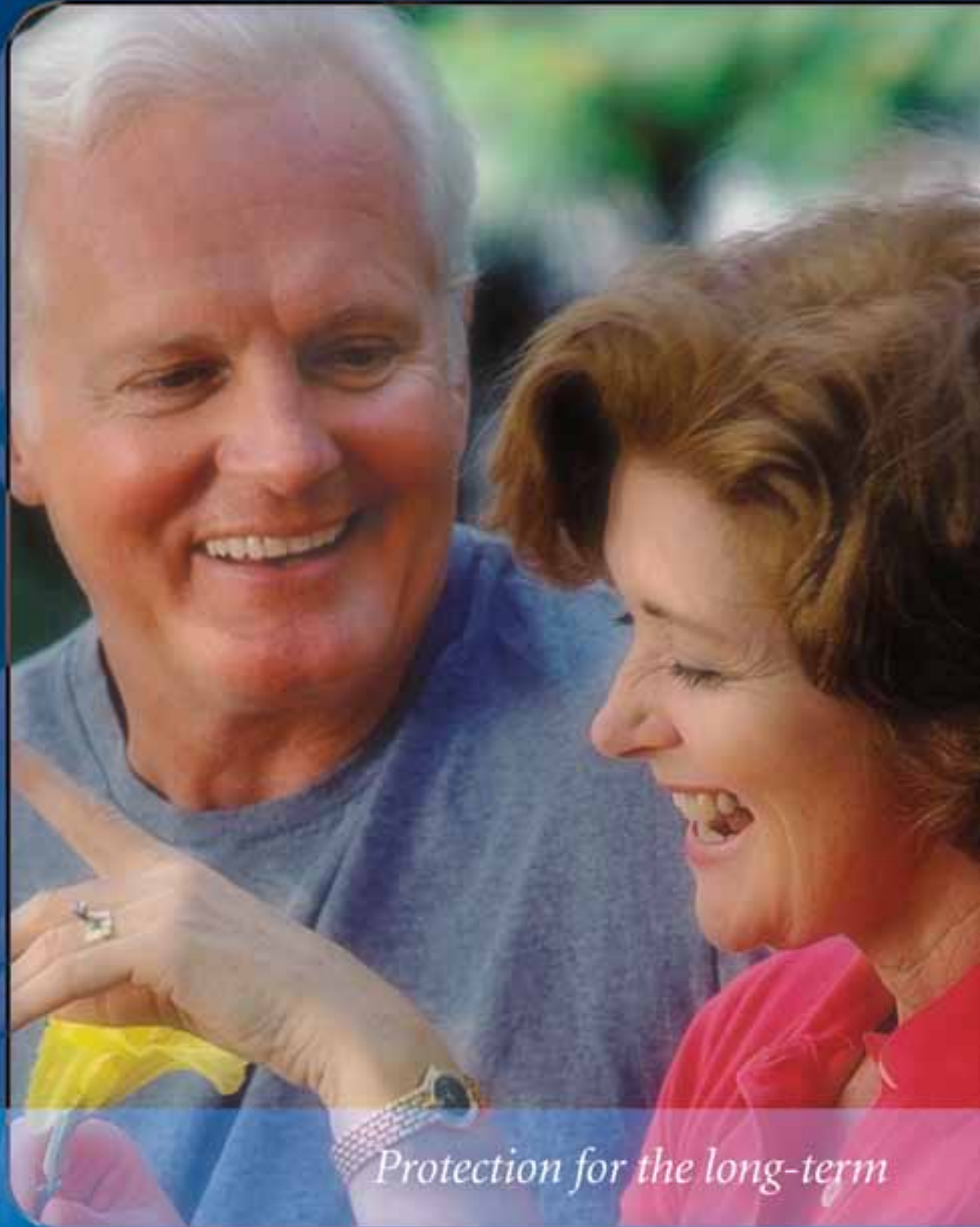




Long-Term Care Insurance



Protection for the long-term

Protecting your
future plans . . .
today.



Help secure your future plans

You work hard to secure your family's future. In most cases, you protect what you've built-up through:

- Savings and investments
- Health insurance
- Homeowners insurance
- Retirement plans
- Auto insurance
- Life insurance

One issue that could affect all of your plans if you aren't properly prepared—**Long-term care expenses.**

What is long-term care?

