.¹

Keep in mind that cash value and death benefits are guaranteed only if all premiums have been paid and no loans or withdrawals have been taken.

Inflation Protection

If an applicant is concerned about the costs of long-term care services (which are likely to increase over time), they can elect the LTC Inflation Protection Rider.

If elected, a separate monthly benefit is provided in addition to the LTC benefit. The amount of the Inflation Protection benefit is calculated based on the amount of the Maximum Monthly LTC benefit, and is only available if the Maximum Monthly LTC benefit is taken.

Inflation Protection does not increase the total pool of LTC benefits; it is a separate monthly benefit that is provided based on the Maximum Monthly LTC Rider amount. The monthly benefit will increase 3%(Simple Interest) or 5%(Compounded interest), annually, at the beginning of each policy year, starting on the first anniversary.

¹ For Single Premium payments, the Return of Premium Value is available starting day one, subject to a vesting schedule. There is a full return of all premium starting in year six. Return of Premium is available on 5 and 10 year payment schedules only after the end of the Premium Payment Period and all Required Premium has been paid (minus any loans or withdrawals).

How does the LTC Linked-Benefit product work? *(continued)*

International Benefits	<p>Limited to 50% of the maximum monthly LTC rider benefit amount and 50% of the LTC Inflation Protection Rider benefit amount.</p> <ul style="list-style-type: none"> • The maximum lifetime LTC benefit is not reduced, but it will take twice as long for the maximum lifetime LTC benefit to be paid out if used entirely for claims outside the U.S. • If the insured returns to the U.S., 100% of the Maximum Monthly LTC Benefit will become available <p>No international benefits are available under the LTCEB Rider. If the insured returns to the U.S., 100% of the maximum monthly LTCEB Rider benefit amount will be available if the maximum lifetime benefit amount has not been exhausted.</p>
Family Care	<p>Benefits can be used to pay a family member, or anyone the policy owner chooses, to provide care as long as informal care services are outlined in the plan of care.</p>

Cash Indemnity vs Reimbursement

Cash Indemnity	Reimbursement
Products that offer cash indemnity benefits send payments directly to the policy owner each month, without requiring monthly bills or receipts. Because the full benefit amount can be sent (the policy owner chooses how much of the monthly benefit amount to receive), it offers the flexibility to use any excess funds not needed to pay medical expenses for other things, such as home safety improvements, prescription medications and massage therapy.	With reimbursement-style products, the policy owner (or provider) must submit monthly bills or receipts to the insurance carrier for approval. The insurance carrier then reimburses the exact amount of the approved charges, up to the amount the insured qualifies for, but never more. The person under care is responsible for paying the charges that were not approved out of their own pocket.
Upon commencement of claim, monthly LTC benefits available are guaranteed to be the full monthly benefit amount, regardless of the actual costs of care.	Pays lesser of qualified benefit amount or actual cost of care. Plans may have a long list of services or circumstances that are not covered, as only true qualifying LTC expenses will be reimbursed.
No monthly bills or receipts need to be submitted. Note, some companies are requiring monthly "proof of billable services".	Requires monthly bills and receipts to be submitted (some companies coordinate with the provider).
If LTC expenses are less than the full monthly benefit amount, the policy owner can receive the full amount and use the excess for other needs such as home improvements or they can bank the excess for later use.	No excess benefits.
Cash indemnity policies will not limit benefit amounts if the client owns more than one policy. However, the client will want to keep the IRS tax formula in mind and consult a tax professional for guidance.	If multiple reimbursement plans are owned, the companies generally will coordinate the claims reimbursements on a pro-rata basis (sharing the risk) with total reimbursements among all policies never exceeding the actual cost of care.

Product Information

Product Features

Product Design	Nationwide YourLife® CareMattersSM is a fixed premium UL product that also provides long-term care benefits (if needed). The base product has a Return of Premium feature (subject to a vesting schedule) and a Guaranteed Cash Value Table and can be purchased using a single-pay or 5 or 10 year fixed payment option and is an age last birthday product. It is issued under CVAT rules and is qualified under IRC Section 7702(B) as long-term care.																																							
Product Name	Nationwide YourLife® CareMattersSM Legal product name: Individual Fixed Premium Universal Life Insurance Policy, Non-Participating																																							
Company Filed In	Nationwide Life & Annuity Insurance Company (NWL) Compact states: ICC13-NWLA-465 Non-Compact states: NWLA-465 Nationwide Life Insurance Company (NWL) New York & Virgin Islands: NWLA-465-NY																																							
Issue Ages	<table><tr><th>Benefit Period</th><th>Issue Ages</th></tr><tr><td>2</td><td>40 - 75</td></tr><tr><td>3</td><td>40 - 75</td></tr><tr><td>4</td><td>40 - 75</td></tr><tr><td>5</td><td>40 - 75</td></tr><tr><td>6</td><td>40 - 70</td></tr><tr><td>7</td><td>40 - 75</td></tr></table> Age Last birthday will be used to determine the issue age of the insured. NOTE: Single premium issue age limit is 70					Benefit Period	Issue Ages	2	40 - 75	3	40 - 75	4	40 - 75	5	40 - 75	6	40 - 70	7	40 - 75																					
Benefit Period	Issue Ages																																							
2	40 - 75																																							
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5	40 - 75																																							
6	40 - 70																																							
7	40 - 75																																							
Underwriting Risk Classes	Single Non-tobacco, Single Tobacco Couple Non-Tobacco, Couple Tobacco To qualify for the Couple rate, the proposed insured must be married or in a legally recognized civil union or domestic partnership. NOTE: Table ratings and flat extras are not allowed.																																							
Minimum Specified Amount	The minimum/maximum specified amount varies based on the LTC Specified Benefit Period. <table><tr><th>LTC Specified Benefit Period</th><th>Minimum Monthly Benefit Amount</th><th>Minimum Specified Amount</th><th>Maximum Specified Amount</th><th>Maximum LTC Benefit Pool</th></tr><tr><td>2 years</td><td>\$ 2,500</td><td>\$ 60,000</td><td>\$ 500,000</td><td>\$ 500,000</td></tr><tr><td>3 years</td><td>\$ 2,500</td><td>\$ 90,000</td><td>\$ 750,000</td><td>\$ 750,000</td></tr><tr><td>4 years</td><td>\$ 2,500</td><td>\$ 60,000</td><td>\$ 500,000</td><td>\$ 1,000,000</td></tr><tr><td>5 years</td><td>\$ 2,500</td><td>\$ 90,000</td><td>\$ 750,000</td><td>\$ 1,250,000</td></tr><tr><td>6 years</td><td>\$ 2,500</td><td>\$ 60,000</td><td>\$ 500,000</td><td>\$ 1,500,000</td></tr><tr><td>7 years</td><td>\$ 2,500</td><td>\$ 90,000</td><td>\$ 750,000</td><td>\$ 1,750,000</td></tr></table>					LTC Specified Benefit Period	Minimum Monthly Benefit Amount	Minimum Specified Amount	Maximum Specified Amount	Maximum LTC Benefit Pool	2 years	\$ 2,500	\$ 60,000	\$ 500,000	\$ 500,000	3 years	\$ 2,500	\$ 90,000	\$ 750,000	\$ 750,000	4 years	\$ 2,500	\$ 60,000	\$ 500,000	\$ 1,000,000	5 years	\$ 2,500	\$ 90,000	\$ 750,000	\$ 1,250,000	6 years	\$ 2,500	\$ 60,000	\$ 500,000	\$ 1,500,000	7 years	\$ 2,500	\$ 90,000	\$ 750,000	\$ 1,750,000
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7 years	\$ 2,500	\$ 90,000	\$ 750,000	\$ 1,750,000																																				

Product Features (continued)

Minimum Subsequent Premium

Single-pay, 5-pay (annual and monthly EFT) and 10-pay (annual and monthly EFT) payment options are available. If the policy owner chooses to pay a single premium, then no subsequent premium will be allowed.

If the policy owner chooses a 5 year or 10 year premium period, then premiums will be fixed for the premium paying period and no premiums will be allowed afterwards.

Note: After the first year, payments larger than the scheduled annual amount cannot be paid unless it is the total of all remaining premium due. A policy owner cannot double up a payment in one year, then revert back to the regular scheduled annual premium amount the next year. Every year must be same premium amount even for 1035 exchanges.

Single premium expectations to Achieve Minimum Specified Amount
No Inflation Protection

Benefit Period	Age 40		Age 55		Age 70	
	Male	Female	Male	Female	Male	Female
2	19,563	17,341	30,923	27,204	45,741	41,944
3	28,806	25,542	45,625	39,098	68,088	61,103
4	21,243	19,021	34,394	31,444	52,786	54,929
5	29,482	26,942	47,929	41,813	71,695	68,595
6	21,949	20,743	35,414	33,256	59,281	66,869
7	30,723	27,737	49,397	43,858	76,659	78,848

Single premium expectations to Achieve Minimum Specified Amount
5% Compound Inflation Protection

Benefit Period	Age 40		Age 55		Age 70	
	Male	Female	Male	Female	Male	Female
2	31,547	38,394	47,920	45,928	65,941	68,824
3	45,837	57,514	63,395	68,514	95,653	98,455
4	47,476	59,418	67,685	80,726	109,500	150,935
5	57,981	80,831	73,043	93,148	136,404	153,090
6	57,624	91,937	68,400	112,511	153,205	224,232
7	59,768	92,489	82,927	109,389	150,530	224,823

Single premium expectations to Achieve Minimum Specified Amount
3% Simple Inflation Protection

Benefit Period	Age 40		Age 55		Age 69	
	Male	Female	Male	Female	Male	Female
2	23,622	20,351	41,093	35,331	56,829	57,401
3	34,450	29,908	56,101	47,617	76,146	70,700
4	27,848	24,606	48,382	42,768	78,565	92,694
5	37,923	34,383	61,881	53,231	90,174	94,090
6	30,061	29,138	52,592	49,383	83,804	106,404
7	39,338	37,860	64,522	55,808	102,504	112,051

Product Features (continued)

Maximum Premium

CareMatters will use CVAT. All single pay and 5 pay (and many 10 pay) policies are expected to be MECs unless initially funded by a 1035 exchange.

Maximum premium will be restricted by the simplified underwriting limitations listed above.

Single premium expectations to Achieve Maximum Specified Amount
No Inflation Protection

Benefit Period	Age 40		Age 55		Age 69	
	Male	Female	Male	Female	Male	Female
2	163,023	144,507	257,694	226,697	381,177	349,535
3	240,048	212,852	380,205	325,814	567,398	509,194
4	177,028	158,511	286,616	262,036	439,880	457,744
5	245,687	224,519	399,409	348,438	597,459	571,623
6	182,912	172,856	295,113	277,133	494,005	557,243
7	256,028	231,145	411,640	365,484	638,823	657,064

Single premium expectations to Achieve Maximum Specified Amount
5% Compound Inflation Protection

Benefit Period	Age 40		Age 55		Age 69	
	Male	Female	Male	Female	Male	Female
2	262,888	319,951	399,334	382,733	549,510	573,529
3	381,978	479,286	528,294	570,950	797,109	820,459
4	395,630	495,151	564,041	672,718	912,500	1,257,795
5	483,173	673,589	608,690	776,236	1,136,697	1,275,750
6	480,199	766,145	570,000	937,593	1,276,705	1,868,604
7	498,063	770,741	691,061	911,578	1,254,417	1,873,529

Single premium expectations to Achieve Maximum Specified Amount
3% Simple Inflation Protection

Benefit Period	Age 40		Age 55		Age 69	
	Male	Female	Male	Female	Male	Female
2	196,852	169,588	342,444	294,424	473,571	478,343
3	287,083	249,231	467,510	396,808	634,550	589,168
4	232,065	205,053	403,185	356,398	654,708	772,454
5	316,028	286,527	515,674	443,593	751,450	784,080
6	250,512	242,821	438,269	411,525	698,367	886,700
7	327,819	315,502	537,680	465,070	854,200	933,758

Product Features (continued)

Death Benefit Options	<p>Option 1 - If the insured dies before benefits have begun being paid from the LTC Rider, the death benefit will be the greater of the specified amount or the minimum death benefit required by section 7702 of the IRS Code, which ever is greater - less any loans.</p> <p>Note: Option 1 is the only death benefit option available on CareMatters</p>
Policy Expenses	<p>Monthly Administrative Charge</p> <ul style="list-style-type: none"> • Current: \$0 per month • Guaranteed: \$20 per month <p>Per Thousand of Specified Amount Charge</p> <ul style="list-style-type: none"> • The per thousand charge applies to the initial specified amount and is deducted monthly. If the specified amount is reduced due to partial surrenders during the charge period, then the charge continues to be calculated based on the initial specified amount. <p>Premium expense charge as a percent of premiums:</p> <ul style="list-style-type: none"> • Current: 5% of each premium • Guaranteed: 5% of each premium <p>Cost of Insurance Charge (COI):</p> <ul style="list-style-type: none"> • The base life insurance policy has a COI charge rate which applies to each \$1000 of net amount at risk and is deducted monthly. • The guaranteed COIs applicable for a particular policy can be found in the policy specifications pages. • Long-Term Care Charges <ul style="list-style-type: none"> • There will be a separate charge for each long-term care rider included in the policy. • Available long-term care riders are: <ul style="list-style-type: none"> o LTC rider (i.e. Acceleration rider) o LTC Extension of Benefits Rider o Inflation Protection Rider • Long-term care charges apply to each \$1000 of specified amount
Interest Rates	<p>Guaranteed credited rate = 2%</p> <p>Current credited rate is declared quarterly.</p>
Free Look Provision	<p>After receiving the policy, the policy owner has up to 30 days to return the policy for a full refund of all premiums paid.</p>
Nonforfeiture Options	<p>If the policy enters the grace period due to nonpayment of Premium, the Policy Owner will have the 2 Nonforfeiture options:</p> <ul style="list-style-type: none"> • Reduced Paid Up Insurance option (RPU), where the coverage and policy values are reduced if premium can no longer be paid. • Surrender this Policy option, where upon surrender the net surrender value is provided.

Riders

Long-Term Care Rider

Rider provides monthly benefits for home health care, family care, assisted living, adult day care, or any other state qualified care service. It will provide for a monthly accelerated payment of a portion of the specified amount under the base policy whenever qualifying conditions and the elimination period have been met.

Conditions for Benefit Eligibility:

1. The Insured must be certified by a Licensed Health Care Practitioner as having a severe Cognitive Impairment and/or an inability to perform at least two of the Activities of Daily Living (ADLs) for a period of at least 90 days.

Activities of Daily Living (ADL): bathing, continence, dressing, eating, using the toilet facilities, and transferring.

