

GUARANTY

INCOME LIFE INSURANCE COMPANY

ANNUICARE[®]

*3X Accumulated
Annuity Values
for Long-Term
Care Expenses*

PRODUCER MARKETING GUIDE

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In 1999, Guaranty Income Life was the first company to add a tax-qualified Long-Term Care (LTC) rider to a traditional annuity—making Annuicare® the Original Annuity & LTC Combo Product. Our LTC rider benefit provides three times the accumulated annuity value for qualified LTC expenses. When the annuity value increases, the LTC benefits automatically increase.

Since the start, our LTC premium rates and excellent customer service remained unchanged. What is different now is our new prescreening and telephone interview process, where an instant underwriting notification is provided at the end of the call.

This Marketing Guide is intended to provide our producers with a helpful and straightforward general understanding of Annuicare®—it is not a contract as policy forms and requirements vary by state. This guide will help you:

- Understand the Annuicare® concept and how it works.
- Identify qualified Annuicare® prospects for Financial Suitability and Medical Eligibility.
- Expedite application and underwriting and policy issue.

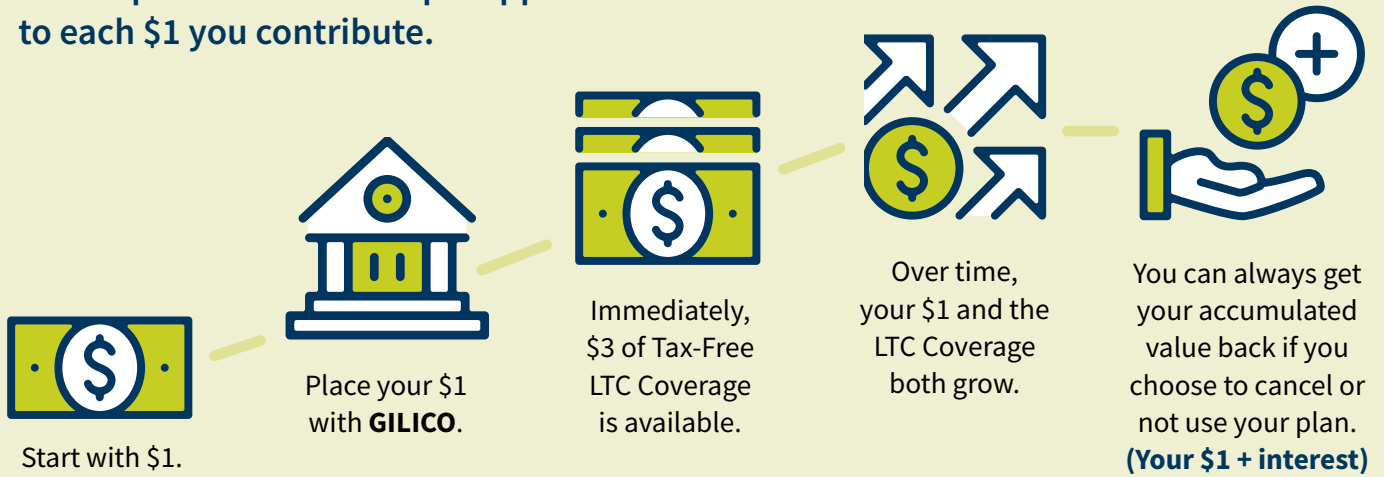
Annuicare® is approved in the following states: AL, AR, AZ, CA, CO, FL, GA, IA, IL, IN, KS, KY, LA, MI, MO, MS, MT, NC, ND, NE, NM, NV, OH, OK, OR, SC, TN, TX, UT, WA, WY.

(Exceptions: Annuicare®4, 6 & 8 not approved in CA)

Annuities are not a deposit, not FDIC insured, not guaranteed by any Federal Government Agency, are not guaranteed by a bank or savings association and may go down in value. Your clients should only consider purchase of the annuity if they intend to hold it through the initial rate guarantee period. This information is subject to change and is for producer use only- not approved for public distribution.

ANNUI CARE® THE ORIGINAL ANNUITY LTC COMBO PRODUCT

AnnuiCare® provides up to three times the annuity Accumulation Value (AV) for qualified long-term care expenses. This example applies to each \$1 you contribute.



ANNUI CARE® ALLOWS YOUR CLIENTS TO MAINTAIN:

- Homeownership
- Financial independence
- Choices and options
- Lifestyle of the healthy spouse

THE ANNUICARE® ADVANTAGE

If the AnnuiCare® policy is not needed for LTC expenses, the cash value is available for surrender, or the full Accumulated Annuity Value will be paid to the owner's beneficiary.