Long-term care refers to the services you need when you're no longer able to care for yourself and need assistance. Your need for these services may result from an illness, injury, gradual frailty or a cognitive impairment, such as Alzheimer's disease. Long-term care services range from assistance with certain day-to-day activities to more specialized nursing care or therapy services.

Where could you receive care?

Long-term care is much more than just nursing home care, and it is provided in a variety of settings, such as:

- In your own home and community—can range from 24 hour care to services during the day while the person you live with is away at work.
- In a facility—Provides 24-hour nursing services for people who require higher levels of care and attention.

Long-term care refers to treatment and services in your home or a facility, when you are no longer able to care for yourself.



What are your chances of needing long-term care?

Six out of 10

Americans who reach age 65 will need long-term care at some point in their remaining lives.²

The possibility of someday needing long-term care is a risk that everyone should plan for.

At some point, you may no longer be able to care for yourself.

- At least 6.4 million people age 65 or older currently need long-term care, with 50% of those over age 85 requiring care.¹

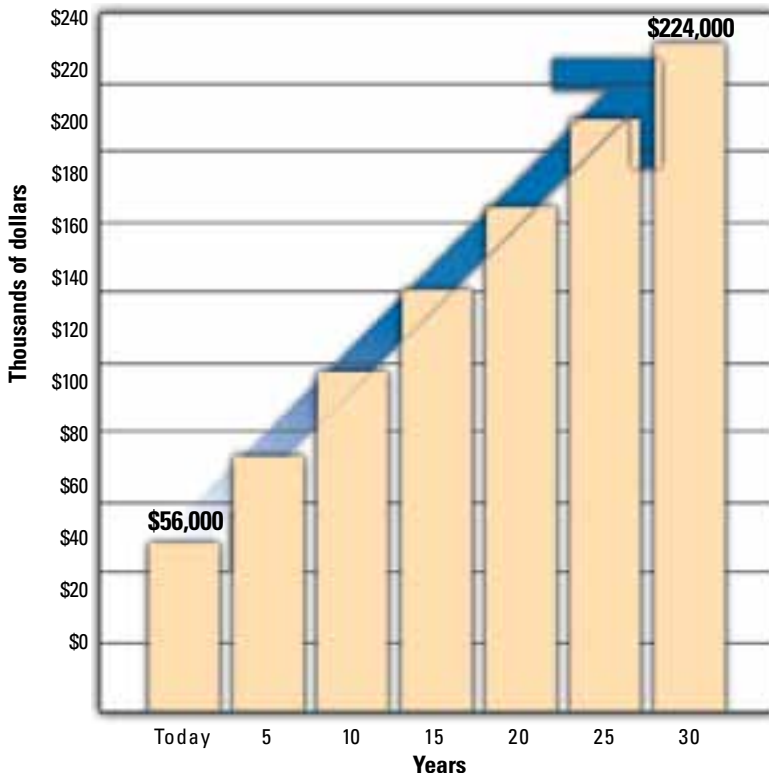
The effects of long-term care can be felt financially and emotionally by both you and your family:

- Six out of 10 Americans who reach age 65 will need long-term care at some point in their remaining lives.²
- 42% of people receiving long-term care services in this country are working age adults between the ages of 18-64.³

The cost of long-term care services can be significant, and these costs are continually rising:

- Currently, nursing home expenses average \$56,000 per year with costs typically higher in metropolitan areas.⁴

Rising Cost of Care in a Nursing Facility⁷



- The average length of stay in a nursing facility is 2.5 years.⁵ In-home care expenses can sometimes exceed the cost of a nursing facility—depending on the amount and level of care you need.
- Long-term care expenses are expected to quadruple in the next 30 years.⁶

1 - "Planning for Long-Term Care" United Seniors Health Council, Washington, D.C., McGraw-Hill, NY, 2002: page 4.

2 - "Long-Term Care Insurance, Baby Boom or Bust?" Conning & Company, 1999: page 13.

3 - "Long-Term Care: Medicaid's Role and Challenges" Kaiser Commission on Medicaid and the Uninsured policy brief, November 1999: Page 3.