2. The 90 calendar day Elimination Period has been satisfied.
3. The Insured has been receiving Qualified Long-Term Care Services specified in a Plan of Care.
4. Subject to the exclusions not covered by CareMatters. See the FAQ section for more details.
5. The policy owner may be required to obtain consent to the LTC payment from all parties with an interest in the base Policy, including, but not limited to assignees.

Cost:

The Guaranteed Maximum Monthly LTC Rider Charge Rate stated in the Policy Specifications Pages varies by the Insured's Issue Age, sex, rate class, rate type, LTC Rider Specified Acceleration Period, and Policy Date.

Elimination period:

LTC rider has a 90 calendar day elimination period. It need not be continuous, but must be met within a 730 day period. This is a lifetime elimination period, meaning once the elimination period is met, it never has to be met again, no matter how many separate claims there may be.

Specified Acceleration period:

At time of application, the policy owner will select the LTC specified benefit period. This benefit period will be split into an acceleration period, represented by the LTC Rider and an extension period, represented by the LTCEB Rider.

For details on length of the acceleration and extension periods, see the LTC Specified Benefit Period section on page 4.

Long-Term Care Rider

Maximum Lifetime LTC Rider Benefit Amount:

For single premium options = Base policy specified amount less any loans minus the amount in the Unpaid Monthly Deductions Account.

The Maximum Lifetime LTC Rider Benefit Amount is recalculated at the following times:

- when a loan is taken
- when a loan payment is made
- on each Policy Anniversary any time a loan is outstanding
- when there is a change in the base Policy Specified Amount (i.e. upon election of the reduced paid up nonforfeiture option or when a partial Surrender is taken).

If a policy owner chooses the 5 or 10 year premium options and the insured becomes eligible for LTC benefits during the premium paying period, the policy owner has 2 options:

- Pay no more premium and receive a reduced benefit (i.e. elect Reduced Paid Up Insurance option)
- Continue paying premium as scheduled and receive the full amount of LTC benefits

Maximum Monthly LTC Rider Benefit Amount(after elimination period):

Maximum Lifetime Benefit Amount divided by the number of months in the Specified Acceleration period

For example:

\$750,000 base specified amount

3 year acceleration period chosen by customer

Maximum Monthly LTC Rider Benefit Amount = $\$750,000 / 36 \text{ months} = \$20,833$

When monthly benefits are paid, the policy owner can choose to receive an amount equal to or less than the Maximum Monthly Benefit Amount. Requesting a payment less than the full amount available leaves more money in the policy that may be paid as a death benefit or used for future LTC benefits. Money received by the policy owner can be allocated in 2 ways:

- Paid directly to the policy owner
- Placed directly in an Excess Benefit Account (EBA) - the policy owner can instruct us to open a Nationwide Bank Secure Money Market account on their behalf and deposit the monthly benefit amount difference. This money can then be used at a later date.

For example:

Maximum Monthly LTC Rider Benefit Amount = \$20,833

Policy owner could choose to directly receive \$10,000, place \$5,000 into the EBA and keep \$5,833 in the policy. In this case, when the insured dies, the specified amount on the policy will be reduced by \$15,000.

LTC Benefit Payout Account:

The LTC Benefit Payout Account is used to track the total dollar amount of long-term care benefits paid. This account is subtracted from death benefit proceeds at time of death or from the net surrender value at time of surrender.

Using the example above, \$15,000 would get added to the LTC Benefit Payout Account, the \$10,000 directly received and the \$5,000 placed in the Excess Benefit Account.

Riders (Continued)

Long-Term Care Rider (continued)

International Benefits:

If the Insured is receiving Qualified Long-Term Care Services outside of the United States, monthly international LTC benefit payments payable are no greater than 50% of the Maximum Monthly LTC Rider Benefit Amount. International LTC benefits are available until the Maximum Lifetime LTC Rider Benefit Amount is exhausted.

If the insured returns to the U.S., 100% of the Maximum Monthly LTC Benefit will become available if the maximum lifetime benefit amount has not been exhausted.

For example:

- Insured purchases YourLife CareMatters while residing in the United States
Maximum Monthly LTC Rider Benefit Amount = \$5,000
Benefit Duration is 3 years
Maximum Lifetime LTC Rider Benefit Amount = \$180,000
- Insured moves outside of the U.S. and eventually files a claim while residing outside the U.S.
The policy owner will only receive up to 50% of their Maximum Monthly LTC Benefit (\$2,500 per month).
In this example, they can receive \$2,500 per month of International Benefits for 6 years until their full \$180,000 LTC benefit pool is exhausted.
- Insured moves back to the U.S. after 12 months of collecting \$2,500/month International Benefits
The policy owner can then begin receiving 100% of their Maximum Monthly LTC Benefit (\$5,000 per month).
In this example the policy owner collected \$30,000 of their LTC benefit outside the U.S. \$150,000 of their \$180,000 is intact and they may receive \$5,000 per month for 30 months.

Lapse Protection:

While the insured is on claim, the policy will not lapse and monthly deductions for the cost of the LTC rider and LTCEB rider (if elected) will be waived. However, other monthly deductions under the base policy will continue to be charged. Therefore, if the insured goes off claim status, it is important to evaluate the policy status to avoid a possible lapse.

Guaranteed Minimum Death Benefit:

If the Insured dies after benefits have begun being paid from the Long-Term Care Rider, the beneficiaries will receive either: the un-accelerated portion of the death benefit that remains payable under the policy or 20% of the base policy specified amount, which ever is greater - less any loans.

Name and benefits may vary by issue state. Please consult the state specific policy for full details.

**Long-Term Care
Extension of Benefits
Rider**

This rider provides for a monthly benefit to the policy owner to cover qualified long-term care expenses for the insured, if not an International claim. Once the total amount of benefits available under the Long-Term Care Rider have been exhausted, benefits for this rider begin.

This rider can only be added at issue and can only be added to a policy if the Long-Term Care Rider has been added.

Conditions for Benefit Eligibility:

1. The Insured must be certified by a Licensed Health Care Practitioner as having a severe Cognitive Impairment and/or an inability to perform at least two of the Activities of Daily Living (ADLs) for a period of at least 90 days.

Activities of Daily Living (ADL): bathing, continence, dressing, eating, using the toilet facilities, and transferring.

2. The 90 calendar day Elimination Period has been satisfied.
3. The Insured has been receiving Qualified Long-Term Care Services specified in a Plan of Care.
4. Subject to the exclusions not covered by CareMatters. See the FAQ section for more details.
5. The policy owner may be required to obtain consent to the LTC payment from all parties with an interest in the base Policy, including, but not limited to assignees.

Cost:

The Guaranteed Maximum Monthly LTCEB Rider Charge Rate stated in the Policy Specifications Pages varies by the Insured's Issue Age, sex, rate class, rate type, LTC Specified Benefit Period, and Policy Date..

Extension period:

At time of application, the policy owner will select the LTC specified benefit period. This benefit period will be split into an acceleration period, represented by the LTC Rider and an extension period, represented by the LTCEB Rider.

For details on length of the acceleration and extension periods, see the LTC Specified Benefit Period section on page 4.

Riders (Continued)

Long-Term Care Extension of Benefits Rider (continued)

Maximum Lifetime LTCEB Rider Benefit Amount:

The initial Maximum Lifetime LTCEB Rider Benefit Amount is equal to the LTCEB Rider Specified Extension Period (in months) multiplied by the initial Maximum Monthly LTC Rider Benefit Amount.

The Maximum Lifetime LTCEB Rider Benefit Amount is recalculated at the following times:

- when a loan is taken
- when a loan payment is made
- on each Policy Anniversary any time a loan is outstanding
- when there is a change in the base Policy Specified Amount (i.e. upon election of the reduced paid up nonforfeiture option or when a partial Surrender is taken)

Maximum Monthly LTCEB Rider Benefit Amount:

The initial Maximum Monthly LTCEB Rider Benefit Amount is set equal to the initial Maximum Monthly LTC Rider Benefit Amount. It is recalculated any time the Maximum Monthly LTC Rider Benefit Amount is recalculated.

LTC benefits paid under this rider are added to the LTC Benefit Payout Account.

LTC Benefit Payout Account:

The LTC Benefit Payout Account is used to track the total dollar amount of long-term care benefits paid. This account is subtracted from death benefit proceeds at time of death or from the net surrender value at time of surrender.

International Benefits:

No international benefits are available under the LTCEB Rider. If the insured returns to the U.S., 100% of the maximum monthly LTCEB Rider benefit amount will become available if the maximum lifetime benefit amount has not been exhausted.

Lapse Protection:

While the insured is on claim, the policy will not lapse and monthly deductions for the cost of the LTC rider and LTCEB rider will be waived. However, other monthly deductions under the base policy will continue to be charged. Therefore, if the insured goes off claim status, it is important to evaluate the policy status to avoid a possible lapse.

Riders (Continued)

Long-Term Care Inflation Protection Rider

This rider will provide some protection against rising costs of long-term care services. If elected, this rider provides a separate monthly benefit if the Maximum Monthly LTC Benefit is taken.

This rider's benefit will increase annually, at the beginning of each policy year starting on the first anniversary. It is based on the amount of the monthly LTC benefit, and will increase whether or not claims are being paid.

If the policy owner elects the Inflation Protection Rider, these options are available:

- 3% Simple interest
- 5% Compound Interest

Conditions for eligibility:

- Rider can only be added at issue
- Rider can only be added to a policy if the Long-Term Care Rider has been added

Cost:

The Guaranteed Maximum Monthly LTC Inflation Protection Rider Charge Rate stated in the Policy Specifications Pages varies by the Insured's: Issue Age; sex; rate class; rate type; product; the LTC Inflation Protection Type; the LTC Inflation Protection Percentage; the LTC Specified Benefit Period; and Policy Date.

Example:

Assume a customer selects a 3 year LTC Specified Benefit period with the 5% Inflation option. The first year Inflation Monthly benefit amount is 0. This amount will increase each policy year by 5% of the Max Monthly LTC Rider Benefit Amount. So, if a claim is filed at the end of policy year 10, the total maximum monthly benefit available for the first year of the claim would be \$22,478.75...increasing to \$24,782.82 in the third year of claim.

Policy Year	LTC Max Monthly Benefit Amount	Inflation Protection Max Monthly	Total Max Monthly Available
1	\$13,800.00	\$ 0.00	\$13,800.00
2	13,800.00	690.00	14,490.00
3	13,800.00	1,414.50	15,214.50
...
11	13,800.00	8,678.75	22,478.75
12	13,800.00	9,802.68	23,602.68
13	13,800.00	10,982.82	24,782.82

In other words, the monthly benefit is going to increase by 5% on each policy anniversary, whether or not claims are being paid.

Benefits under this rider cease when the Lifetime Total Maximum Amount of LTC Benefits (under the LTC and LTCEB rider) has been exhausted.

If the Insured is receiving International LTC Rider Benefits under the LTC Rider, monthly International LTC Inflation Protection Rider Benefit payments are no greater than 50% of the Maximum Monthly LTC Inflation Protection Rider Benefit Amount. International LTC Inflation Protection Rider Benefit payments are available until the Maximum Lifetime LTC Rider Benefit Amount is exhausted.

Riders (Continued)

Accelerated Death Benefit for Terminal Illness Rider	<p>This rider provides for a lump sum advance payment in the event that the insured has a non-correctable terminal illness that results in the insured having a remaining life expectancy of 12 months or less (Illinois has a 24 month period). Death benefits, cash values and loan values will be reduced if an accelerated death benefit is paid.</p> <p>This rider is added at the time of policy issue.</p> <p>Conditions for eligibility:</p> <ul style="list-style-type: none"> • Policy must have at least two years remaining from the rider effective date until the maturity date (age 120) • Policy must have been in force for at least two years; any amount subject to the incontestability period is not eligible for this rider • The base policy specified amount must be at least \$50,000 on the rider effective date • The adjusted specified amount of the policy must be at least the minimum specified amount <p>Accelerated Benefit Payment:</p> <ul style="list-style-type: none"> • Maximum acceleration is 50% of the eligible specified amount • The minimum benefit must be at least \$10,000 and shall not exceed \$250,000 • Remaining policy is not disqualified as life insurance according to the Internal Revenue Code <p>Cost:</p> <p>There is no cost associated unless the claim has been approved. At that time, an administrative charge and risk charge will be taken.</p>
Net Surrender Value	<p>CareMatters includes a Guaranteed Cash Value that may grow during the life of the policy. The policy owner may take a loan or withdrawal to generate income, or the policy owner has the option to surrender the policy for its full value.</p>
Maturity	<p>Policy matures on the policy anniversary on which the insured reaches attained age 120. On the policy's maturity date, the maturity extension provision will apply, unless the policy owner chooses to receive the maturity proceeds (the policy's net surrender value) instead.</p>
Maturity Extension	<p>At attained age 120, the policy will be subject to the maturity extension provision, unless the owner elects otherwise. The maturity extension provision provides for the extension of the policy's coverage, including long-term care, until the date of death of the insured.</p> <p>This feature is automatically included in the base policy at no additional charge.</p>

Underwriting

Risk Classifications

Classes

Single Non-Tobacco

Single Tobacco

Couple Non-tobacco

Couple Tobacco

- If the applicant is married or in a legally recognized civil union or domestic partnership, they are eligible for premiums that are approximately 5% less than Single classes.

Table ratings and flat extras are not available.

Simplified Process

For Nationwide YourLife CareMatters, a simplified application process will be used; the following 4 pages detail the process.

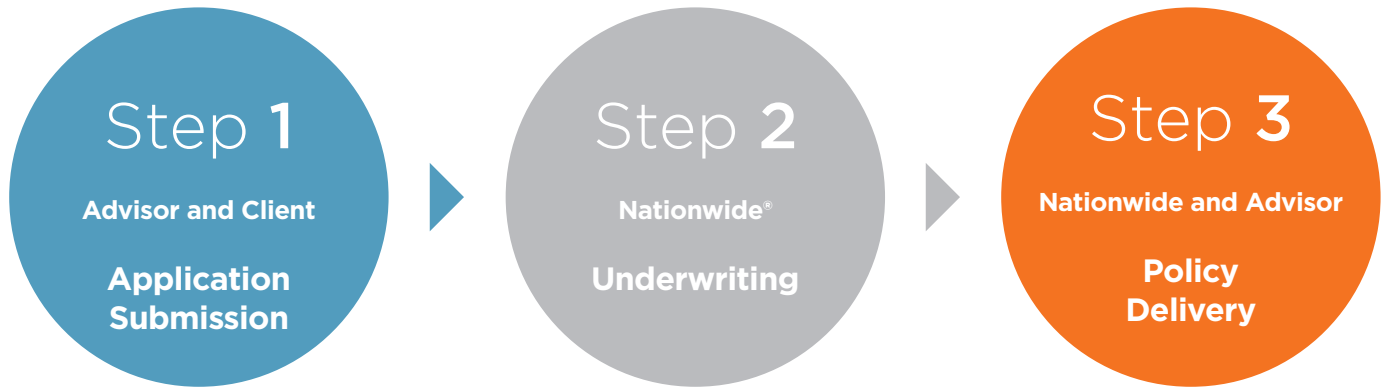
The Impairment Guide and Pre-Interview Checklist are also included for your review. The Impairment Guide documents details conditions, impairments or considerations that may disqualify a proposed insured from approval. The Pre-Interview checklist can help the customer prepare for the telephonic interview.