ANNUI CARE® ISSUE AGES AND AMOUNTS

Refer to the Product at a Glance document AC-10 for additional product specific details.

Minimum Amount: \$36,500 — Non-qualified funds
\$50,000 — Qualified funds*

Maximum Amount: \$600,000

Maximum Issue Age for AnnuiCare® 10 and AnnuiCare® 8 Age 79
Funds must be received in our office prior to 80th birthday.

Maximum Issue Age for AnnuiCare® 7, AnnuiCare® 6, AnnuiCare® 5 and AnnuiCare® 4 Age 85
Funds must be received in our office prior to 86th birthday.

*Minimum issue age > 59 1/2



This unique asset-based product combines the financial and tax advantages of an annuity with the benefits of tax-qualified long-term care insurance.

THE ANNUICARE® CONCEPT

AnnuiCare® is a tax-deferred annuity that also provides tax-qualified long-term care benefits. It offers a unique, economical alternative to conventional long-term care insurance. AnnuiCare® is designed for individuals who can pay the first two years of long-term care expenses and desire insurance protection for four additional years.

LONG-TERM CARE BENEFITS

Benefits are paid first from the annuity Accumulation Value. The Long-Term Care Benefits Rider matches the Accumulation Value of the annuity when benefits begin. Triple the annuity funds are available for Qualified Long-Term Care expenses for:

- Home Health Care
- Hospice Services
- Assisted Living Facility Care
- Care Planning
- Respite Care
- Adult Day Care (50% of Daily Max)*
- Caregiver Training
- Alternative Care Services
- Maintenance or Personal Care Services
- Homemaker Services
- Nursing Home Care

AFFORDABLE PREMIUMS

No out-of-pocket premiums. Long-term care insurance premiums are deducted monthly from the annuity Accumulation Value. Since initial LTC benefits are paid from the Insured's own annuity funds after a 90-day deductible period, AnnuiCare® premiums are considerably less than traditional long-term care insurance providing the same amount of coverage.

TAXATION

The AnnuiCare® LTC riders are intended to be Qualified Long-Term Care Insurance under Section 7702B(b) of the Internal Revenue Code, which means AnnuiCare® benefits are tax-free.

IRS tax and penalties may apply to cash withdrawals from the annuity, but do not apply to long-term care premiums or benefits paid.

Caution: IRS tax will apply to IRA funded AnnuiCare® policies. See Section E, for details.

Extended Long-Term Care Benefits Rider (LTC-2E) in Colorado, Illinois, Kansas, Montana, Nevada, Texas and Washington

**Includes Adult Foster Care in Oregon.*

ANNUICARE® HOW ANNUICARE® WORKS

AnnuiCare® is a traditional fixed rate, non-qualified annuity enhanced with tax-qualified long-term care rider benefits. Premiums for long-term care coverage are withdrawn from the annuity monthly.

At claim time, the Insured's current annuity Accumulation Value determines the Daily Maximum and Benefit Limit. Benefits are paid first from the annuity Accumulation Value for a minimum of two years. After the annuity value is depleted, the long-term care insurance rider continues paying for Qualified Long-Term Care expenses up to three times the annuity Accumulation Value.

ANNUICARE® BENEFITS

What are the AnnuiCare® Benefit Triggers or Benefit Conditions?

To qualify for benefits, the Insured must be certified by a Licensed Health Care Practitioner as:

- Being unable to perform, without substantial assistance, at least 2 of 6 Activities of Daily Living (ADLs) for a period of at least 90 days due to loss of functional capacity; OR
- Having a severe cognitive impairment, such as Alzheimer's disease.

What is the AnnuiCare® Daily Maximum?

The Daily Maximum is the annuity Accumulation Value (AV) when benefits begin divided by 730, which is the number of days in two years.

Example:

$\$73,000 \text{ AV} \div 730 = \$100.00 \text{ Daily Maximum}$

What is the AnnuiCare® Benefit Limit, and how is it paid?

The Benefit Limit is three times the annuity Accumulation Value when benefits begin, payable.

Example:

$\$73,000 \text{ AV} \times 3 = \$219,000 \text{ Benefit Limit}$



DEDUCTIBLE PERIOD

What is the Deductible Period?