4 - Estimates from: Centers for Medicare & Medicaid Services (CMS) formerly known as Health Care Financing Administration (HCFA), Office of the Actuary, National Health Statistics Group. As presented in, "Nursing Homes." American Association of Retired Persons (AARP) Public Policy Institute Fact Sheet. February 2001: pg. 3.

5 - Centers for Disease Control and Prevention/National Center for Health Statistics, The National Nursing Home Survey: 1999.

6 - "Can Aging Baby Boomers Avoid the Nursing Home? Long-term Care Insurance for Aging in Place." American Council of Life Insurers (ACLI). March 2000: pg. 15.

7 - Estimates from: Centers for Medicare & Medicaid Services (CMS) formerly known as Health Care Financing Administration (HCFA), Office of the Actuary, National Health Statistics Group. As presented in, "Nursing Homes." American Association of Retired Persons (AARP) Public Policy Institute Fact Sheet. February 2001: pg. 3 and "Can Aging Baby Boomers Avoid the Nursing Home? Long-term Care Insurance for Aging in Place." American Council of Life Insurers (ACLI). March 2000: pg. 15.

Who will pay for your long-term care needs?

At this point, you may have questions about the facts presented about long-term care:

- Do I have enough savings to cover these rising costs?
- Isn't there a government program that will pay for my long-term care needs?
- Do any of my other health insurance policies cover the cost?

You have options – Are these adequate solutions for your financial plan?

- **Pay the cost yourself**—Long-term care services could quickly use up your accumulated retirement income, savings and other assets, leaving little or nothing for your spouse and family.
- **Depend on Medicare**—Medicare only covers medically necessary expenses when skilled care is provided under strict eligibility guidelines. Most long-term care is generally custodial in nature and not covered by Medicare.
- **Depend on Medicaid**—Medicaid is designed to help people at, or below, poverty level. To qualify for assistance from Medicaid, you will be required to meet strict guidelines on assets owned and gross income. These requirements could deplete your cash assets, threaten your children's educational funds, and your retirement dollars.
- **Your health insurance**—Your primary health insurance is designed to pay medical expenses for skilled levels of care that help you recover from an illness or injury. Long-term care services, such as assistance with dressing, eating and bathing, generally do not qualify under health insurance—either group or individual.
- **Depend on family**—Does your family have the resources, expertise, time, and willingness to provide the care you would need? Do they live close enough to make this a realistic option? Do you want your family to carry your long-term care costs?
- **Long-Term Care Insurance**—Many people are choosing a Long-Term Care Insurance policy to help pay the cost of their long-term care. It is a more cost-effective way to provide for your long-term care services while also providing the most options and flexibility for you and your family.

Long-term care expenses can quickly deplete your family's retirement income, savings, and assets.

Consider this example:

Mr. Jones leads a healthy, active life until he suffers a stroke. Able to stay in his own home, but needing some assistance, Mr. Jones receives part-time care in his home 5 days per week, costing \$75 per day.

Five years later, Mr. Jones has another stroke that leaves his right side completely paralyzed. Unable to stay at home, he enters a nursing home where he lives until his death three years later.

What was the cost of Mr. Jones' care?

5 years of care in his home:	
\$75 per day x 260 days of care:	\$19,500
for 5 years	x 5
	\$97,500
3 years of nursing home care:	
\$153 per day x 365 days:	\$55,845
for 3 years	x 3
	\$167,535
Total cost of Mr. Jones' long-term care:	\$265,035

Example is for illustration purposes only. Cost of care varies by geographic location and type of care received.



Don't wait to think about Long-Term Care Insurance . . .

It is best to prepare today for your future long-term care needs.



You may not see the need for long-term care in your near future, but it is important to act now to help ensure you are adequately prepared for the unexpected. When presented with the facts, Long-Term Care Insurance can be your most sensible and affordable choice to help protect your family's future.

- **Increased premium costs**—Policy premiums are related to the age at which you purchase the coverage. So the sooner you buy, the lower your annual premium.
- **Ineligibility**—You may wait too long, and then risk having a change in your health and find you and/or your spouse are no longer eligible to obtain long-term care insurance, or can only get it at a higher premium.
- **Increased care costs**—Long-term care expenses are projected to quadruple in 30 years.* How will you help ensure you have the finances to cover not only today's costs, but also the costs down the road? Inflation protection coverage is available to help you manage the impact rising medical expenses will have on your future cost of care.