Nationwide YourLife CareMattersSM

Simplified Underwriting Process



Simplified Underwriting Process — Three easy steps from submission to commission



Pre-application:

- » Identify prospect
- » Pre-qualify prospect using the Pre-qualification guide and LTC personal worksheet
- » Verify licensing appointment with Nationwide

Complete forms:

- » Complete Part I of the application
- » Provide an outline of coverage
- » Complete LTC personal worksheet
- » Complete 1035 paperwork, if required
- » Prepare proposed insured for the tele-interview by providing the pre-interview guide
- » Complete other state-specific forms

Submission:

- » Fax, email or mail application and other required paperwork

One and done:

- » Producer provides all necessary paperwork at one time, upfront.
- » No follow-up, additional client meetings or back and forth required.

- » Confirm producer appointment and license
- » Conduct tele-interview with proposed insured
- » Underwrite and render decision.
Inform producer and proposed insured of outcome

Minimal requirements:

- » No attending physician statements
- » No paramedical exams

- » Place policy in force
- » Assemble and mail policy contract
- » Deliver to producer or proposed insured and schedule commission payment

Speedy turnaround time:

- » From submission to underwriting, the decision can take as little as six to eight days, leading to a timely policy issue.

Provide the Following During the Application Submission Process:

TO NATIONWIDE

- Application Part I
- Projection of values
- LTC personal worksheet
- NAIC states—Replacement of Life Insurance or Annuities form, if applicable
- Temporary Insurance Agreement, if applicable
- 1035 Policy Exchange Agreement and documentation, if applicable
- Long-Term Care Replacement Form, if applicable
- Other state-specific forms

TO THE PROPOSED INSURED

- Outline of coverage
- LTC insurance personal worksheet
- Things You Should Know Before You Buy Long-Term Care Insurance
- A Shopper's Guide to Long-Term Care (if required by state)
- Personal history phone interview instructions
- State-specific forms

Frequently Asked Questions

QUESTION:

What will happen if I submit a case with missing or incomplete information?

ANSWER:

A Nationwide case manager will call you and solicit the missing information. Note that the case will not proceed through the underwriting process, including the tele-interview, until it is “in good order.”

QUESTION:

What can cause delays in the underwriting process?

ANSWER:

The following are common reasons for delays in the underwriting process:

- Incomplete Application Part I
- Missing projection of values
- Missing or incomplete replacement forms
- Missing or incomplete state-specific forms
- Missing signatures
- Licensing or appointment issues

QUESTION:

What are the options for the initial premium?

ANSWER:

The following options are available for paying the initial premium:

- Submit payment with the application
- Web remittance (where available)
- Authorized electronic draft
- Partially or completely funded by a 1035 exchange

QUESTION:

How can I review the status of a case?

ANSWER:

View your status at Nationwide's Sales & Service website (nationwide.com/financial/advisors.jsp), or by calling the service line at 1-866-678-5433, Monday through Thursday between 8 a.m. and 8 p.m. Eastern time, and Friday between 8 a.m. and 6 p.m. Eastern time.

Frequently Asked Questions

QUESTION:**What should the proposed insured expect during the phone history interview?**

ANSWER:

Please refer to and provide the proposed insured with the pre-interview guide.

QUESTION:**What is the protocol for phone attempts to reach the proposed insured if they cannot be reached for scheduling the phone history interview?**

ANSWER:

Scheduling attempts are made according to the following protocol:

Once Nationwide's Underwriting Assessment Services receives the tele-interview request, they will make up to five calls within three to five business days of receipt of the request.

- The initial call to the proposed insured is placed within one business day of interview receipt by the Underwriting Assessment Services area.
- If the proposed insured is not at home, and if applicable, a message is left on the first, second and fifth call attempts, leaving the toll-free number to schedule an interview.
- If the proposed insured does not return the initial call to schedule an interview, four additional calls will be made to the proposed insured within two to four business days after the first call. If the proposed insured cannot be reached, no message will be left until the fifth call, when the toll-free number will be provided to schedule an interview.

Tele-interviewers currently make outgoing phone calls between 8 a.m. and midnight Eastern time Monday through Friday, and between 8 a.m. and 3 p.m Eastern time on Saturdays.

Calls are not currently completed on Sunday, before 8 a.m. or after 8:30 p.m. (local time in the applicant's time zone), unless requested specifically by the proposed insured or producer.

At least three of the five calls will be made during the proposed insured's best time to call, as indicated on the application.

QUESTION:**Can a specific time be scheduled for the interview on the application?**

ANSWER:

Since a good-order review needs to be completed at time of application submission, a specific time cannot be dictated on the application. However, you are encouraged to indicate a best time to call on your application. At least three of the five calls will be made during the proposed insured's best time to call as indicated on the application.

QUESTION:**What will the underwriters review during the underwriting process?**

ANSWER:

Underwriters will take the following into consideration in making a decision:

- Results for the Prescription Database (RX)
- Results of MIB
- Responses from the application Part I
- Responses from the phone history interview (application Part II)
- Results from the cognitive test conducted during the phone history interview, if applicable

Frequently Asked Questions

QUESTION:

**Can I have the interview done immediately after submitting an application?
Can I schedule another specific time for the interview?**

ANSWER:

At this time, all paperwork must be received and reviewed by Nationwide's case managers to make certain everything is in good order. Once everything is deemed to be in good order, the case will move to Nationwide's Underwriting Assessment Services area and the scheduling process will commence. However, during any contact made with the proposed insured on an outbound attempt, they will have the option of either scheduling the interview or having it completed at that point in time.

QUESTION:

Can the proposed insured receive assistance or have other people on the phone with them during the phone history interview?

ANSWER:

The proposed insured must be the only one on the phone, without exception. Speaker phones are not allowed. To get a clear understanding of the proposed insured's responses, no third party should be guiding their answers in any way. Any signs of not meeting this requirement could result in an immediate decline.

QUESTION:

What impairments or conditions will result in definite adverse decisions?

ANSWER:

We have created a pre-qualification guide for your reference. Specific impairments are listed where an adverse decision would be expected. In addition, a list of prescription medications that would indicate an uninsurable impairment or condition is provided. Using these tools will let you pre-qualify the proposed insured to see if this is the right product for them. (Note: These guides do not need to be submitted with the application.)

QUESTION:

My client already has a Nationwide policy. Can I do an internal exchange into this product?

ANSWER:

Internal exchanges are allowed, but full underwriting will be required.

QUESTION:

I have gone through the pre-qualifying exercise with my client. They mentioned a condition and an accompanying prescription treatment that I do not see on the guide; however, this typically would be a rated case. Should I submit the application?

ANSWER:

Yes. Underwriting decisions are based on a combination of factors including the phone history interview, and MIB and RX results. Make certain that the proposed insured is prepared to provide as much detail as possible on their condition during the interview. Remember, a submitted case does not guarantee approval.

QUESTION:

If a proposed insured is declined for coverage, when and how will they be notified?

ANSWER:

A letter will be sent to the proposed insured notifying them of the decision. In addition, you will be contacted via phone call, correspondence or both.

Nationwide YourLife CareMattersSM

Pre-Qualification Guide



Nationwide[®]
is on your side

Conditions, impairments or considerations that would disqualify a proposed insured from approval

If the proposed insured is not a U.S./Canadian citizen or green card holder, they are not insurable.

Within the last five years, proposed insured has had, has been diagnosed as having or has been treated for:

- Alcohol, controlled substance, illegal drug abuse or dependency
- Alzheimer's, dementia, senility, mild cognitive impairment, organic brain syndrome, memory loss or other cognitive impairment
- ALS (Lou Gehrig's Disease)
- Bone marrow disorder, Hodgkin's disease, leukemia or lymphoma
- Cancer of the bone, brain, esophagus, liver, lung, kidney, ovary, pancreas, stomach or cancer that has spread to other organs
- Cardiomyopathy
- Cerebral palsy
- Cirrhosis of the liver
- Cystic fibrosis
- Down syndrome
- Emphysema or other lung disorder requiring regular or intermittent use of oxygen
- HIV positive, AIDS, ARC, severe combined immunodeficiency, common variable immune deficiency
- Huntington's disease or immediate family member with Huntington's disease
- Hydrocephalus with or without shunt placement
- Imbalance, unsteady gait or ataxia
- Mental retardation
- Multiple sclerosis, including relapsing-remitting disease
- Muscular dystrophy
- Paralysis, paraplegia, or quadriplegia (excluding Bell's palsy)
- Parkinson's disease
- Post-polio syndrome
- Organ transplant (other than cornea)
- Renal failure, chronic kidney disease (excludes kidney stones)
- Schizophrenia, paranoia, bipolar disease or psychiatric disorders with psychosis
- Steroid-dependent condition (six months or longer)
- Stroke
- Suicide attempt
- TIA, multiple events
- Type 1 diabetes

Impairments and conditions that would not be insurable:

Durable Medical Items
Currently use or have used in the last 24 months:

ADL Impairments
Currently need or any need in the last 24 months for assistance or supervision of any of the following activities:

Medical Services
Currently reside in, have used within the past 24 months, been recommended or planning to utilize:

Build Chart
This is a guide and is not all inclusive — a body mass index (BMI) of less than 17 or 40 or greater is not acceptable. (Height in inches, weight in pounds.)

- Catheter
- Chairlift or stair lift
- Dialysis
- Feeding tube
- Hospital bed
- Implantable defibrillator
- Motorized scooter
- Multi-point cane
- Oxygen equipment
- Respirator or ventilator
- Walker or wheelchair

- Bathing
- Bowel or bladder control
- Dressing
- Eating
- Moving in or out of a chair or bed
- Taking medications, including setup of medications
- Toileting
- Walking

- Adult day care services
- Assisted living care facility
- Home health care services
- Hospice
- Nursing home
- Retirement community with LTC services received
- Other custodial facility
- Other caregiver support

- Those builds with BMI between 17 and 40 may also be unacceptable depending on co-morbid conditions. Below is a sample build chart based on height and weight:

Height (inches)	Body weight (pounds)			
	Decline	Marginal	Decline	Decline
60	87	169	199	205
64	99	192	227	233
67	109	211	249	255
69	115	223	264	270
71	122	237	280	287
72	126	243	288	295
73	130	250	296	303
75	136	263	312	320

Other factors that are not insurable:

- Currently collecting any type of disability or worker's compensation payments
- Multiple unexplained falls in the past 12 months
- Diagnostic testing planned, scheduled or recommended that has not been completed
- Surgery planned, scheduled or recommended that has not been completed
- Surgery completed, yet not fully recovered for a minimum of three months, including released from physician care for a specific medical condition
- Use of a handicap permit due to physical limitations or medical conditions

OR

Any of the following in combination with tobacco usage (cigarettes, pipe or cigar) in the past 36 months:

- Cardiac disease, including angina, aortic valve disease, atrial fibrillation, congestive heart failure, coronary artery bypass or stent, mitral valve disease, tachycardia
- Carotid artery disease, cerebral vascular accident (stroke) or transient ischemic attack (TIA)
- Peripheral vascular disease
- Diabetes
- Thrombotic disorder or clotting disorder
- Respiratory conditions, including asthma, chronic emphysema, chronic obstructive pulmonary disease, obstructive sleep apnea and pulmonary embolism

Considerations regarding current or pending medical treatment:

- If the client has any surgery scheduled in the next six months or has been advised to have surgery, wait to submit the case until the client is at least three months post-operative, fully recovered, back to 100% activity and released from all medical and doctor's care.
- If the client is currently being evaluated for an undiagnosed medical condition, postpone submission until all evaluations have been completed and a diagnosis has been made.
- If the client is currently receiving physical therapy, postpone submission until back to 100% activity without limitations and released from all care.

If a client is taking any of the below medications, it will likely disqualify an application from Nationwide YourLife CareMattersSM as it may reveal an underlying condition that is not insurable. This list is not exhaustive.