The Deductible Period is satisfied when the Insured has received 90 benefit days of qualified long-term care services. Benefits are not payable during the Deductible Period, except for Care Planning, Caregiver Training and Respite Care benefits. The Deductible Period must be satisfied before any other benefits become payable.

Can the Deductible Period be satisfied with non-consecutive or intermittent days of care?

Yes, but 90 benefit days of covered services must occur within a 270-day period.

Are any benefits not subject to the Deductible Period?

Yes. Care Planning, Caregiver Training, and Respite Care benefits are available immediately after the claim is approved.

Must the Deductible Period be satisfied each time benefits are claimed?

No. The Deductible Period need be satisfied ONLY ONCE during the lifetime of the Insured.

WAIVER OF PREMIUM

When are premiums for Long-Term Care benefits waived?

AnnuiCare® has two Waiver of Premium features:

1. Premiums are waived on a month-to-month basis after 180 consecutive days of benefits are payable for Nursing Home Care or Assisted Living Facility Care (90 days in Georgia). Waiver of Premium ends when no benefit for these services is payable for 30 consecutive days.
2. Premiums are permanently waived once the Accumulation Value of the annuity is fully depleted directly as a result of deductions for LTC premiums or benefits.

OWNERSHIP AND FUNDING

May a parent or child of the Insured own the policy?

No. AnnuiCare® is an annuity with LTC benefits. If a non-Insured owner (other than the spouse) were to die, Federal law requires that the cash value be paid to the beneficiary, which would terminate the annuity and LTC benefits.

May qualified funds, such as an IRA, be used to fund AnnuiCare®?

IRA funds cannot be pledged or obligated; however, they may be used on a temporary basis. Qualified plans have mandated distributions after age 72 and may require the owner to reduce the value of the policy, and thus LTC benefits, at what may be an inopportune time. See *IRA Funded AnnuiCare®* section for additional information.

May other qualified funds be used to fund AnnuiCare®?

Generally, yes. The funds would be rolled into a traditional IRA annuity and disbursed incrementally to a non-qualified annuity. See *IRA Funded AnnuiCare®* section for additional information.

May Roth IRA funds be used?

No, Roth funded IRAs are not eligible for AnnuiCare®. Roth IRA funds would have to be disbursed incrementally to a non-qualified annuity. The Roth owner would lose the tax-free advantage of Roth ownership.

How do partial withdrawals affect AnnuiCare® coverage?

Partial cash withdrawals are discouraged as they reduce the AnnuiCare® Benefit Limit by three times the amount withdrawn. The Owner/Insured may withdraw 100% of annuity interest earned without surrender charges, and principal may be withdrawn subject to policy penalties. NOTE: IRS Form 1099-R will be issued for all interest withdrawn. Extreme caution should be exercised when making partial cash withdrawals due to the adverse effect on LTC benefits.

May additional funds be added to the AnnuiCare® policy after it is issued?

Yes, additional annuity payments may be made under the Inflation Protection option, as explained on page 8.

IRA FUNDED ANNUICARE®

How does an IRA funded AnnuiCare® work?

IRA or other qualified money can be used to temporarily fund AnnuiCare®. Guaranty's IRA funded AnnuiCare® is comprised of two annuities – an IRA fixed annuity and a non-qualified fixed annuity. IRA funds will be disbursed penalty free, moved to the non-qualified annuity and reported as taxable income over a period not to exceed five years. The first disbursement is made at issue, and the remaining four disbursements will automatically occur on the anniversary dates of the IRA annuity. IRA and non-qualified funds are combined to determine the total AnnuiCare® LTC benefit.

Will taxes be payable on IRA funds disbursed?

Yes, but the taxable income will be spread over five years, and full AnnuiCare® benefits will be available from day one. IRS Form 1099-R will be issued each year for amounts disbursed from the IRA annuity to fund the non-qualified annuity. If the Insured is 72 or older, the IRA withdrawal may satisfy the IRS Required Minimum Distribution.

Do early withdrawal charges apply on disbursements from the IRA Annuity?

No. For a period up to five years, withdrawal charges will be waived on disbursements from the IRA annuity to fund the non-qualified annuity. However, any other cash withdrawals are subject to usual withdrawal charges.

How do I submit an IRA funded Annuicare® application?

The same application kit can be used for qualified or non-qualified funds. The owner will receive two annuity policies and an IRA Endorsement. The IRA funded Annuicare® is available in all states where Annuicare® is approved.