Benefits of Purchasing Now

	<i>Buy Today</i>	<i>Buy in 10 years</i>	<i>Buy in 20 years</i>
	Age 55	65	75
Daily benefit	\$125	\$200	\$325
Annual premium	\$1,370	\$3,646	\$14,277
Daily benefit at age 85 with inflation protection	\$540	\$531	\$529
Total benefit dollars at age 85	\$985,943	\$968,454	\$966,138
Total premium to age 85	\$41,100	\$72,920	\$142,773
Cost of waiting due to difference in premium	N/A	-\$31,820	-\$101,673

Source: Rates based on State Farm series #97059 policy with preferred rates, automatic compound inflation rider, 5-year benefit, spousal discount, no claim payments and 90-day elimination period. Costs and coverage may vary by state.

* Can Aging Baby Boomers Avoid the Nursing Home? Long-Term Care Insurance for Aging in Place. American Council of Life Insurers. Page 15. March 2000.

State Farm® is here for you...

State Farm offers a Long-Term Care Insurance policy that helps to protect you and your family from what may be one of the greatest risks you face. Designed to provide you with choices in your care, State Farm's policy covers a variety of options—including care in your own home—that can help you maintain control over your care.

With State Farm,
you are in
control of your
long-term care
options with a
financially stable
company.

- **Strength**—State Farm has consistently received high ratings for financial strength and claims paying ability from independent rating agencies. You can feel confident that State Farm will be there for you.
- **Service**—State Farm has dedicated agents available to service your questions and needs from coast-to-coast.
- **Experience**—State Farm has helped customers manage their personal insurance needs since 1922.
- **Flexibility**—State Farm has various methods and options available to make paying your premiums easier.
- **Convenience**—State Farm has the ability to provide you with a wide range of financial and insurance services.



Important choices regarding your policy benefits

You decide the policy benefit amounts and design a plan to meet your needs.



Your policy is designed to provide benefits based on the choices you select. You decide what benefits you want and customize the policy to meet your needs.

- **Maximum Daily Benefit** — This is the highest amount your policy will pay for each day of qualified long-term care services you receive in your home, community or a facility. You decide what this amount should be, from \$100 to \$500 per day.
- **Benefit Factor** — You decide how long your policy will provide benefits, from 2 years to lifetime:
 - 2 years
 - 3 years
 - 5 years
 - 10 years
 - Lifetime benefits (*Unlimited number of years*)
- **Maximum Lifetime Benefit** — This is the total benefit amount you would have available for your care while the policy is in force. To figure this amount, multiply your selections for the Maximum Daily Benefit and the Benefit factor.
For example: Maximum Daily Benefit \$125 X Benefit Factor 1,825 days (5 years) = \$228,125
- **Elimination Period** — This is similar to the deductible on your health insurance. It refers to the out-of-pocket costs you'll pay before the policy will pay benefits. Each day you receive services from an eligible caregiver, after being certified chronically ill, count as 1 day towards the satisfaction of your elimination period. The elimination period must be satisfied only one time while the policy is in force. You decide the amount—30 days, 90 days, or 180 days—of long-term care costs you can afford to self-insure. The longer the elimination period you can afford to choose, the lower your premium costs will be.

State Farm® makes all these benefits go further with Care Management Services

Care Management Services can help you with the process of filing your claim. They can assist in determining an appropriate plan of care and help locate available long-term care services and resources so you and your family can make knowledgeable choices regarding your care. Care management services are provided by professionals who can work with you, your family, and your doctor to help you decide what care resources and services best suit your needs.

Care management services are provided at no additional cost.

Note: Unless otherwise stated in the policy, any benefits payable are subject to the selected Maximum Daily Benefit and Maximum Lifetime Benefit.

How do you become eligible to receive policy benefits?

You become eligible to receive benefits from your Long-Term Care Insurance policy once a Licensed Health Care Practitioner certifies you as Chronically Ill and you satisfy your Elimination Period.

Being Chronically Ill means you are certified as being unable (without substantial assistance from another person) to perform at least 2 of the following 6 Activities of Daily Living (ADL) for an expected period of at least 90 days.