Medication	Condition	Medication	Condition
Abilify	Mental Disorder	Decadron	Steroid
Acthar	Multiple Sclerosis	Deltasone (prednisone)	Steroid
Adriamycin	Cancer	Demerol	Pain
Agrylin	Blood Disorder	Dilaudid (hydromorphone)	Pain
Akineton	Parkinson's Disease	Dolophine (methadone)	Pain
Alkeran	Cancer	Dopar	Pain
Antabuse	Alcohol Abuse	Dostinex	Parkinson's Disease
Apokyn	Parkinson's Disease	Doxil	Cancer
Aptivus	AIDS	DTIC	Cancer
Arava	Rheumatological Disorder	Duragesic (fentanyl)	Pain
Aricept	Dementia/Alzheimer's	Eldepryl	Parkinson's Disease
Arimidex	Cancer	Eligard	Prostate Cancer
Artane	Parkinson's Disease	Emcyt	Cancer
Atgam	Immune Disorder	Enbrel	Rheumatological Disorder
Avonex	Multiple Sclerosis	Equetro	Mental Disorder
Azilect	Parkinson's Disease	Eskalith (lithium)	Mental Disorder
AZT	AIDS	Eulexin (flutamide)	Prostate Cancer
Baraclude	Hepatitis	Exelon	Dementia/Alzheimer's
Betaferon	Multiple Sclerosis	Faslodex	Cancer
Betaseron	Multiple Sclerosis	Fazaclo	Mental Disorder
BiCNU	Cancer	Foscavir	AIDS
Blenoxane	Cancer	Gengraf	Immune Disorder
Busulfex (bisulfan)	Cancer	Geodon	Mental Disorder
Campral	Alcohol Abuse	Gerimal	Dementia/Alzheimer's
Carbex	Parkinson's Disease	Gleevec	Cancer
Casodex	Prostate Cancer	Gold Therapy	Rheumatological Disorder
CeeNU	Cancer	Haldol	Mental Disorder
Cellcept	Immune Disorder	Hepsera	Hepatitis
Cerefolin	Dementia/Alzheimer's	Herceptin	Cancer
Cerubidine	Cancer	Humira	Rheumatological Disorder
Clozapine	Mental Disorder	Hydergine (ergoloid)	Dementia/Alzheimer's
Clozaril	Mental Disorder	Hydrea	Blood Disorder
Cogentin	Parkinson's Disease	Ifex	Cancer
Cognex	Dementia/Alzheimer's	Imuran (azathioprine)	Rheumatological Disorder
Comtan	Parkinson's Disease	Incivek (telaprevir)	Hepatitis
Copegus	Hepatitis	Infergen	Hepatitis
Copaxone	Multiple Sclerosis	Interferon	Hepatitis
Cortef (hydrocortisone)	Steroid	Intron	Cancer
Cuprimine (D-penicillamine)	Rheumatological Disorder	Kemadrin	Parkinson's Disease
Cytosar	Cancer	Kineret	Rheumatological Disorder
Cytoxan	Cancer	Larodopa	Parkinson's Disease
Dantrium	Multiple Sclerosis	Leukeran	Cancer

Medication	Condition	Medication	Condition
Leukine	Cancer	Reminyl	Dementia/Alzheimer's
Lioresal (baclofen)	Multiple Sclerosis	Requip	Parkinson's Disease
Loxitane	Mental Disorder	Revia (naltrexone)	Mental Disorder
Lupron	Prostate Cancer	Ribapak	Alcohol Abuse
Lysodren	Cancer	Ribasphere	Hepatitis
Matulane	Cancer	Ribatab	Hepatitis
Medrol	Steroid	Ribavirin	Hepatitis
Megace	AIDS	Risperdal	Hepatitis
Mellaril	Mental Disorder	Rituxan	Rheumatological Disorder
Mestinon	Immune Disorder	Roferon	Hepatitis
Methotrexate	Rheumatological Disorder	Rubex	Cancer
Mirapex	Parkinson's Disease	Sandimmune	Immune Disorder
Moban	Mental Disorder	Serentil	Mental Disorder
Moditen	Mental Disorder	Seroquel	Mental Disorder
MS Contin (morphine)	Pain	Simulect	Immune Disorder
Mutamycin (mitomycin)	Cancer	Sinemet (carbidopa)	Parkinson's Disease
Myfortic	Immune Disorder	Stalevo	Parkinson's Disease
Myleran	Cancer	Stelazine	Mental Disorder
Mytelase	Immune Disorder	Symadine	Parkinson's Disease
Namenda	Dementia/Alzheimer's	Symmetrel	Parkinson's Disease
Navane	Mental Disorder	Taractan	Mental Disorder
Neoral (cyclosporine)	Rheumatological Disorder	Tarceva	Cancer
Neupro	Parkinson's Disease	Tasmar	Parkinson's Disease
Nilandrone	Prostate Cancer	Thioplex	Cancer
Niloric	Dementia/Alzheimer's	Thioridazine	Mental Disorder
Nipent	Cancer	Thymoglobulin	Immune Disorder
Novantrone	Multiple Sclerosis	Timespan	Immune Disorder
Orencia	Rheumatological Disorder	Toposar (etoposide)	Cancer
Orthoclone	Immune Disorder	Trelstar	Prostate Cancer
Oxycontin (oxycodone)	Pain	Trihexane	Parkinson's Disease
Parcopa (levodopa)	Parkinson's Disease	Trilafon (perphenazine)	Mental Disorder
Parlodel	Parkinson's Disease	Tysabri	Multiple Sclerosis
Pegasus	Hepatitis	Tyzeka	Hepatitis
Pegatron	Hepatitis	Vantas	Prostate Cancer
Percocet	Pain	Velban	Cancer
Percodan	Pain	VePesid	Cancer
Permitil	Mental Disorder	Vesprin	Mental Disorder
Plaquenil	Rheumatological Disorder	Viadur	Prostate Cancer
Platinol	Cancer	Vicodin (hydrocodone)	Pain
Plenaxis	Prostate Cancer	Videx	AIDS
Prograf	Immune Disorder	Vitreli (boceprevir)	Hepatitis
Proleukin	Cancer	Wellcovorin	Cancer
Prolixin (fluphenazine)	Mental Disorder	Wellferon	Hepatitis
Prostigmin	Immune Disorder	Xeloda	Cancer
Purinethol	Cancer	Zanosar	Cancer
Razadyne	Dementia/Alzheimer's	Zelapar	Parkinson's Disease
Rebetron	Hepatitis	Zenapax	Immune Disorder
Rebif	Multiple Sclerosis	Zoladex	Prostate Cancer
Regonol	Immune Disorder	Zyprexa	Mental Disorder
Remicade	Rheumatological Disorder		

The chart below contains the same medications listed on the previous pages. For the sake of convenience, they are categorized here by medical condition.

AIDS	Cancer (cont'd)	Immune Disorder	Multiple Sclerosis	Parkinson's Disease (cont'd)
Aptivus	Purinethol	Atgam	Acthar	Symadine
AZT	Rubex	Cellcept	Avonex	Symmetrel
Foscavir	Tarceva	Gengraf	Betaferon	Tasmar
Megace	Thioplex	Mestinon	Betaseron	Trihexane
Videx	Toposar (etoposide)	Myfortic	Copaxone	Zelapar
Alcohol Abuse	Velban	Mytelase	Dantrium	Prostate Cancer
Antabuse	VePesid	Orthoclone	Lioresal (baclofen)	Casodex
Campral	Wellcovorin	Prograf	Novantrone	Eligard
Revia (naltrexone)	Xeloda	Prostigmin	Rebif	Eulexin (flutamide)
Blood Disorder	Zanosar	Regonol	Tysabri	Lupron
Agrylin	Dementia/Alzheimer's	Sandimmune	Pain	Nilandrone
Hydrea	Aricept	Simulect	Demerol	Plenaxis
Cancer	Cerefolin	Thymoglobulin	Dilaudid (hydromorphone)	Trelstar
Adriamycin	Cognex	Timespan	Dolophine (methadone)	Vantas
Alkeran	Exelon	Zenapax	Dopar	Viadur
Arimidex	Gerimal	Mental Disorder	Duragesic (fentanyl)	Zoladex
BiCNU	Hydergine (ergoloid)	Abilify	MS Contin (morphine)	Rheumatological Disorder
Blenoxane	Namenda	Clozapine	Oxycontin (oxycodone)	Arava
Busulfex (bisulfan)	Niloric	Clozaril	Percocet	Cuprimine (D-penicillamine)
CeeNU	Razadyne	Equetro	Percodan	Enbrel
Cerubidine	Reminyl	Eskalith (lithium)	Vicodin (hydrocodone)	Gold Therapy
Cytosar	Hepatitis	Fazaclo	Parkinson's Disease	Humira
Cytosan	Baraclude	Geodon	Akineton	Imuran (azathioprine)
Doxil	Copegus	Haldol	Apokyn	Kineret
DTIC	Hepsera	Loxitane	Artane	Methotrexate
Emcyt	Incivek (telaprevir)	Mellaril	Azilect	Neoral (cyclosporine)
Faslodex	Infergen	Moban	Carbex	Orencia
Gleevec	Interferon	Moditen	Cogentin	Plaquenil
Herceptin	Pegasus	Navane	Comtan	Remicade
Ifex	Pegatron	Permitil	Dostinex	Rituxan
Intron	Rebetron	Prolixin (fluphenazine)	Eldepryl	Steroid
Leukeran	Ribapak	Risperdal	Kemadrin	Cortef (hydrocortisone)
Leukine	Ribasphere	Serentil	Larodopa	Decadron
Lysodren	Ribatab	Seroquel	Mirapex	Deltasone (prednisone)
Matulane	Ribavirin	Stelazine	Neupro	Medrol
Mutamycin (mitomycin)	Roferon	Taractan	Parcopa (levadopa)	
Myleran	Tyzeke	Thioridazine	Parlodel	
Nipent	Vitreis (boceprevir)	Trilafon (perphenazine)	Requip	
Platinol	Wellferon	Vesprin	Sinemet (carbidopa)	
Proleukin		Zyprexa	Stalevo	



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Guarantees are subject to the claims-paying ability of Nationwide Life Insurance Company and/or Nationwide Life and Annuity Insurance Company. The financial strength of Nationwide is not intended to reflect the investment experience of a variable account, which is subject to market risk.

Keep in mind that as an acceleration of the death benefit, the payment of long-term care (LTC) rider benefits will reduce both the death benefit and cash values of the policy. Additionally, loans and withdrawals will also reduce both the cash values and the death benefit. Care should be taken to make sure that your clients' life insurance needs continue to be met even if the rider pays out in full, or after money is taken from their policies. There is no guarantee that the rider will cover the entire cost for all of the insured's LTC, as this may vary with the needs of each insured.

As your clients' personal situations change (e.g., marriage, birth of a child or job promotion), so will their life insurance needs. Take care to ensure this product is suitable for their long-term life insurance needs. They should weigh any associated costs before making a purchase. Life insurance has fees and charges that vary with sex, health, age and smoking status. Riders that customize a policy to fit individual needs usually carry an additional charge.

Life insurance is issued by Nationwide Life Insurance Company or Nationwide Life and Annuity Insurance Company, Columbus, Ohio.

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ML: 14-001527

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Nationwide YourLife CareMattersSM

What to expect during your personal history interview

Part of the Nationwide YourLife CareMattersSM application process

Thank you for considering Nationwide YourLife CareMattersSM for your long-term care and life insurance coverage needs. Now that you've met with your life insurance professional, you'll be receiving a call from an interviewer. He or she will gather information about your personal and medical history, which will be recorded and used to help complete your application.

This worksheet was designed to help you prepare for that interview. Filling it out ahead of time is optional, but it will enable you to have all the information you need right at your finger tips — saving you time and eliminating the hassle of searching for it during the interview.

What to expect

The phone interview usually takes about 45 minutes, but can run longer based on your specific history.

What you'll be discussing:

- Medical and prescription history
- Occupation, hobbies, sports and travel information
- Citizenship/immigration information
- Verification of your Social Security number
- Social history, including alcohol and tobacco use
- Daily living activities
- A cognitive assessment may also be included (no preparation is needed for this)

HELPFUL HINT: Due to the personal nature of the information being discussed, you may want to choose somewhere private to complete the phone interview.

Nationwide® will need to verify your prescription information, so please be sure to supply the most accurate information available. And once the phone interview is completed, you'll be asked to give a voice signature to verify the accuracy of all the information you've provided.

What you'll need

The interviewer will be asking you very specific questions during your phone interview, especially about your medical and prescription history. Having all the information you need in one place will help simplify the phone interview for you.

Social Security number**Driver's license number**

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Medications

Provide all prescription medications that you're currently taking, as well as those you've been prescribed, have taken or been given in the past three years. Also, list any over-the-counter medications, aspirin or supplements you've taken for two or more weeks at a time within the last 12 months.

Medication name	Dosage	When started	Currently taking	Reason for taking	Physician
			<input type="checkbox"/> Yes <input type="checkbox"/> No		
			<input type="checkbox"/> Yes <input type="checkbox"/> No		
			<input type="checkbox"/> Yes <input type="checkbox"/> No		
			<input type="checkbox"/> Yes <input type="checkbox"/> No		

Daily living activities

Have you needed assistance or supervision while performing any of the following activities in the last 24 months? (Check all that apply):

<input type="checkbox"/> Bathing	<input type="checkbox"/> Meal preparation	<input type="checkbox"/> Toileting
<input type="checkbox"/> Bowel or bladder control	<input type="checkbox"/> Managing your finances	<input type="checkbox"/> Use of transportation
<input type="checkbox"/> Cleaning	<input type="checkbox"/> Moving in or out of a chair or bed	<input type="checkbox"/> Telephone use
<input type="checkbox"/> Dressing	<input type="checkbox"/> Shopping	<input type="checkbox"/> Walking
<input type="checkbox"/> Eating	<input type="checkbox"/> Taking or managing your medications	

What recreational activities, volunteer work or exercise regimens do you participate in?

--

Social history

Have you used tobacco or nicotine products — such as cigarettes, cigars, electronic cigarettes, pipe, smokeless tobacco, snuff, other tobacco products, nicotine products (gum, patch, etc.) — in any form?

In the last 12 months? <input type="checkbox"/> Yes <input type="checkbox"/> No	In the last 36 months? <input type="checkbox"/> Yes <input type="checkbox"/> No
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If "yes", please specify the type:

<input type="checkbox"/> Cigarettes	<input type="checkbox"/> Cigars	<input type="checkbox"/> Electronic cigarettes	<input type="checkbox"/> Pipe	<input type="checkbox"/> Smokeless tobacco	<input type="checkbox"/> Snuff	<input type="checkbox"/> Other tobacco products
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Amount and frequency: last 12 months: _____ last 36 months: _____

Date tobacco or nicotine product last used: ____/____/____ (mm/dd/year)

Social history (cont.)

Do you consume alcoholic beverages? ☐ Yes ☐ No

If "yes," please specify the type, amount and frequency: _____

Date alcohol last used: ____/____/____ (mm/dd/year)

Medical history

Please list all medical conditions (past and current) for which you've been diagnosed. And keep in mind that the interviewer may have additional questions based on the information you provide.

Condition	Date of diagnosis	Symptoms	Tests done — including results	Type and date of treatment	Name, address and phone number of the physician, hospital and/or treatment facility

If you have or have had any of the following conditions, please be prepared to provide the following information:

Cancer	Diagnosis/date of diagnosis _____ Type, location, stage of cancer or any lymph node involvement or metastasis _____ Treatment (including date of last treatment) and any residuals/side effects _____ _____ Outcome _____
Diabetes	Type _____ Have you had any of the following conditions related to diabetes? <input type="checkbox"/> Eye problems or retinopathy <input type="checkbox"/> Foot sores or ulcers <input type="checkbox"/> Amputations <input type="checkbox"/> Kidney problems or nephropathy <input type="checkbox"/> Neuropathy Do you check your blood sugar levels? <input type="checkbox"/> Yes <input type="checkbox"/> No Date last checked ____/____/____ (mm/dd/year) Average reading _____ Have you had a hemoglobin A1C test (HgA1C)? <input type="checkbox"/> Yes <input type="checkbox"/> No If yes, date of last test ____/____/____ (mm/dd/year) Results _____

Medical history (cont.)