NOTE: A completed IRA Funded Annuicare® Statement of Understanding must be submitted with the application.

NOTICE OF CLAIMS AND PAYMENT OF BENEFITS

How are benefits claimed?

Contact Guaranty at 833-444-5426 as soon as possible when covered LTC services are needed. You will need to provide:

- Insured's current circumstances, and
- Insured's phone number, or the name and phone number of the family member or other individual who will be handling the Insured's personal health-related affairs.
- The healthcare Power of Attorney document, if applicable.

A Care Advisor will phone the Insured, or personal representative, to make an initial claim assessment. If it is determined that the Insured may qualify for benefits, a thorough assessment will be made after the completed claim form, and all required medical records are received. The Insured will be sent written notice of the final claim decision.

The Care Advisor can assist in developing a Plan of Care for the Insured and will be available for consultation throughout the claims process. The Care Advisor will

conduct periodic reviews to determine the Insured's continued eligibility for benefits.

Bills for LTC services may be submitted by either the Insured or the care provider, and reimbursements can be paid directly to the Insured or the care provider.

How is the annuity affected by claims paid?

Claims are paid first from the annuity cost basis, then from the gain. All funds remaining in the annuity continue to earn tax-deferred interest.

What happens if the Insured no longer needs care?

If the Insured recovers from the Benefit Condition, and there is any remaining Accumulation Value, withdrawals for LTC premiums are resumed. If the Accumulation Value has been fully depleted, the unused LTC rider benefit remains in force, and no further LTC premiums are due. When someone stops receiving the LTC benefit, their Daily Maximum Benefit (DMB) freezes at the benefit amount of the first claim. However, the accumulation value will continue to earn interest. If the policyowner needs to go on claim at a later date, the DMB will be based either on the current accumulation value or the previous Daily Maximum Benefit amount, whichever is greater.

INFLATION PROTECTION

As the accumulated annuity value increases, the LTC benefits increase automatically- helping to offset inflation. However, an additional Inflation Protection option is provided at no cost. It allows an increase in LTC benefits of up to 5% annually to keep up with increases in the cost of long-term care.

The Inflation Protection feature provides the Insured the option, without evidence of insurability, to make additional annuity premium payments within 30 days following each policy anniversary. A total increase up to 5%, including earned interest, over the prior anniversary's Accumulation Value, will be accepted, assuming there have been no cash withdrawals. Contact Customer Service at 833-444-5426 for exact additional premium payment allowed.



Adhering to our financial suitability standards and our new tele-underwriting process will help you determine applicant eligibility in an expedient manner.

FINANCIAL SUITABILITY STANDARDS

Net Worth: Annuicare® applicants must have at least \$100,000 of available assets exclusive of home and vehicles.

Cash Flow: After calculating the applicant's net worth, be sure there are ample funds to invest in Annuicare®. If the applicant depends on these funds and/or the interest earned from these funds for routine living expenses, Annuicare® may not be suitable.

Consider the ability of the applicant to pay for the proposed coverage, their goals or needs with respect to LTC, the advantages and disadvantages of insurance to meet these goals or needs, and the values, benefits, and costs of the applicant's existing insurance, if any, when compared to those of the recommended purchase or replacement.

A completed LTC Insurance Personal Worksheet must be returned to us to demonstrate financial suitability before we can consider the applicant.

If the applicant does not meet our financial suitability standards, the app will be rejected, unless the applicant can provide a valid reason for an exception. If the applicant declines to provide financial information, or responses indicate Annuicare® may be unsuitable, states require that a suitability letter be sent to him/her. The letter must inform the applicant that the product may not be suitable. IF the applicant wishes to proceed, the letter must be signed and returned to GILICO before underwriting can continue.

TELE-UNDERWRITING & APPLICATION PROCESS

STEP 1 – Prescreening

Review the prescreening form GIA 388 with your client. If they can honestly answer 'No' to all questions and are within the build guidelines, continue to the next step.

STEP 2 – Telephone Interview

Call 888-390-5824 to start the telephone interview with an experienced, non-clinical interviewer. Provide the following details:

- Your name and contact information
- Client's full name, address, phone number, date of birth and Social Security number

The interviewer will call your client at home. The call should take approximately 20 minutes.

STEP 3 – Complete the Application or Review Other Options

After the evaluation, the interviewer will contact you directly and will only give the qualification decision to you. If the client does not qualify, you may move on to other options. If your client qualifies, the interviewer will provide you an **approval code** to place at the top of the application. Complete and submit the application with funds or transfer paperwork to GILICO's Topeka branch for processing (see page 13 for fax and address information). Questions on the process may be directed to our Business Partner Specialists at 800-535-8110.