- | | |
|---------------------|-------------------------------------------------------------------------------------------------------------------------------|
| Bathing | Getting into and out of the tub or shower |
| Contenance | Controlling bowel and bladder function or when unable to maintain control, the ability to perform associated personal hygiene |
| Dressing | Putting on and taking off clothing and any necessary braces and artificial limbs |
| Eating | Feeding yourself |
| Toileting | Getting to and from the toilet and associated personal hygiene |
| Transferring | Moving into or out of bed, a chair, or a wheelchair |

OR

You require substantial supervision to protect yourself from threats to health and safety due to severe Cognitive Impairment, such as Alzheimer's disease.

AND

You satisfy the Elimination Period you selected. This is the number of days in which you receive Qualified Long-Term Care services, for which a charge is made, before your policy begins to pay benefits. You can select a 30, 90 or 180-day Elimination Period. You only need to satisfy the Elimination Period once while your policy is in effect.

Your State Farm
Long-Term Care
Insurance policy
will be there
when you need
long-term care
assistance.



Maintain your choices for where you receive care

80% of long-term care services are provided outside of a nursing home, either at home, in an assisted living facility or adult day care.¹

The types of care you could receive:

- **Custodial care**— Basic level care that helps you maintain your current condition or address your changing needs if you are chronically ill. Assistance with walking, eating, getting in or out of bed, bathing, and dressing may be examples of custodial care.
- **Skilled care**— Generally restorative in nature and designed to improve your condition and may be covered by your medical insurance. Most long-term care services are not considered skilled care.
- **Home and Community-Based Care**— For each calendar week you receive qualified Home and Community-Based Care, your policy will pay the lesser of:
 - **Seven times the selected Maximum Daily Benefit (per calendar week), or**
 - **The total expenses incurred for services provided by:**
 - **Home Health Care Agencies**— Some of the qualified long-term care services you may receive in your home include occupational, physical, respiratory, or speech therapy or nursing care provided by registered, licensed practical, or vocational nurses. You may also receive qualified services from a medical social worker, home health aide, homemaker or other similar services.
- **Adult Day Care**— You can receive care during the day at an Adult Day Care Facility while your informal caregiver is away at work. During the evening, both of you could enjoy the comforts of home.

Your policy can help you stay at home longer by providing the following additional benefits*

- **Home Modification Benefit**— designed to provide alternative options to a nursing facility or alternate care facility, such as modifying your home, or purchasing, renting, or leasing durable medical equipment for use in your home. The modification or equipment purchased must be expected to allow you to remain in your home for at least 90 days. This benefit pays up to 50 times your current Maximum Daily Benefit in effect on the day initial benefits are paid under this provision, for qualified services such as widening doorways, building ramps, restructuring bathroom facilities to accommodate wheelchairs, etc.

*Note: These benefits are payable in addition to any other benefit paid on the same day.

1 - Life Health Financial Services Edition, National Underwriter. "Paying for LTC a Big Concern: Survey." May 5, 1997.



Receive long-term care services in the setting of your choice.

- **Informal Caregiver Training** — with some training, a family member or friend may be able to provide the care you need.
- **Medical Help System** — A medical help system provides help at the touch of a button. For a maximum of 12 months during your lifetime, your policy pays up to 25% of your selected Maximum Daily Benefit to help with the monthly cost of renting or leasing a medical help system that is installed in your home while your policy is in force.
- **Respite Care** — Allows you to continue to receive care while your informal caregiver takes some time away. We will pay the cost of eligible care, up to the Maximum Daily Benefit you selected, for up to 30 days per calendar year.

In the event that you need care in a facility, your policy still provides choices

Facility Benefits — As your need for care becomes greater, your State Farm Long-Term Care Insurance policy is designed to keep paying the benefits* you selected, even if you move from your home to a facility. Your policy helps cover the actual cost of care you receive for services up to the Maximum Daily Benefit at these qualified facilities.