Heart disease/ heart attack	<p>Date of last occurrence ____/____/____ (mm/dd/year)</p> <p>Have you had any procedures or surgeries? <input type="checkbox"/> Yes <input type="checkbox"/> No (if yes):</p> <p>Type (bypass — include how many vessels, angioplasty, stent placement, etc.) _____</p> <p>Date completed ____/____/____ (mm/dd/year)</p> <p>Facility/physician name, city and state: _____</p> <p>If you have had more than one instance, please be prepared with the details of that as well</p>
High blood pressure	<p>How often is your blood pressure taken? _____</p> <p>Who takes your blood pressure readings? _____</p> <p>Results/readings:</p> <p>Date of last blood pressure reading ____/____/____ (mm/dd/year)</p> <p>Results of the last blood pressure reading _____</p> <p>Average readings _____</p>

Application history

Please list all life, long-term care or disability insurance applications for which you have been declined, postponed, rated, etc.

Product type	Date applied for	Outcome	Reason for outcome	Company

YOU'RE ALL SET

Now that you know what information is needed, you're ready for your interview. Thank you, again, for considering Nationwide YourLife CareMatters. And if you have any additional questions about our product or the interview, please feel free to contact your insurance professional.

Life insurance is issued by Nationwide Life Insurance Company or Nationwide Life and Annuity Insurance Company, Columbus, Ohio.
 Nationwide, Nationwide Financial, the Nationwide framemark and Nationwide YourLife CareMatters are service marks of Nationwide Mutual Insurance Company.
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 ICC14-LAM-1950AO.1 (05/14)

Policy Administration

Underwriting Changes	<p>After the policy is issued, there are no:</p> <ul style="list-style-type: none"> • Increases in coverage • Decreases in coverage, except using partial surrenders or the Reduced Paid Up Insurance nonforfeiture option • Removal of riders • Change in rate class or rate type • Change in premium amount or period (e.g. 5 to 10 year)
Loans	<p>Loan availability Policy loans are available from issue, as long as the policy has a cash value. The minimum amount of any policy loan is \$200.</p> <p>Interest rates</p> <ul style="list-style-type: none"> • On a current and guaranteed basis, the loan charged rate will be equal to 4% in all policy years. • The loan credited rate will be equal to 2% in all policy years on a current and guaranteed basis. <p>Repayments Loan repayments may be made at any time. Minimum loan repayment is \$25 as shown on the policy specification pages. Any payments received during the premium payment period while there is an outstanding loan balance will be considered as premium payments unless they are specifically indicated to be loan repayments.</p> <p>Max loan The maximum total loan amount is equal to the current net surrender value less three months of deductions, the first of which will come due on the next monthly anniversary. Loans carried over from a 1035 Exchange are restricted to a max limit of 90% of cash surrender value.</p> <p>Impact on LTC benefits The Maximum Lifetime LTC Rider Benefit Amount is the base Policy Specified Amount times the quantity (Cash Surrender Value minus Indebtedness) divided by the Cash Surrender Value. It is recalculated at the following times:</p> <ul style="list-style-type: none"> • when a loan is taken • when a loan payment is made • on each Policy Anniversary any time a loan is outstanding • when there is a change in the base Policy Specified Amount (i.e. upon election of the reduced paid up insurance nonforfeiture option or when a partial Surrender is taken). <p>Outstanding loans proportionately reduce the Maximum Monthly Benefit Amount available.</p> <p>Loan repayments proportionately increase the Maximum Monthly Benefit Amount available.</p> <p>If the Accumulated Value is less than Indebtedness, monthly deductions will not be deducted from the Accumulated Value, but instead will be added to the Unpaid Monthly Deductions Account. Monthly deductions that accrue in the Unpaid Monthly Deductions Account will be charged interest at the same rate as Indebtedness. Each Policy Monthiversary when the Accumulated Value exceeds Indebtedness, an amount of the Unpaid Monthly Deductions Account equal to the difference between the Accumulated Value and Indebtedness will be deducted from the Accumulated Value, dollar for dollar, until the Unpaid Monthly Deductions Account goes to zero.</p>

Loans (continued)	Unpaid Monthly Deductions Account (UMDA) An account used for tracking purposes. It is established when the Indebtedness exceeds the Accumulated Value. This account maintains the amount of the Policy charges and deductions when Indebtedness exceeds the Accumulated Value. No interest is credited to the Unpaid Monthly Deductions Account. Interest charged on the Unpaid Monthly Deductions Account accrues at the same rate as Indebtedness, and is applied to the Unpaid Monthly Deductions Account.
Partial Surrenders (Withdrawals)	<p>Partial surrenders are available starting in policy year two. Partial surrenders must be requested in writing.</p> <p>Impact on policy values</p> <p>When a partial surrender is processed, the policy values will be adjusted as follows:</p> <ul style="list-style-type: none"> • The specified amount of the policy will be reduced. The amount of the reduction will be equal to the specified amount prior to the partial surrender multiplied by the ratio of the amount of the partial surrender to the cash surrender value prior to the partial surrender. This reduction might be more than the dollar amount of the partial surrender requested; • The guaranteed cash value will be reduced in the same proportion as the specified amount reduction. The amount of the reduction in guaranteed cash might not be equal to the dollar amount of the partial surrender; • The accumulated value is reduced by the amount of the partial surrender; <p>A prorata surrender charge will be deducted from the accumulated value.</p> <p>Partial surrenders result in the Maximum Lifetime LTC Rider Benefit and Maximum Lifetime LTCEB Rider Benefit amounts being recalculated. For more details, review the rider section beginning on page 15.</p> <p>Limitations</p> <ul style="list-style-type: none"> • We reserve the right to limit the number of partial surrenders in any year to one. • The minimum partial surrender amount is \$1,000. • In policy years 2 to 10, the maximum amount of all partial surrenders in any given policy year is equal to 10% of the net surrender value as of the beginning of that year. • In policy years 2+, the maximum amount of partial surrenders is limited such that the net surrender value must be at least the minimum specified amount shown on the policy specifications page after the partial surrender. • A partial surrender will not be permitted if as a result of the partial surrender the specified amount would need to be reduced to a level where the policy would not (at that point or at any point in the future) meet the definition of life insurance under Section 7702 of the Internal Revenue Code. <p>Charges</p> <p>We reserve the right to charge a fee for processing a partial surrender. The maximum fee is shown on the Policy Specification Pages. The maximum fee is \$25 per partial surrender. If a partial surrender fee is assessed, the fee will be taken from the partial surrender amount.</p>

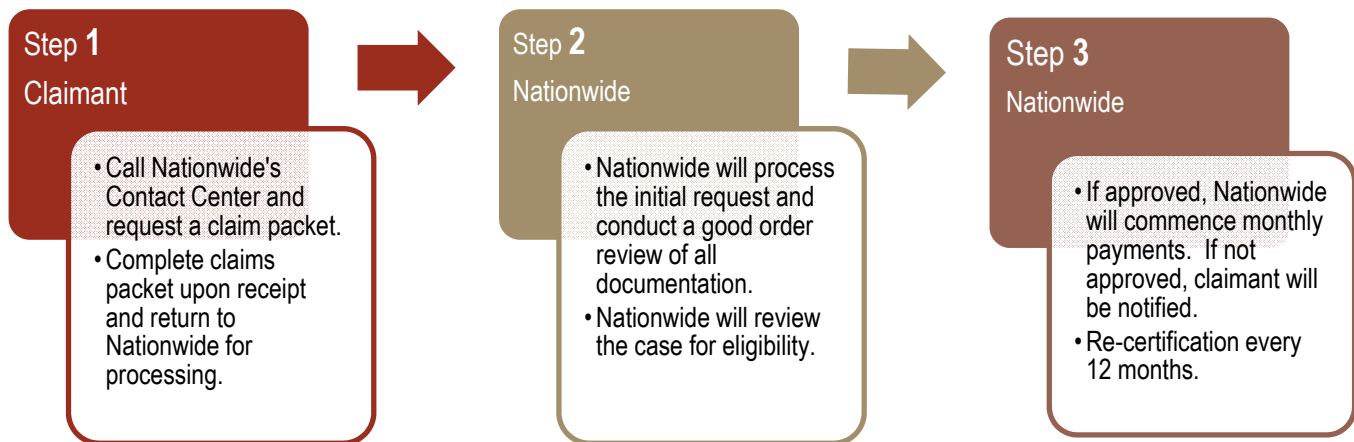
Surrender charges	<p>There will be a surrender charge associated with the total premium paid. Surrender charges will apply to full or partial surrenders during the first 10 years following the first premium payment.</p> <p>Surrender charges are a percent of actual premium paid in the first 10 policy years as shown below:</p> <table><tr><td>1</td><td>2</td><td>3</td><td>4</td><td>5</td><td>6</td><td>7</td><td>8</td><td>9</td><td>10</td><td>11+</td></tr><tr><td>8.0%</td><td>7.5%</td><td>7.0%</td><td>6.5%</td><td>6.0%</td><td>5.5%</td><td>5.0%</td><td>4.0%</td><td>3.0%</td><td>2.0%</td><td>0%</td></tr></table> <p>Please note: Nationwide® guarantees a return of premium (minus any benefits paid, withdrawals or outstanding loans, subject to a vesting schedule). However, there will be no return of premium until after the Premium Payment Period has ended and all premiums have been paid.</p>	1	2	3	4	5	6	7	8	9	10	11+	8.0%	7.5%	7.0%	6.5%	6.0%	5.5%	5.0%	4.0%	3.0%	2.0%	0%
1	2	3	4	5	6	7	8	9	10	11+													
8.0%	7.5%	7.0%	6.5%	6.0%	5.5%	5.0%	4.0%	3.0%	2.0%	0%													
Grace Period	<p>If the policy misses a scheduled premium, the policy will enter a grace period. If premium is not paid, and the policy was not surrendered for its Net Surrender Value, the policy will use the Reduced Paid Up Insurance nonforfeiture option and reduce the specified amount and LTC benefits accordingly.</p> <p>If the policy's Indebtedness plus the Unpaid Monthly Deduction Account exceeds its Cash Surrender Value, the policy will enter a grace period. If loan repayment is not made, the policy will lapse.</p> <p>* When on LTC claim, the lapse protection feature prevents policies from lapsing.</p>																						

Reinstatement	<p>If the Policy lapses at the end of a grace period, it may be reinstated subject to all of the following:</p> <ul style="list-style-type: none"> • it has not been surrendered for its Cash Surrender Value; • the reinstatement request is in writing and received by us within three years after the end of the most recent grace period and prior to the Maturity Date; • The policy owner provides evidence of insurability satisfactory to us and; <p>All overdue premium and any other amounts owed to us must be paid with compound interest up to 6% per year from the date of default to the date of reinstatement. We may charge less than the maximum rate.</p> <p>The effective date of a reinstated Policy will be the Policy Monthaversary on or next following the date we approve the application for reinstatement.</p> <p>When the Policy is reinstated, a new two-year incontestability period will apply with respect to statements the owner makes in the application for reinstatement. After this Policy is In Force for two years from a reinstatement date, we will not contest it for any reason, except for fraud in procurement of the reinstated policy when permitted by applicable law in the state where the policy is delivered or issued for delivery. The Policy provisions in the Suicide section apply for a period that shall not exceed two years from the day of reinstatement.</p> <p>In addition to the terms of reinstatement stated in the Policy, if the Policy lapses causing the LTC Rider or LTCEB Rider to terminate while the Insured would otherwise meet the criteria set forth in the Eligibility for the Payment of Benefits provision of the rider, the Policy and Rider(s) may still be reinstated. To reinstate the rider, a written request must be provided within five (5) months from the date of termination, and all of the following conditions must be met:</p> <ol style="list-style-type: none"> 1. the policy owner must furnish us with satisfactory proof that the Insured would have qualified for benefits under the LTC Rider or LTCEB Rider (if not for the Elimination Period) on the date of termination. However, no evidence of insurability will be required; 2. all overdue premium and any other amounts owed to us are paid; and 3. if there is no overdue premium, the policy is reinstated by loan repayment sufficient to keep the policy and all attached riders in force for a minimum of three (3) months as provided for in the "Reinstatement" section of the Policy. <p>Policy Owner rights and ours under the rider(s) and the base Policy will be the same as they were just before the rider(s) and base policy terminated.</p> <p>Regardless of the reinstatement effective date, an eligible Period of Care will be considered to have begun when the eligibility criteria set forth in the Eligibility for the Payment of Benefits provision of the rider, is met.</p>
Chargebacks	<p>Compensation and EAP chargebacks on Surrenders and Reductions in Specified Amount (includes reductions caused by Partial Surrenders):</p> <p>Months 0-6 = 100%</p> <p>Months 7-24 Reduce by 5% each month (e.g. Month 7 = 95%, month 8 = 90% etc)</p> <p>Months 25+ = 0%</p> <p>Note that these percentages apply to five and ten pay options also. A separate chargeback period will be applied to each premium payment for the five and ten pay options.</p> <p>Chargebacks will apply to loans, partial surrenders, and proportional reductions in specified amount due to non-payment of premium in the first 4 years.</p>

Claims

Nationwide's YourLife CareMatters Claims Process

What to expect when filing a Claim for Long-Term Care Insurance



Claims Process

Step 1

- Contact Nationwide and explain your intent to file a claim for Long-Term Care. To become **eligible for receiving Long-Term Care benefits**,
 - The Insured must be certified by a Licensed Health Care Practitioner as having a severe Cognitive Impairment and/or an inability to perform at least two of the Activities of Daily Living (ADLs) for a period of at least 90 days.

Activities of Daily Living (ADL): bathing, continence, dressing, eating, using the toilet facilities, and transferring.
 - The 90 calendar day Elimination Period has been satisfied.
 - The Insured has been receiving Qualified Long-Term Care Services specified in a Plan of Care.
 - No exclusions that would affect claim eligibility apply.
 - The policy owner may be required to obtain consent to the LTC payment from all parties with an interest in the base Policy, including, but not limited to assignees.
- Nationwide will mail a claims packet, including all necessary forms, to the Policy Owner.
- The Policy Owner should carefully complete all documentation and return to Nationwide.

Step 2

- Nationwide will process the paperwork after conducting a good order review of all documentation.
- Nationwide will review the case for eligibility in conjunction with contract terms and conditions.
- If necessary, Nationwide will schedule an in person assessment of the claimant and/or order medical records.

Step 3

- Once approved, Nationwide will begin payments after the 90 calendar day elimination period is satisfied.
- Nationwide will re-certify the claim at least once every 12 months to determine if the insured continues to be eligible for benefits. Additional physician certification, in person assessments and ordering of medical records may be required.