ANNUICARE® PRE-TELEUNDERWRITING QUESTIONNAIRE

It is our intent to help you determine the potential eligibility of your applicant. Applicants who have not been previously declined for long-term care coverage by any company and can answer 'NO' to ALL of the following questions are good candidates for Annuicare®. Applicants must satisfy medical and functional conditions before an Annuicare® policy can be issued. If your applicant passes this initial assessment, you can then proceed to the telephone interview by calling 888-390-5824 between the hours of 9 AM and 7 PM Central Time.

Applicant Name _____ Age _____ Male Female Smoker Non-Smoker

Agent Name _____ Phone _____ Email _____ Date _____

1. Do you currently reside in or have been confined in an assisted living facility in the past? Do you utilize any of the following medical equipment? Oxygen, Walker, Wheelchair, Multi-prong cane, Crutches, Braces, Stair Lift, Motorized Scooter, Bladder Catheter, are or have been undergoing Kidney Dialysis? Yes No
2. Do you require any assistance with the following activities of daily living? Bathing, dressing, transferring, eating, toileting, bowel or bladder control, mobility, or taking medications? Yes No
3. Are you currently on SSDI Disability or receiving any other type of disability payment? Yes No
4. Have you been medically advised to have any surgery, organ transplant, diagnostic test, or medical evaluation that has not yet been completed? Yes No
5. Have you ever consulted a medical professional, been diagnosed or treated or taken medication for:
 - a) Alzheimer's Disease, Dementia, Recurrent Memory Loss, Organic Brain Syndrome Yes No
 - b) Stroke, TIA, Parkinson's Disease, Paralysis, Paraplegia, HIV, AIDS Yes No
 - c) Multiple Sclerosis, Muscular Dystrophy, Lou Gehrig's Disease (ALS), Cystic Fibrosis, Huntington's Chorea, Systemic Lupus Yes No
 - d) Multiple Myeloma, Myasthenia Gravis Yes No
 - e) Diabetes I diagnosed before the age of 20 or treated with 100 or more units of Insulin/day Yes No
 - f) Rheumatoid or Psoriatic Arthritis with Joint Deformity, require narcotics for pain relief Yes No
 - g) Amputation or blindness due to disease Yes No
6. In the past 2 years have you consulted a medical professional, been diagnosed or treated or taken medication for:
 - a) Leukemia, Hodgkin's Disease or other Lymphoma, Cancer of the Bone, Breast, Colon, Esophagus, Liver, Lung, Ovary, Pancreas, Stomach, Uterus, or any Metastatic Cancer Yes No
 - b) Seizures, Convulsions, Fainting, Repeated falls, Fractures related to a fall Yes No
 - c) Treated for alcohol or drug use Yes No
7. Lastly, in reviewing the chart below and based on the last time your height and weight was recorded by your physician, do you fall outside the guidelines presented below? Yes No

FEMALE AND MALE HEIGHT AND WEIGHT GUIDELINES

FEMALE						MALE					
HEIGHT	MINIMUM WEIGHT	MAXIMUM WEIGHT	HEIGHT	MINIMUM WEIGHT	MAXIMUM WEIGHT	HEIGHT	MINIMUM WEIGHT	MAXIMUM WEIGHT	HEIGHT	MINIMUM WEIGHT	MAXIMUM WEIGHT
4'10"	76	192	5'4"	92	233	5'9"	108	271	6'2"	124	312
4'11"	78	198	5'5"	95	241	5'10"	111	279	6'3"	127	320
5"	81	205	5'6"	98	248	5'11"	114	287	6'4"	131	329
5'1"	84	212	5'7"	101	256	6'	117	295	6'5"	134	337
5'2"	87	219	5'8"	104	263	6'1"	120	303	6'6"	138	346
5'3"	90	226									

LONG-TERM CARE BENEFIT RIDERS

Annual Premiums (as % of Annuity Accumulation Value) WITHOUT Non-Forfeiture Option

Effective Since 1999

M/F ISSUE AGE	ANNUAL PREMIUM	M/F ISSUE AGE	ANNUAL PREMIUM
0-55	0.60%	71	1.52%
56	0.62%	72	1.63%
57	0.64%	73	1.76%
58	0.67%	74	1.87%
59	0.69%	75	1.99%
60	0.71%	76	2.13%
61	0.74%	77	2.28%
62	0.77%	78	2.41%
63	0.82%	79	2.56%
64	0.89%	80	2.70%
65	0.95%	81	2.80%
66	1.04%	82	2.90%
67	1.13%	83	3.00%
68	1.22%	84	3.10%
69	1.31%	85	3.20%
70	1.40%		

ANNUICARE® LTC riders are guaranteed renewable for life subject to the provisions of the contract and to payment of premiums.