- **Alternate Care Facility** — At an alternate care facility, you can receive more care than can be delivered in your home, but without being confined to a nursing home. You can enjoy the benefits of community living and have around-the-clock assistance. For qualified Alternate Care Facilities, your policy pays 100% of the daily cost, up to the amount of your selected Maximum Daily Benefit.
- **Long-Term Care Facility** — You can go to the qualified nursing home of your choice and receive 24-hour custodial, intermediate, or skilled care services. For qualified Long-Term Care facilities, your policy pays 100% of the daily cost, up to your selected Maximum Daily Benefit.
- **Bed Reservation** — Providing you remain Chronically Ill and are temporarily absent during your stay in a facility, we will continue to pay up to the Maximum Daily Benefit to reserve your bed, for up to 30 days per calendar year.



* Subject to your selected Maximum Daily Benefit and your selected Maximum Lifetime Benefit.

What features are included in your policy?

Your policy provides additional benefits... that's satisfaction.



- **Guaranteed Renewable**—Your policy will continue to be renewed as long as you pay your premiums on time.
- **30-Day Review Period**—If within 30 days of receiving your Long-Term Care Insurance policy, you find that it does not meet your needs, return it to your agent, or our corporate office for a full premium refund.
- **Unintentional Lapse Notification**—If policy payments are not received on time, we will notify both you and an individual you have designated in advance, that coverage may lapse because of nonpayment of premium.
- **Reinstatement for Cognitive Impairment or Functional Incapacity**—If requested, within 6 months after the termination of your policy, we will reinstate your policy on the basis that you suffered from a cognitive impairment or functional incapacity at the time coverage lapsed. You must pay all past-due premiums.
- **Alternate Plan of Care**—If you would otherwise require a Long-Term Care Facility stay under a plan of care, we can pay for alternate services if you, your doctor, and State Farm agree upon such services or treatments.
- **Waiver of Premium**—Your premium will be waived after you receive 90 days of covered Qualified Long-Term Care, so long as the days of care are not separated by more than 15 consecutive days. This includes days used to satisfy your Elimination Period. Benefits paid under the Medical Help and Caregiver Training benefits do not apply toward Waiver of Premium eligibility.
- **Restoration of Benefits**—Your Maximum Lifetime Benefit, if not already exhausted, will be fully restored if you are no longer Chronically Ill and have not required or received covered Qualified Long-Term Care services for 180 consecutive days. This benefit does not apply to the Lifetime Benefits factor as those benefits are never ending during your lifetime. The Home Modification benefit is not subject to restoration.
- **Tax Qualified**—Your policy is tax-qualified, which means a portion of your premiums qualify as a medical expense for federal income tax purposes if you itemize deductions.

How can your policy help keep up with the rising cost of long-term care?

• Automatic Increase Benefits Riders*

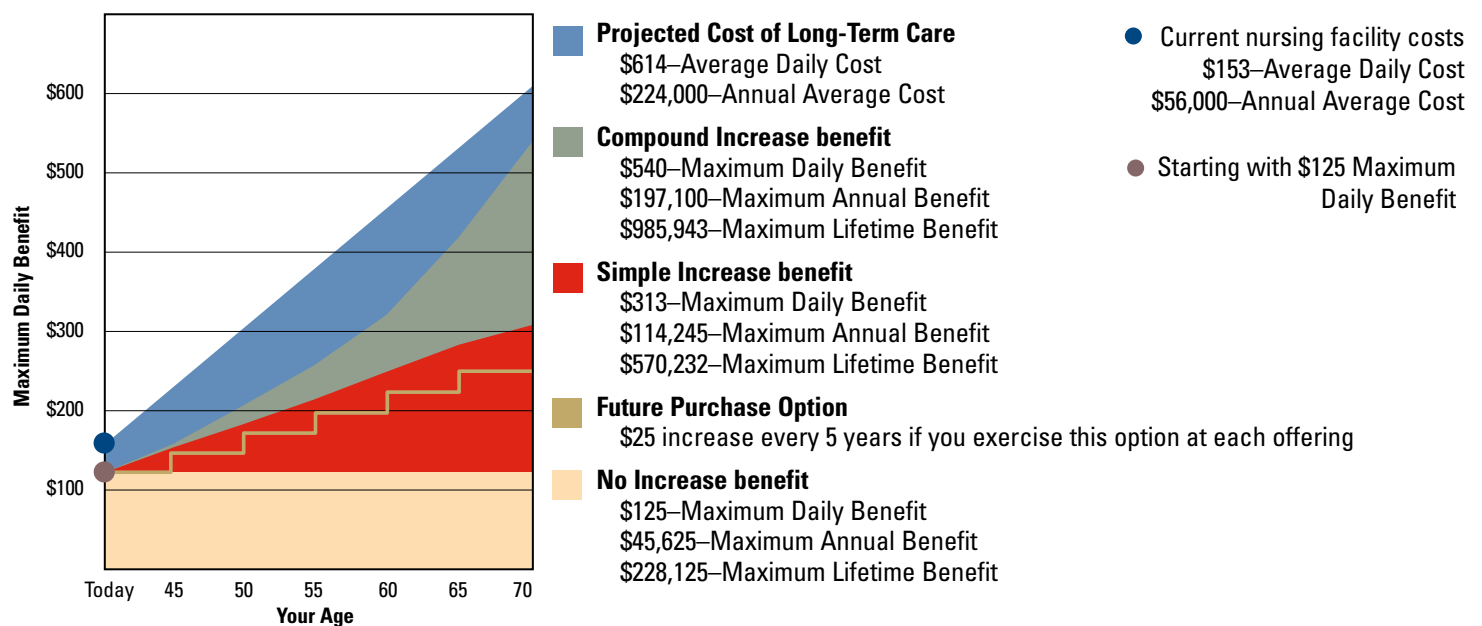
Selecting one of our two Automatic Increase Benefit Riders will increase the amount of your benefits to help keep up with inflation and the rising cost of health care.