International Claims:

- International LTC Rider Benefit payments will be no greater than **50%** of the Maximum Monthly LTC Rider Benefit Amount and **50%** of the LTC Inflation Protection Rider benefit amount, until the Maximum Lifetime LTC Benefit Amount is exhausted, while the Insured is receiving care outside the United States. Payments will be in US dollars only.
- The Maximum Monthly LTC Rider Benefit Amount is not reduced, but it will take twice as long for the Maximum Lifetime LTC benefit amount to be paid out if used entirely for claims outside the U.S.
- If the insured returns to the U.S., 100% of the Maximum Monthly LTC Rider Benefit will become available if the Maximum Lifetime LTC Benefit Amount has not been exhausted
- No international benefits are available under the LTCEB Rider. If the insured returns to the U.S., 100% of the Maximum Monthly LTCEB Rider Benefit Amount will be available if the Maximum Lifetime LTC Benefit Amount has not been exhausted
- All Claims information and medical records must be submitted in English.
- The Insured is not required to return to the US for certification, however **the Licensed Health Care Practitioner providing the certification must be licensed to practice in the United States, its territories or possessions**. Nationwide may require a copy of that license at the time of claim.
- It is the responsibility of the Policy Owner to determine if collecting LTC Rider Benefits outside the United States will subject the Policy Owner to taxation in the United States, taxation from the country of residence, or any other form of tax or legal consequence. Nationwide and its affiliates do not give tax or legal advice.

Benefit Banking	<p>What is Benefit Banking? At the time of claim, if the maximum monthly benefit amount is not immediately needed for care services, the extra funds can be saved for future long-term care costs. Benefit banking is an optional service whereby the policy owner can request us to open a Nationwide Bank Secure Money Market account (Excess Benefit Account or EBA) on their behalf and allocate a portion of the monthly benefit to be deposited in the EBA. Once in the account, the funds are considered fully received and can be used to supplement more expensive care costs in the future.</p> <p>This feature makes it possible to cover future costs that may exceed the maximum monthly benefit amount (limited to availability of unused funds). For example, when stepping up from home care that costs less than the maximum monthly benefit to a full-time nursing home that may be more than the maximum monthly benefit, a client can use funds from the EBA to pay the difference.</p> <p>The Benefit Banking service is optional. The policy owner may choose to save the excess funds in any bank account of their choosing, or leave the funds in the policy.</p> <p>How is this account funded? When the policy owner files a claim for benefits they will specify the amount of benefit to be received. If less than the maximum monthly benefit amount is needed for care expenses, the policy owner may choose to allocate all or part of the difference to the EBA.</p> <p>Example # 1 HIPAA \$9,600 Monthly benefit amount \$7,200 Monthly LTC costs \$5,500 Customer collects \$7,200, applies \$5,500 for LTC costs and puts \$1,700 in the EBA to be used later.</p> <p>Example # 2 HIPAA \$9,600 Monthly benefit amount \$7,200 Monthly LTC costs \$5,500 Customer collects \$7,200, applies \$5,500 for LTC costs, puts \$1,000 in the EBA to be used later and leaves the additional \$700 in the policy (which will extend the benefit payment period).</p> <p>Example # 3 HIPAA \$9,600 Monthly benefit amount \$7,200 Monthly LTC costs \$5,500 Customer collects the entire \$7,200, applies \$5,500 toward LTC costs and uses the remainder for miscellaneous expenses.</p> <p>Can the amount being allocated to the EBA be changed? Yes. At any time while receiving LTC benefits, the policy owner can request the amount being allocated to the EBA to be changed.</p> <p>Are there any tax or HIPAA considerations for the policy owner when funds are used from the EBA? The funds withdrawn from the EBA are no longer considered under HIPAA guidelines; HIPAA requirements are applied to the full LTC benefit amount as the benefits are paid from the policy.</p>
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Sales Ideas

A few sales ideas are highlighted for the positioning of Nationwide YourLife CareMatters. Over the course of the launch, some of these concepts and others will be fully developed as stand-alone sales ideas and case studies.

Federal income tax laws are complex and subject to change. The information in this guide is based on current interpretations of the law and is not guaranteed. Neither the company nor its representatives give legal or tax advice. Please consult your attorney or tax advisor for answers to specific questions.

The illustrations in this section use hypothetical characters and figures and do not represent actual results.

Split Sale

Assumptions:

SHE is worried about:

- being a burden to family,
- exhausting hard earned assets for LTC expenses
- wanting good LTC coverage - BUT - doesn't want to "waste" money
-

HE :

- believes he'll die first and not need care
- agrees she may need care one day
- doesn't want to waste money
- wants maximum legacy for heirs
- wants a palatable rate of return

Solution:

CareMatters policy for her

Life Insurance with LTC Rider for him

In this hypothetical case, the clients have both liquidity and assets available for repositioning. The wife is worried about being a burden to her family and exhausting assets she wants to go to her children – BUT – while she wants good LTC coverage, she also worries that money that purchased the policies will be wasted if LTC is not needed. Her husband is more concerned that he'll die first and not need care, but also admits his wife might need LTC services. He doesn't want to waste money on premium because he wants their kids to receive a decent inheritance; but, he does like the idea of a product that could provide a palatable rate of return.

CareMatters works for the wife because she gets LTC coverage with a benefit period and inflation feature similar to traditional LTC insurance, but she also gets a cost recovery component through the death benefit. If the benefits are not needed, her children will recover the investment through the death benefit. Plus, the guaranteed return of premium feature provides a comfortable way to repurpose an asset since it could be recovered if needed in the future.

He's covered by a Life/LTC rider combination policy that's guaranteed to pay either a death benefit, a LTC benefit, or a combination of both, which provides a return on the investment. Also, if the husband dies first, his death benefit provides additional funds to his wife, which can be used to pay for LTC expenses should her own plan not cover all her LTC expenses - or - enhance the inheritance to the children. In addition, annual premiums can be scheduled to pay for the life/LTC rider combination and the CareMatters policy can be purchased with a re-purposed assets that can be recovered in the future if a change of heart takes place.

¹ For Single Premium payments, the Return of Premium Value is available starting day one, subject to a vesting schedule. There is a full return of all premium starting in year six. Return of Premium is available on 5 and 10 year payment schedules only after the end of the Premium Payment Period and all Required Premium has been paid (minus any loans or withdrawals).

Make more of your savings

Are you leaving money to your loved ones but keeping it in savings just in case you'll need it to pay for long-term care? Turn your savings into a larger amount with Nationwide YourLife® CareMattersSM. That larger amount will be available to you for long-term care or for your loved ones as a death benefit.

Here's an example.

If you are a 55-year old female. You could invest \$100,000 into a CareMatters policy with a 6-year LTC specified benefit period and get:

- \$ 541,257 in long-term care benefits for yourself, or
- \$ 180,419 death benefit for your loved ones

If you are not a 55-year old female, find something closer in the table below;

Issue Age		45	50	55	60	65
Male	Death Benefit	\$233,297	\$197,432	\$169,427	\$147,491	\$129,720
	LTC Pool	\$699,891	\$592,296	\$508,281	\$442,473	\$389,160
Female	Death Benefit	\$246,519	\$209,876	\$180,419	\$157,659	\$133,335
	LTC Pool	\$739,557	\$629,628	\$541,257	\$472,977	\$400,005

This hypothetical example is for illustrative purposes only and assumes no withdrawal, loans or other distributions are taken. It also assumes a rate of Non-Tobacco.

The long-term care benefit and death benefit are available on the policy's issue date. Compare that to how long it might take your interest-bearing account to match what the CareMatters policy could pay.

Years Invested	5	10	15	20	25	30	35	40	45
1.0% Annual Return	\$105,101	\$110,462	\$116,097	\$122,019	\$128,243	\$134,785	\$141,660	\$148,886	\$156,481
2.0% Annual Return	\$110,408	\$121,899	\$134,587	\$148,595	\$164,061	\$181,136	\$199,989	\$220,804	\$243,785
3.0% Annual Return	\$115,927	\$134,392	\$155,797	\$180,611	\$209,378	\$242,726	\$281,386	\$326,204	\$378,160

This hypothetical example is for illustrative purposes only and assumes gains are taxed annually as ordinary income.

Cash Indemnity vs Reimbursement

Less is more. Don't let the elimination period scare you.

Meet Wanda.

Wanda is a 60 year old woman in excellent health. She's worried; the rising cost of long-term care could deplete her savings if her health should fail. She also remembers seeing some of her relatives outliving income and being forced to rely on the charity of family. Wanda is looking for a solution that allows her to cover LTC needs, with the assurance she can get her money back should she need it. Her insurance professional suggests she consider Nationwide YourLife CareMatters. With this product, she is able to plan for her LTC concerns while having the option to receive a full refund of her premium, plus any gain that may apply, should she need the funds. Assuming Wanda receives a Couple Non-tobacco rating, here is how her benefits could potentially pay out.

Two plans for Wanda to consider

Assuming Wanda's health could eventually decline, she would need to bring in help to assist her with activities of daily living in order to stay in her home as long as possible. Should she receive care in her home for two years, then go to a nursing home for 18 months until her death, this is how the two policies would compare:

It is assumed the monthly cost for home health care is \$3,000 per month and the cost of a nursing home is \$7,500 per month

	NW YourLife CareMatters	Other Company - Reimbursement
Premium	\$100,000	\$100,000
Death Benefit	\$157,659	\$159,652
Total amount available for LTC	\$472,978	\$478,956
Guaranteed Minimum Death Benefit	\$ 31,532	\$ 7,983
Cash Indemnity or Reimbursement?	Cash Indemnity	Reimbursement
Maximum monthly benefit	\$6,569	\$6,652
Elimination period?	90 days	0 days
Cumulative benefit paid while receiving Home Health Care for 2 years Year one – take \$3,000 per month Year two – take \$3,000 per month	Month 1 – 3 \$ 0 Month 4 – 12 27,000 Month 13-24 <u>36,000</u> TOTAL of \$63,000	Month 1 – 12 \$ 36,000 Month 13 – 24 <u>36,000</u> TOTAL of \$ 72,000 (reimbursing only for actual LTC costs)
Cost of care while in nursing home for 18 months - \$9,000 per month	Month 25-42 \$162,000 (using the Benefit Banking Account to increase benefit amount to \$9,000 per month)	Month 25-42 \$119,739 (reimbursing maximum benefit only – out of pocket expense - \$2051 per month)
Total cumulative LTC benefits paid out	\$225,000	\$191,739
Death Benefit to the Beneficiaries	\$ 31,532	\$ 7,983
Total Combined Benefits Paid	\$256,532	\$199,722

Assumptions are for a female, age 60, \$100,000 of single premium, 6-year benefit duration, no inflation option selected and with a health rate class of Couple Non-Tobacco

Lincoln MoneyGuard® Reserve Plus is the company used for the comparison

Frequently Asked Questions

Qualifying for Benefits

How do I qualify for long-term care benefits?

Three things have to happen in order for you to qualify for and begin receiving monthly long-term care benefits.

1. A licensed health care practitioner must certify that
 - you have a severe cognitive impairment, or
 - you are unable to perform two or more of these activities of daily living for a period of 90 days (Bathing– Eating– Contenance– Toileting– Dressing– Transferring (moving into or out of a bed, chair or wheelchair)
2. There is also a 90 calendar day elimination period. This can be satisfied by any combination of days in long-term care facility, days requiring home health care, adult day care services, or any other qualifying long-term care service. These days of care or services don't need to be consecutive, but they do need to be accumulated within a continuous period of 730 days.
3. The Insured must be receiving Qualified Long-Term Care Services specified in a Plan of Care.
4. Subject to the exclusions not covered by CareMatters. See the Coverage section for more details.
5. The policy owner may be required to obtain consent to the LTC payment from all parties with an interest in the base Policy, including, but not limited to assignees.

Are there specific guidelines for treatment while receiving long-term care benefits?

While receiving benefits, you must receive a Plan of Care, as prescribed by the licensed health care practitioner.

What are the age criteria, if any, for cognitive impairment?

There is no age criteria for cognitive impairment; however, a licensed health care practitioner must certify that the insured has a severe cognitive impairment.

Receiving Benefits

How long do I have before I can begin receiving benefits?

If all premiums are paid, benefits can be received as soon as qualifications are met. If benefits are received before all premium has been paid, the policy owner has the option to continue paying premium and receive the full benefit or choose the reduced paid-up nonforfeiture option. For details on how you qualify for benefits, see the question above.

How long will benefits be paid?

You'll receive monthly benefits until the LTC Benefit Payout Account [NOTE: payments under the Inflation Rider don't get added to this account] is the lesser of:

- The Lifetime Total Maximum Amount of LTC Benefits you designated when you purchased the policy or
- The Lifetime Total Maximum Amount of LTC Benefits you specified, minus any loans you've taken from the policy

Withdrawals will cause a reduction in the Lifetime Total Maximum Amount of LTC Benefits and will be shown on revised Policy Specification Pages provided to the policy owner.

Does a customer have to take the maximum long-term care benefit amount?

No - a customer can take any benefit amount up to the maximum monthly benefit amount. A policy owner needing less than the maximum monthly LTC benefit amount may want to consider banking excess benefits in their own personal account, or use Nationwide's options benefit banking feature.

How much of my long-term care benefit will be tax free?

You can receive, tax-free, the greater of:

- The HIPAA per diem amount for the given period of claim (for more details, see HIPAA section on following page)
- Actual long-term care costs incurred

If you're collecting long-term care benefits from more than one policy, care should be taken to ensure that part of your benefit doesn't become taxable. We allow you to take less than your full monthly benefit amount, which can help prevent your long-term care benefits from becoming taxable. Nationwide and its representatives don't give legal or tax advice, so please consult your advisors for answers to your specific questions.

What if I only use some of my long-term care benefits?

Your beneficiaries will receive either the policy death benefit reduced by long-term care benefits paid or the minimum death benefit(20% of the specified amount minus any outstanding loans), whichever is greater.

Receiving Benefits *(continued)*

Can I pool benefits with my spouse or transfer benefits?

No, each spouse must purchase his or her own policy, and no benefits can be transferred. However, because CareMatters pays cash indemnity benefits, once an insured is on claim, they may use excess benefits as they choose, including paying for a spouse's care.

Do you get statements summarizing your claims / benefits?

While receiving LTC Rider or LTCEB Rider benefits, the policy owner will receive a monthly report which will include:

- the LTC Rider or LTCEB Rider benefits paid out during the month,
- the dollar amount of the Maximum Lifetime LTC Rider Benefit Amount that remains,
- the dollar amount of the Lifetime Total Maximum Amount of LTC benefits (if the LTCEB Rider is elected) and
- an explanation of any changes made in the policy resulting from paying the LTC benefits (such as a change in death benefit or Net Surrender Value)
- any amounts deposited in the EBA

Are benefits indexed to inflation?

We do offer inflation options; 5% compound and 3% simple inflation. The Inflation Protection Rider is available at an additional cost.