Activities of Daily Living — Activities individuals usually do without help. ADL functions include bathing, continence, dressing, eating, toileting and transferring.

Adult Day Care — A program of activities and services provided to individuals living at home whose family caregivers work and who require someone to be with them throughout the day.

Alternate Care Services — Qualified Long-Term Care services that are not specifically covered under the plan, but which can be authorized in certain circumstances.

Assisted Living Facility Care — Care provided in a licensed residential facility allowing independence, but also providing 24-hour care for individuals with long-term care needs.

Benefit Limit — Maximum amount of benefits payable under the terms of the contract.

Benefit Triggers or Benefit Conditions — The requirements which must be met in order to become eligible for benefits.

Care Advisor — Usually, a registered nurse or licensed social worker who evaluates and monitors the patient's needs and Plan of Care. Care Advisor will work with the patient's doctor and coordinate health care providers.

Caregiver Training — Care Training given to the Primary Caregiver who has not received formal training or has no experience providing this type of care.

Care Planning — Preparation of the written Plan of Care.

Chronically Ill or Chronic Illness — A condition that is verified by a physician that renders the individual unable to perform at least two of the Activities of Daily Living, or having a severe cognitive impairment from which the individual is not expected to improve or recover.

Cognitive Impairment or Severe Cognitive Impairment — A deterioration or loss in intellectual capacity that results in impairment of some or all of the following: short- and long-term memory; orientation to people, place, and time; deductive and abstract reasoning (including judgment); and ability to perform Activities of Daily Living.

Custodial Care — Also known as Maintenance or Personal Care. Provides assistance with personal needs such as bathing, dressing and eating.

Daily Maximum — The maximum amount a policy will pay for any single day of benefits.

Deductible Period — A period during which time Benefit Triggers or Benefit Conditions must be met.

Home Health Care — Medical and non-medical services provided at home. May include Homemaker Services, assistance with Activities of Daily Living and Respite Care Services.

Homemaker Services — Household chores performed for someone unable to do them on their own.

Hospice Services — Services provided by a hospice provider for the care or management of a terminal illness.

Inflation Protection — A policy feature that allows for benefits to increase by 5% per year without evidence of insurability to allow for anticipated increases in the cost of care.

Instrumental Activities of Daily Living (IADLS) — Important, but not vital life duties, such as shopping, laundry, meal preparation, housework, transportation, managing finances, using the telephone. Annuicare® considers IADLS in underwriting, but they are not considered Benefit Triggers.

Licensed Health Care Practitioner (LHCP) — A physician, registered nurse or licensed social worker.

Long-term Care — Extended care, including both medical and non-medical services, provided to a person who needs help with ADLs or requires supervision due to a severe cognitive impairment.

Maintenance or Personal Care Services — Any services with the primary purpose of providing needed assistance for a chronically ill individual.

Nursing Home Care — Care provided in a 24-hour-a-day facility which is licensed by the appropriate state licensing agency as a Nursing Home.

Outline of Coverage — A standardized summary of policy benefits required by law.

Plan of Care — A written plan prescribed by a licensed health care practitioner to accurately and appropriately address the Insured's needs for long-term care.

Qualified Long-Term Care Services — Necessary, diagnostic, preventative, therapeutic, curing, treating, mitigating or rehabilitative or maintenance or personal care services, which are required by a person who is eligible for benefits.

Respite Care — Services by a substitute caregiver, from a few hours to a few days, to give time off to the regular caregiver.

Substantial Supervision — Continual monitoring of a cognitively impaired person.

Waiver of Premium — A provision that allows the Insured to stop paying premiums while receiving long-term care benefits.



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Annuities are not a deposit, not FDIC insured, not guaranteed by any Federal Government Agency, are not guaranteed by a bank or savings association and may go down in value. Your clients should only consider purchase of the annuity if they intend to hold it through the initial rate guarantee period. This information is subject to change and is for producer use only- not approved for public distribution.