- **Compound Increase** — Each year, your selected Maximum Daily Benefit increases by 5% over the previous year's amount, and the Maximum Lifetime Benefit is increased by 5% of the Remaining Maximum Lifetime Benefit.
- **Simple Increase** — Each year, your selected Maximum Daily Benefit increases by 5% of its original amount and the Remaining Maximum Lifetime Benefit increases proportionately.

• Future Purchase Option

If you do not select one of the automatic benefit riders, on the anniversary of your policy's effective date, following your 45th, 50th, 55th, 60th, and 65th birthdays, you will have the opportunity to increase your maximum daily benefit. This increase in benefits will add to the cost of your policy

The Effects of Automatic Increase Benefit Riders



Maximum Lifetime Benefits based on 5-year benefit factor with \$125 Maximum Daily Benefit assuming 5% interest and no claim payments in 30 years. Cost of long-term care estimates from: Centers for Medicare & Medicaid Services (CMS) formerly known as Health Care Financing Administration (HCFA), Office of the Actuary, National Health Statistics Group. As presented in, "Nursing Homes." American Association of Retired Persons (AARP) Public Policy Institute Fact Sheet. February 2001: pg. 3. Long-term care expense projection from: "Can Aging Baby Boomers Avoid the Nursing Home? Long-term Care Insurance for Aging in Place." American Council of Life Insurers (ACLI). March 2000: pg. 15.

• Nonforfeiture Benefit/Shortened Benefit Rider*

This rider provides continuation of coverage during your lifetime if you stop paying premiums for your Long-Term Care Insurance policy. The benefits payable are subject to the following:

- The policy and riders must be in force for at least 3 years.
- The Maximum Daily Benefit amount will be the amount in effect on the nonforfeiture date.
- The maximum amount we will pay for all covered care or services you receive after the nonforfeiture date is the greater of:
 - 100% of the sum of all premiums paid for this policy and riders, or
 - 30 times the Maximum Daily Benefit in effect on the nonforfeiture day.

* These optional riders are available for an additional cost to enhance your policy benefits.