If elected, a separate monthly benefit is provided in addition to the LTC benefit. The amount of the Inflation Protection benefit is calculated based on the amount of the Maximum Monthly LTC benefit, and is only available if the Maximum Monthly LTC benefit is taken.

Is the Inflation Protection Rider paid with the LTC rider or does it come in a separate check?

The benefit payment amount will come in the same check. However, the owner must choose to receive the full Maximum Monthly LTC benefit before the Inflation Protection amount becomes available.

Will the policy lapse while benefits are being received?

While the insured is on claim, the policy will not lapse and monthly deductions for the cost of the LTC rider and LTCEB rider (if elected) will be waived. However, other monthly deductions under the base policy will continue to be charged. Therefore, if the insured goes off claim status, it is important to evaluate the policy status to avoid a possible lapse.

If a policy owner chooses the 5-pay option and the insured goes on claim before all premium is paid, will the policy lapse while benefits are being received?

If the insured goes on claim before all premium has been paid, there are two options:

1. Pay the scheduled premium and receive the full LTC benefit or
2. Elect the reduced paid-up nonforfeiture option and the Specified Amount and other policy values will be reduced to reflect the premium that has been paid.

How do assignments work? Can the LTC benefit be Assigned?

In assigning the CareMatters policy, you are assigning away the death benefit and any rights to collect the LTC benefits. To collect the benefits, a signed consent from the assignee would be required. In addition, in some instances, a signed consent from any named irrevocable beneficiary may also be required.

What makes Nationwide's international benefits unique to the market place?

For international benefits, Nationwide does not limit paying benefits to a nursing home or assisted living facility exclusively. With Nationwide, customers can receive international benefits even if receiving home care.

However, if the Insured is receiving Qualified Long-Term Care Services outside of the United States, monthly international LTC benefit payments payable are no greater than 50% of the Maximum Monthly LTC Rider Benefit Amount. International LTC benefits are available until the Maximum Lifetime LTC Rider Benefit Amount is exhausted.

If the insured returns to the U.S., 100% of the Maximum Monthly LTC Benefit will become available if the maximum lifetime benefit amount has not been exhausted.

Receiving Benefits *(continued)*

How does a client sign-up for Benefit Banking?

At time of claim, the policy owner can sign-up for Benefit Banking and designate the amount to be deposited into the Excess Benefit Account on the Claim form.

What is the liquidity of the Excess Benefit Account?

Once in the Excess Benefit Account, funds are considered fully received and can be used to supplement more expensive care costs in the future or in anyway the policy owner chooses. The account is a NW Bank Money Market Account and can be accessed using NW Bank's procedures.

How are claims handled when a person is collecting benefits from their policy while benefits are also available under Medicare or other governmental programs (except Medicaid), employer's liability or occupational disease law, or any motor vehicle no-fault law for those same services?

The requirements for being able to collect benefits from LTC contracts while simultaneously collecting benefits available under Medicare or other governmental programs (except Medicaid), employer's liability or occupational disease law, or any motor vehicle no-fault law, vary by state. When a state limits the ability to collect LTC benefits while qualified and collecting from another program, it is generally an effort to eliminate duplication of reimbursements for an individual's qualifying expenses.

Nationwide's LTC benefits are paid as cash indemnity benefits, and are not reimbursing actual long-term care expenses. Nationwide does not require the policy owner to supply monthly proof of billable services. Therefore, it could be argued that since the Nationwide LTC benefit is not tied to actual expenses, there is no duplication. Nationwide does not give legal or tax advice nor will Nationwide coordinate these benefits. Individuals should consult with their legal and/or tax advisors for guidance on collecting their Nationwide LTC benefits when qualified for such programs as listed above.

It will be the policy owner's responsibility to determine whether:

- to request or not to request an amount from the NW policy if the Insured is collecting government benefits;
- there will be any impact on the Insured's eligibility to receive government benefits if LTC benefits are requested from the policy; and
- to disclose those payments to the government, if the policy owner decides to collect an amount from the policy while the Insured is also receiving government benefits.

NW would not monitor whether government benefits are being received on the Insured, nor would Nationwide send notifications, to the state that sponsors the benefit, that the policy owner is receiving benefits on an Insured who is under care.

Do I need to submit bills or receipts each month to receive my benefit?

No – Nationwide YourLife CareMatters is a cash indemnity long-term care benefit that does not require any monthly proof of billable services.

What is the difference between an Indemnity pay-out and Reimbursement pay-out?

Reimbursement-style policies require you to send in monthly bills and receipts each month. They will only cover LTC specific charges, and you (or the facility) will only be reimbursed for the exact amount of qualifying expenses up to the maximum benefit amount. With Indemnity-style benefits, the policy owner can elect to receive a check each month for the maximum amount of LTC benefit the insured qualifies for, even if long-term care expenses are less. Keep in mind while the cost of care is not considered when paying indemnity-style benefits, some companies will require a policy owner to send monthly "proof of billable services" (i.e. copies of bills and receipts) each month in order to collect the full benefit amount. Nationwide does not require this. Nationwide CareMatters pays cash indemnity benefits, which means the policy owner has ease of use at claim time to pay for what they need when they need it with no additional monthly paperwork or approvals needed.

How will Nationwide respond if a policy owner and insured are the same person and the claim is filed based on Cognitive Impairment?

If there is a claim of this nature and there is not a health care power of attorney in place, the court will be asked to step in and provide a guardian and there will be court papers to show this. We will not pay claims based on representation of a cognitive impairment as that person will not have the requisite capacity to make a claim.

Coverage

Are there things that are not covered by CareMatters?

It does not cover any expense that results from:

- Suicide, intentionally self-inflicted injuries or attempts at suicide (either while sane or insane)
- Committing or attempting to commit a felony
- Alcoholism or drug addiction, unless addiction results from administration of drugs for treatment prescribed by a physician
- Active duty in the armed forces of any nation or international government or units auxiliary thereto, or the National Guard
- War or any act of war, whether declared or undeclared

What are the criteria / skills needed for a family member to provide care?

While receiving benefits, you must also receive a plan of care, as prescribed by the licensed health care practitioner. In order for a family member, or anyone the policy owner chooses, to provide care, the care giver must be deemed capable by a licensed health care professional of providing the services outlined in the plan of care.

Why can family members provide care with a CareMatters policy when we discourage that for our LTC rider?

Interpretations of the regulations surrounding LTC have changed since the LTC rider was filed. The CareMatters contract was written and filed based on these interpretations which allows benefits to be used to pay a loved one to provide care for the insured as long as the care giver is deemed capable by a licensed health care professional of providing the services outlined in the plan of care.

Premiums

Can premium be paid in installments versus a lump sum?

Yes: in addition to the single-pay (lump sum) option, you can make 5 or 10 payments (5-pay annually and 10-pay annually) or divide those 5 or 10 payments out via monthly EFT (60 or 120 equal installments). Please note monthly EFT is only available for 5-pay and 10-pay options. Please keep in mind, the single-pay option is only available up to and including issue age 70.

If the 5 or 10-pay premium payment schedule is chosen, can the policy owner pay the remaining required premium in any given year?

Yes, after the first year, all the remaining premium can be paid. However, a policy owner cannot double up a payment in one year, then revert back to the regular scheduled annual premium amount the next year. If making annual payments, the same premium amount must be paid each year, even for 1035 exchanges.

Assumption: Customer commits to a \$20,000 5-pay policy (\$100,000 total premium)

Example 1:

Year 1, pay \$20,000
Year 2, pay \$20,000
Year 3, the remaining \$60,000 can be paid

Example 2:

Year 1, pay \$20,000
Year 2, pay \$20,000
Policy owner **cannot** pay \$40,000 in year 3, and then pay \$20,000 the next year

If the 5 or 10-pay premium payment schedule is chosen, can a client choose return of premium if they have paid all the premium ahead of schedule?

No, early premium payments on 5 and 10 pays does not accelerate the time when the return of premium feature is available. For instance, if the 5 pay option is selected, the return of premium feature is not available until year 6, even if all premium is paid in year 3.

At what point do you have the option of getting your full premium back should you decide to surrender the policy?

At the end of the vesting period for a single premium policy and at the end of the premium payment period, provided all premium has been paid, for 5 or 10 year payment options. But, CareMatters was designed to have some cash value growth, so if you reach later years and do not require LTC, you can surrender your policy for at least what you paid.

Federal Taxes

Are the LTC benefits from my CareMatters policy tax-free?

Yes, if you remain within the IRS parameters, you can receive, tax-free, the greater of:

- The HIPAA per diem amount for the given period of claim
- Actual long-term care costs incurred

If you're collecting long-term care benefits from more than one policy, care should be taken to ensure that part of your benefit doesn't become taxable. Any excess amount collected above the limits stated in the formula above will be taxed as ordinary income. We allow you to take less than your full monthly benefit amount, which can help prevent your long-term care benefits from becoming taxable. Nationwide and its representatives don't give legal or tax advice, so please consult your advisors for answers to your specific questions.

If the owner and insured of a CareMatters policy are different, who is responsible if any taxes are due?

Any responsibility for taxes or any tax benefits would go to the policy owner.

How is taxation treated on multiple policies with different policy owners for the same insured?

If there are multiple policies with different owners but the same insured, the insured, if one of the owners, gets first rights to the tax-free benefits (per the IRS formula). The other policy owners then share any remaining tax-free amounts or taxable excess on a pro-rata basis. If none of the policy owners are the insured, then the tax-free and taxable excess amounts will be shared on a pro-rata basis.

Are the LTC benefits received and deposited in my Excess Benefit Account tax-free?

It depends. The Benefit Banking service is not a vehicle for tax management. Money placed in the Excess Benefit Account is considered to be constructively received for tax purposes. This means that the total amount of LTC benefits that can be received tax-free (including any amount placed in the Excess Benefit Account) is the greater of the HIPAA per diem amount or actual LTC care costs incurred.

Example:

HIPAA amount is \$9,600 per month

Maximum monthly LTC benefit on the policy is \$10,000

Actual LTC expenses are \$9,000

- If the Policy owner receives the full \$10,000 and uses \$9,000 for LTC expenses and deposits \$1,000 into their Excess Benefit Account, \$400 of the amount used for Benefit Banking would be considered taxable as ordinary income via the IRS formula.
- Using the same example, if the policy owner only receives the amount of the LTC expenses, \$9,000 and leaves the remaining \$1,000 in the policy, then the benefits received are tax-free.
- Keep in mind, in this example, they could have withdrawn the entire HIPAA limit of \$9,600 tax-free.

The EBA is treated like any other money market account, interest is taxed as earned.

Are there any tax or HIPAA considerations for the policy owner when funds are used from the EBA?

When funds are withdrawn from the EBA to supplement the monthly LTC benefit being paid out of the policy, funds from the EBA account will not be taken in consideration when determining if monthly benefits are within HIPAA guidelines for tax-free treatment. The funds in the EBA were paid previously as monthly benefits, and are now considered an asset of the policy owner.

What are HIPAA rules and Limits?

HIPAA rates are established by the government each year. LTC benefits are tax free up to the greater of qualified LTC services or the HIPAA limits.

How are HIPAA limits calculated?

The calculation of the HIPAA limitation depends on the LTC period. The IRS allows the taxpayer to choose between one of two methods to determine the LTC period. Federal income tax laws are complex and subject to change. Neither Nationwide nor its representatives give legal or tax advice. Please consult your attorney or tax advisor for answers to specific questions.

Rider Costs

Is the cost of the Long-Term Care Rider taxed?

No. Per the Pension Protection Act(PPA) as of January 1, 2010, the cost of the rider is not treated as a taxable distribution on any policy, even if your policy is a MEC.

Is the LTC Rider or Extension of Benefits Rider on Nationwide CareMatters tax deductible?

No. Also per the PPA, the cost of the riders on CareMatters cannot be deducted as a medical expense.

How do the Long-Term Care Rider charges reduce Cost basis and what impact will it have on a surrender of the policy?

While in the past, the LTC charges were considered a taxable distribution, as of Jan. 1, 2010, that is no longer the case. However, LTC charges still reduce the cost basis in the policy. If a policy is surrendered, then gain in the policy will be determined by cash value minus the adjusted cost basis (premiums paid minus total cumulative LTC charges paid minus any other rider costs that reduces basis).

Therefore, on a surrendered policy, it is possible to receive back exactly what you paid into the policy and still have a taxable event.

Example:

Policy owner pays \$100,000 for the policy and \$3,000 in rider charges

Policy cost basis is $\$100,000 - \$3,000 = \$97,000$

Policy owner surrenders the policy, a 1099-R would be generated for the difference of the cash value and the adjusted cost basis

$\$100,000 - \$97,000 = \$3,000$ taxable amount

If a policy has gain and then the policy owner surrenders the policy, what are the tax implications?

Gain in the policy is determined by the cash value minus the adjusted cost basis. Remember, the cost basis is affected by rider charges.

Example:

Policy owner pays \$100,000 for the policy and \$3,000 in rider charges

Policy grew to \$104,000

Policy owner would be responsible for tax reporting on the \$4,000 in cash value gains plus the \$3,000 in gain generated by the fees reducing the cost basis.

What charges will reduce the cost basis?

Charges for the Long-Term Care Rider, the Long-Term Care Extension of Benefits Rider and the Inflation Protection Rider will reduce the cost basis.

Federal Tax Reporting

Why did I receive a Form 1099?

A 1099-R is required by law to be sent annually for the charges taken from your policy. A 1099-LTC is generated for any payment of benefits, while on claim. (See 1099 details below).

1099-R

The Pension Protection Act of 2006 (PPA) changed the tax treatment of LTC rider charges. Based on our understanding and analysis of the PPA:

- As Qualified Long-Term Care Rider charges are taken from your policy the investment in the policy (cost basis) will be reduced, but not below zero. Although these charges are considered distributions from your policy, the charges will not be included in income even if the charge is considered to come from gain in the policy.
- You will receive a 1099-R reporting the charge as a distribution, but it will not indicate that the distribution is income.

1099-LTC

A long-term care rider issued with a life policy or one that is subsequently added to the policy is intended to meet the requirements of a tax qualified long-term care insurance policy under Section 7702B of the Internal Revenue Code. Payments made under the tax qualified long-term care rider will generally be excluded from income under the IRS Code.

Payments of the long-term care benefits made to the owner of the policy during the calendar year will be reported on a Form 1099-LTC. A 1099-LTC will be sent for each tax year that you are on LTC Claim. The purpose of this form is not to report a taxable event but to report the LTC distribution.

If you are receiving benefits in excess of the IRS formula, the excess may be taxable. Therefore, it is recommended that you retain all receipts/bills for your LTC expenses in order to justify any tax free amounts above HIPAA your may qualify for according to the tax code.