Now, let's design a plan for you

Plan Features	Your Options	Your Spouse's Options	Considerations
Maximum Daily Benefit	<input type="checkbox"/> \$100 <input type="checkbox"/> \$125 <input type="checkbox"/> \$150 <input type="checkbox"/> \$175 <input type="checkbox"/> \$200 <input type="checkbox"/> \$225 <input type="checkbox"/> \$250 <input type="checkbox"/> \$275 <input type="checkbox"/> \$300 <input type="checkbox"/> \$325 <input type="checkbox"/> \$350 <input type="checkbox"/> \$375 <input type="checkbox"/> \$400 <input type="checkbox"/> \$425 <input type="checkbox"/> \$450 <input type="checkbox"/> \$475 <input type="checkbox"/> \$500	<input type="checkbox"/> \$100 <input type="checkbox"/> \$125 <input type="checkbox"/> \$150 <input type="checkbox"/> \$175 <input type="checkbox"/> \$200 <input type="checkbox"/> \$225 <input type="checkbox"/> \$250 <input type="checkbox"/> \$275 <input type="checkbox"/> \$300 <input type="checkbox"/> \$325 <input type="checkbox"/> \$350 <input type="checkbox"/> \$375 <input type="checkbox"/> \$400 <input type="checkbox"/> \$425 <input type="checkbox"/> \$450 <input type="checkbox"/> \$475 <input type="checkbox"/> \$500	<p>You should select an amount that is equal to or greater than the average cost of care in the area you expect to receive care.</p>
Benefit Factor	<input type="checkbox"/> 2 years <input type="checkbox"/> 3 years <input type="checkbox"/> 5 years <input type="checkbox"/> 10 years <input type="checkbox"/> Lifetime	<input type="checkbox"/> 2 years <input type="checkbox"/> 3 years <input type="checkbox"/> 5 years <input type="checkbox"/> 10 years <input type="checkbox"/> Lifetime	<p>Maximum Daily Benefit x 365 days x Benefit Period = Lifetime maximum dollar amount</p> <p>Example: \$125 x 365 days x 5 years = \$228,125</p> <p>A Lifetime Benefit factor has an unlimited lifetime dollar amount.</p>
Elimination Period	<input type="checkbox"/> 30 days <input type="checkbox"/> 90 days <input type="checkbox"/> 180 days	<input type="checkbox"/> 30 days <input type="checkbox"/> 90 days <input type="checkbox"/> 180 days	<p>This is similar to a deductible or waiting period. It is the number of days in which you receive qualified long-term care services before the policy begins to pay benefits. You will be responsible for paying long-term care services during the elimination period.</p> <p>Selecting a shorter elimination period will increase your premium.</p>
Inflation Protection Options	<input type="checkbox"/> Compound Increase Rider <input type="checkbox"/> Simple Increase Rider <input type="checkbox"/> Future Purchase Option Benefit	<input type="checkbox"/> Compound Increase Rider <input type="checkbox"/> Simple Increase Rider <input type="checkbox"/> Future Purchase Option Benefit	<p>As the cost of long-term care services increase, this rider helps your policy keep pace.</p> <p>Helps offset the effect of rising medical costs by increasing your daily maximum benefit by 5% each year on either a simple or compound basis depending on your choice of riders.</p>
Non-Forfeiture Benefit/Shortened Benefit Rider*	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<p>Provides a continuation of coverage if you stop paying premiums under certain circumstances.</p>

* These optional riders are available for an additional cost to enhance your policy benefits.

Note: The Long-Term Care Insurance 97059 policy series is underwritten by State Farm Mutual Automobile Insurance Company. This brochure contains only a general description of the contract. For a brief explanation of the policy, including exclusions, exceptions and limitations, see the Outline of Coverage. A complete statement of the coverage is found only in the policy. See policy form 97059 series for exact terms and conditions. This policy is not connected with or endorsed by the United States Government or the Federal Medicare program. This policy is not available in New Jersey, Rhode Island, Massachusetts and Canada.

Angle Cut For Pocket (DO NOT PRINT)

Refer a friend or relative who would also like information on Long-Term Care Insurance.

Place Stamp Here

Name: _____

Address: _____

City: _____

State: _____

Zip: _____

_____ Daytime Phone Number

_____ Evening Phone Number

Referred By: _____

To: _____

LTCI03-42

The Long-Term Care Insurance 97059 policy series is underwritten by State Farm Mutual Automobile Insurance Company.
State Farm Mutual Automobile Insurance Company • Home Office: Bloomington, Illinois • statefarm.com



Perforations (DO NOT PRINT)

Business Card Die-Cut (DO NOT PRINT)



State Farm Mutual Automobile Insurance Company
Home Office, Bloomington, Illinois
statefarm.com®

LTCI03-02

9-2003
Printed in U.S.A.
ZH-23558