Please note that the state income tax laws in certain states do not conform to the federal income tax treatment of the Tax Qualified Long-Term Care Rider charges described above. In such states, the charges may be treated as taxable distributions from the policy for state income tax purposes. However, the federal income tax treatment described above will continue to apply to such charges.

This discussion of the tax treatment of the long-term care rider is not meant to be all inclusive. Due to the complexity of these rules, and because they are affected by your facts and circumstances, you should consult with legal and tax counsel and other competent advisors regarding these matters.

1035 Exchanges

Can I exchange my life insurance policy for a CareMatters policy and have it qualify as a tax-free 1035 exchange?

Yes.

Do I have to have a LTC rider on my current life insurance policy to roll into a CareMatters policy?

No.

Can I exchange my linked-benefit annuity into a life insurance policy?

No. Just like any other annuity, a Linked-Benefit Annuity/LTC does not qualify for a tax free exchange into a life policy under IRC section 1035.

What are the internal exchange rules for exchanging a NW Life Policy for a CareMatters policy?

If the original contract is a SPUL policy and is less than five years old there will be no commission paid. For SPUL contracts inforce for a full five years or more, the commission paid on the CareMatters policy will be 25% of the standard commission on the roll-over amount.

For replacements from all other products there will be no commission paid on any roll-over money. Follow normal internal exchange rules.

General

How will commissions be paid, based on total premium or as a percentage of premium as it's paid?

Commissions are paid as percentage of premium received. If the 5-pay or 10-pay options are used, commissions would be paid for each annual payment.

Why are there instances where the single premium paid is greater than the specified amount?

For some CareMatters policies, particularly if inflation protection is chosen, the single premium paid will exceed the policy's Specified Amount. This is because the premium is paying for long-term care coverage in addition to life insurance. Unlike life insurance, if your policy contains the LTCEB Rider or includes Inflation Protection, then the total benefits received could be significantly greater than the Specified Amount. This is reflected in the premium calculation.

Please note that the death benefit proceeds will always at least equal the premium paid, and will usually exceed the premium paid due to the CVAT minimum death benefit mandated by IRC 7702. In the case, when the premium paid exceeds the Specified Amount, although the Specified Amount does not determine the death benefit proceeds, it is still used as the foundation for determining the maximum monthly LTC benefit and the total amount of LTC benefits that can be received.

The tabular detail in the sales proposal provides more detail regarding the Specified Amount, LTC benefits and death benefit proceeds.

For example:

Assume the client is a female, age 60, Couple Non-Tobacco rate for a 6-year benefit period with the 3% Simple Inflation Protection Option

A \$70,000 premium for this person would result in a Specified Amount of \$66,512. The total LTC benefit pool would be \$199,536 with a monthly benefit of \$2771.34

If both my spouse and I buy a policy, is a special rate available?

Married couples (and those in legally recognized domestic partnerships or civil unions) will receive a special rate that will result in higher pool of long-term care benefits. Both do not have to buy a policy to qualify for the Couple rate, but, if both partners purchase a policy, they would both be eligible for the couple rate.

To qualify for the couple rate, what qualifies as a civil union or domestic partnership?

If the relationship is recognized by any government agency such as county, state, federal or province, then the applicant would choose either Civil Union or Domestic Partner on the application.

Why is the 6-year duration only available to age 70?

This is a product pricing decision.

Why is the CareMatters output referred to a Sales Proposal instead of an Illustration?

The CareMatters output is based only on guaranteed values.

Can a CareMatters policy be backdated to save age?

No.

Is CareMatters available on iGo (e-Applications)?

No. CareMatters will use paper applications only. Forms for CareMatters will be available for print from iPipeline e-Forms.

Can a proposed insured receive assistance from an interpreter during the phone history interview?

If an interpreter is needed, Univita's Language Line can be used for the phone history interview. An Interpreter would be permitted as they are not guiding the applicant's responses. However, if an applicant has a spouse or family member assisting with or providing the responses during the interview, the call will be terminated.

Quoting CareMatters

Insured Information



Insured

Revised Illustration?	<input type="checkbox"/> Check if "Yes"
Issue State	OH ▾
First Name	Valued
Last Name	Client
Sex	Male ▾
Issue Age or D.O.B. (mm/dd/yyyy)	45 ▾
(Age Last Birthday)	
Tobacco User?	<input type="checkbox"/> Check if "Yes"
Married / Civil Union / Domestic Partnership?	<input type="checkbox"/> Check if "Yes"
Tax Bracket	30%

For CareMatters, two new check boxes will appear:

- Tobacco User - if clicked, will point to Tobacco rates
- Married / Civil Union / Domestic Partnership - clicking Yes will point to Couple rates; otherwise Single rates will be assigned

For example:

- To get Couple, Non-Tobacco, do NOT click the Tobacco User checkbox, but click Yes on the Married / Civil Union / Domestic Partnership checkbox
- To get Single, Tobacco, click the Tobacco User checkbox, but do NOT click the Married / Civil Union / Domestic Partnership checkbox

Face Amount & Premium



Face Amount and Premium

Specify Premium or Benefit

Premium

Premium or Benefit Amount

100,000.00

Scheduled Premium

Single Premium

Benefit Duration

5

Inflation Benefit Option

3% Simple

Return of Premium

☒ Check if "Yes"

1035 Exchange?

☐ Check if "Yes"

Specify Premium or Benefit

- Drop down includes: Premium, Monthly LTC Benefit, Total LTC Benefit, Daily LTC Benefit, Specified Amount

Scheduled Premium

- Choice of Single Premium, 5-Pay or 10-Pay
- If the 5 or 10 pay option is chosen, indicate annual or monthly mode
- The Scheduled Premium selection is tied to the Premium or Benefit solve
For instance, if Premium, \$100,000 and 5-Pay is selected, the software will solve for a benefit amount that would result from 5 annual payments of \$100,000 each

Benefit Duration

- LTC Specified Benefit Period - choice of 2,3,4,5,6 or 7 years
- This benefit period will be split into an acceleration period and an extension period
- For more details, see page 6 of the Implementation Guide

Inflation Benefit Option

- Choice of 3% Simplified, 5% Compound or None
- Choosing None rejects the Inflation Benefit option


1035 Exchange

- Check "Yes" if 1035 exchange
- Any 1035 Exchange Amount will be included in any level premium specified above
- For examples of quoting with 1035 included, please see the following 2 pages

1035 Example:

\$100,000 single premium,
all is 1035 money

To show a proposal with a 1035 of \$100k and no additional premium, specify \$100k as the premium and specify \$100k as the 1035 amount.

 **Face Amount and Premium**

Specify Premium or Benefit

Premium

Premium or Benefit Amount

100,000.00

Scheduled Premium

Single Premium

Benefit Duration

6

Inflation Benefit Option

None

Return of Premium

Always Included

1035 Exchange?

☒ Check if "Yes"

Any 1035 Exchange amount will be included in your scheduled premium.

Exchange Amount

100,000.00

1035 Loan Balance

0.00

Exchange Basis

75,000.00


Existing Contract a MEC?

☐ Check if "Yes"

1035 Example:

\$100,000 single premium,
with \$50k of that being
1035 money

To show a proposal with a 1035 of \$50k and \$50k additional premium, specify \$100k as the premium and specify \$50k as the 1035 amount.

 **Face Amount and Premium**

Specify Premium or Benefit

Premium

Premium or Benefit Amount

100,000.00

Scheduled Premium

Single Premium

Benefit Duration

6

Inflation Benefit Option

None

Return of Premium

Always Included

1035 Exchange?

☒ Check if "Yes"

Any 1035 Exchange amount will be included in your scheduled premium.

Exchange Amount

50,000.00

1035 Loan Balance

0.00

Exchange Basis

25,000.00


Existing Contract a MEC?

☐ Check if "Yes"

1035 Example:

5-pay with 1035 and
additional premium

To show a proposal with a 1035 of \$25k and additional premium of \$25k, specify \$50k as the premium and specify \$25k as the 1035 amount.

 **Face Amount and Premium**

Specify Premium or Benefit	Premium ▼
Premium or Benefit Amount	50,000.00
Scheduled Premium	5-Pay ▼
Benefit Duration	6 ▼
Inflation Benefit Option	None ▼
Return of Premium	Always Included
1035 Exchange?	<input checked="" type="checkbox"/> Check if "Yes"
Any 1035 Exchange amount will be included in your scheduled premium.	
Exchange Amount	25,000.00
1035 Loan Balance	0.00
Exchange Basis	10,000.00
Existing Contract a MEC?	<input type="checkbox"/> Check if "Yes"

Terminology

Accumulated Value	The amount of premium paid, minus premium loads and administrative charges, minus monthly deductions for cost of insurance and rider charges, minus any partial surrenders, plus interest credited.
Excess Benefit Account (EBA)	A benefit banking service provided at the time of claim. The EBA is a secure money market account separately established for the policy owner at Nationwide Bank. It provides the policy owner the opportunity to hold for later use, a portion of the monthly LTC benefit they have received from the policy.
Cash Value	An amount equal to the greater of: a. the Accumulated Value of this Policy; b. the Guaranteed Cash Value; or c. Return of Premium
Cash Surrender Value	An amount equal to the greater of: a. the Accumulated Value of this policy less any surrender charge; b. the Guaranteed Cash Value; or c. Return of Premium
Family Caregiver or Informal Caregiver	Benefits can be used to pay an unlicensed informal caregiver, including a family member, or any other individual as long as informal care is specified as appropriate to the insured's customized plan of care by the Licensed Health Care Practitioner. Paying a family member may have tax implications; please consult a tax professional.
Guaranteed Minimum Death Benefit	20% of the specified amount quoted. As long as the policy stays in force, Nationwide guarantees we will pay beneficiaries a death benefit, even if the death benefit amount quoted is exhausted by the payment of LTC benefits. This death benefit may be lower if loans or partial surrenders are taken.
IRC Section 7702B	The LTC Rider and LTCEB Rider are intended to be qualified long-term care insurance contracts under Section 7702B of the Internal Revenue Code of 1986, as amended.
IRC Section 7702	Provides for the Cash Value Accumulation Test (CVAT). The CVAT is one of the two alternative tests that can be selected at issue of a life insurance policy. The CVAT requires that the Accumulated Value at no time exceeds the Net Single Premium (NSP) to fund the future benefits.
Issue Age	The insured's age on the last birthday on or before the policy issue date.
Licensed Health Care Practitioner	A Physician, as defined in § 1861 (r)(1) of the Social Security Act, as amended, is either a registered professional nurse, licensed social worker or other individual who meets requirements prescribed by the Secretary of the Treasury. The Licensed Health Care Practitioner must be someone other than the owner or employee of the facility that provides services to the Insured, and must not be a family member of the Insured. The Licensed Health Care Practitioner must be acting within the scope of his or her license when providing: (a) a certification and/or recertification that the Insured is Chronically Ill; or (b) an individualized Plan of Care for the Insured.
Loans	The amount borrowed against the Net Surrender Value during the policy year. Any outstanding policy indebtedness will be charged interest at the policy loan interest rate of 4% as defined in the policy. The loaned portion of the Accumulated Value will be credited with 2% interest. Any outstanding policy indebtedness will result in a reduction in the policy's Cash Surrender Value, Death Benefit, Total LTC Benefit, and Monthly LTC Benefit.
LTC Specified Benefit Period	This represents the total period of time LTC benefits may be paid under a policy if the Maximum Monthly LTC Benefit is taken continuously. This includes an LTC Rider Specified Acceleration Period and an LTC Extension of Benefits Rider Specified Extension Period (if applicable). The specified benefit period must be selected at the time of application and may not be changed after issue. However, taking less than the Maximum Monthly LTC Benefit may extend the length of time payments are received.

Maximum Monthly LTC Inflation Protection Rider Benefit	The full amount of the benefit available from the Inflation Protection Rider after the Maximum Monthly LTC Benefit is taken. This amount is in addition to the Maximum Monthly LTC Benefit. Please consult the policy specification pages for details.
Maximum Monthly LTC Benefit	The amount that will be paid every month if the policy owner chose to receive the full LTC benefit amount. It does not include amounts that might be provided by any inflation protection option you might have elected.
Modified Endowment Contract (MEC)	A life insurance policy where premium payments made during the first seven years of the contract, or during the first seven years after a material change, exceed the Modified Endowment Premium limit as defined by section 7702A of the Internal Revenue Code. Withdrawals and loans from these types of contracts are subject to less favorable tax treatment than distributions from policies which are not Modified Endowment Contracts. This does not apply to distributions for LTC benefits.
Net Surrender Value	The Cash Surrender Value of this policy minus any indebtedness.
Net Death Benefit	The death benefit amount that would be paid to beneficiary in the event of the insured's death. This amount is net of any outstanding policy indebtedness and LTC benefits paid.
Partial Surrenders	The amount taken as partial surrenders during the policy year. Partial Surrenders will result in the reduction of the Cash Surrender Value, Death Benefit, Total LTC Benefit, and Monthly LTC Benefit.
Return of Premium Feature	<p>The minimum amount refunded, subject to a vesting schedule, if a Nationwide YourLife® CareMattersSM policy is surrendered after all scheduled premium payments have been made, prior to using any benefits and assuming no loans or partial surrenders are taken. There will be no return of premium until after the Premium Payment Period has ended and all premiums have been paid.</p> <p>The single-pay Return of Premium Feature is subject to the vesting schedule below.</p> <p>Months 1 – 12: 85% Months 13 – 24: 88% Months 25 – 36: 91% Months 37 – 48: 94% Months 49 – 60: 97% Months 61+: 100%</p>
Scheduled Premium	The amount of premium required on the first day of the premium payment frequency for the premium payment period you selected.
Specified Amount	The death benefit quoted. The actual death benefit the policy owner receives may be higher (based on growth) or the death benefit may be lower due to loans, partial surrenders, and/or LTC benefits paid.
Surrender Charges	The amount deducted from the Accumulated Value in the event that the policy owner surrenders the policy for cash during the applicable period. The actual surrender charge deducted may be limited by the cash surrender value guarantee on the date of surrender. At no time will the deduction of the surrender charge cause the policy owner to owe additional funds to Nationwide.
Total Long-Term Care (LTC) Benefit	The total maximum amount of LTC benefits available from a CareMatters policy. This amount does not include the Inflation Protection Option that may have elected.
Total Required Premium	The sum of all Scheduled Premiums that must be paid based on the Premium Payment Period. The Premium Payment Period is the period in which the Scheduled Premium will be due and must be selected at issue. As long as the premium obligation is met and no loans or partial surrenders are taken, the quoted benefits are guaranteed.