


GREAT AMERICAN LIFE®

# LONG-TERM CARE ANNUITY

*Fixed Annuity  
with Long-Term Care Rider*



A man with white hair, wearing a blue and white plaid shirt, is sitting on a swing. He is looking down at a book or document he is holding in his hands. The background is a blurred green field with a wooden bench in the distance. The text is overlaid on a semi-transparent white box.

## **Building Lifestyle Security<sup>®</sup>**

At Great American Life Insurance Company<sup>®</sup>, we concentrate on one very important aspect of your life—making your future years more secure. And because we specialize in annuities, we understand how important long-term security is to your retirement.

It's natural to be concerned about who is going to care for you as you age, and how you will pay for this care. Long-term care coverage is focused on this type of long-term planning. The Great American Life<sup>®</sup> Long-Term Care Annuity helps pay for a portion of those long-term care expenses, keeping the financial burden off family members and giving you financial peace of mind. Throughout this guide you can find more details about this annuity.

## Interest Rates

The Great American Life Long-Term Care Annuity gives you the peace of mind of a product that will safely grow in value, while offering long-term protection.

With this annuity, the current interest rate that is in effect on the date your annuity contract is issued remains locked-in for the first full contract year.<sup>1</sup> After completion of the first contract year, your annuity will earn compound interest at an annual rate that is determined periodically by our Board of Directors.

For your protection, you'll earn a minimum guaranteed interest rate throughout the life of your contract. The interest rate your money earns will never fall below the minimum guaranteed interest rate, even if economic conditions cause interest rates to drop dramatically. Your contract, as a whole, will be credited with interest at an effective annual rate equal to or greater than that required by state law.

Please check with your agent for details on your first-year interest rate and your state's guaranteed minimum interest rate.

## Contract Values

Your **Account Value** is equal to the following:

- 100% of the Purchase Payments received;
- Less any withdrawals;
- Less any Long-Term Care Rider premium payments (See *Premiums Paid* on page 4);
- Plus interest credited; and
- Less any premium tax or other taxes that may apply in your state.

If you choose to include the Long-Term Care Rider with this annuity, the premiums for this rider will be a percentage of the Account Value and will be deducted monthly from the Account Value.

Your **Surrender Value** is equal to the following:

- The Account Value;
- Less the early withdrawal charge that applies to a full surrender.

Refer to your contract for a more complete description of your contract values.

<sup>1</sup> This feature is available through Company practice and may be discontinued or changed at any time. However, if your contract is purchased while this feature is available, it will not be changed once your contract is issued.





---

## Access to Income You Cannot Outlive

Whether you need short-term, fixed period or lifetime payments, your annuity settlement options can provide a guaranteed retirement income. This annuity offers a variety of settlement options. Note that receiving a settlement option will cancel the Long-Term Care Rider. The following describes several of the most commonly elected retirement income settlement options provided in this contract. To receive the Account

Value, you must select a minimum payout period of seven years.

### *Income for a Fixed Period*

You may elect to receive periodic payments at specific intervals, payable for a specific duration. For example, you could request monthly payments over a 10-year period. If you die before that period ends, your beneficiary receives any remaining payments.

### *Life Annuity with Payments for at Least a Fixed Period*

This retirement option offers you an income that you can't outlive. Payments will be made to you as long as you live, but no less than the specific duration requested or the guaranteed period. If you die prior to the end of the guaranteed period, your beneficiary will continue to receive payments for the balance of the period.

### *Joint and One-Half Survivor*

This option offers payments of a fixed amount over the lifetimes of two payees. After the death of the primary payee, the secondary payee receives 50% of the original payment amount for the remainder of his or her lifetime. If the secondary payee is the first to die, there is no reduction in the payment.

Other options may be available at the discretion of the Company.

## Liquidity If You Need It

Annuities are designed to accumulate money for retirement, and the Great American Life® Long-Term Care Annuity provides its best possible benefit if left intact, without taking any withdrawals. **Please note: Withdrawals from your annuity will also reduce the level of coverage under the Long-Term Care Rider.** However, it's nice to know that you have access to the funds in your annuity if you need them. Great American Life offers a number of options to withdraw the money in your annuity. Remember that withdrawals prior to age 59½ may be subject to restrictions and a 10% tax penalty, according to IRS regulations. Because tax laws are subject to varying interpretations and changes, we recommend that you consult your attorney, tax advisor or accountant.

## **10% Penalty-Free Withdrawals**

During the first contract year, you may withdraw up to 10% of the Purchase Payment without the deduction of an early withdrawal charge. Each year after the first Contract Anniversary, you may withdraw up to 10% of the Account Value as of the prior Contract Anniversary without the deduction of an early withdrawal charge.

## **Early Withdrawal Charges<sup>2</sup>**

Early withdrawal charges will be applied to the following withdrawals:

- Amounts withdrawn during the first contract year that are in excess of 10% of the Purchase Payment;
- Amounts withdrawn during contract years two through 10 that are in excess of the 10% Penalty-Free Withdrawal Allowance;
- Amounts that are annuitized during the first 10 contract years for less than seven years; and
- Full surrenders within the first 10 contract years.

Please refer to your Client Letter of Understanding for an early withdrawal schedule detailing the early withdrawal charges applicable to the Great American Life Long-Term Care Annuity.

## **An Effective Estate and Retirement-Planning Tool**

The Great American Life Long-Term Care Annuity can serve as an effective estate planning tool, since it distributes remaining contract values to your beneficiaries without going through probate.

### **Death Benefit**

In the unfortunate event of the death of the contract owner, the beneficiary will receive a death benefit from the annuity. In the event of the contract owner's death, the beneficiary will be paid the Account Value. If your spouse is the surviving joint owner or sole beneficiary, then he or she may succeed to the ownership of the annuity with the rights and privileges of the original owner, as allowed by IRS regulations, but coverage under the Long-Term Care Rider will end.

## **Planning for the Long Term**

To help ease the strain of certain unforeseen events, the Long-Term Care Rider is available. In exchange for premiums deducted from the Account Value of your annuity, you can receive long-term care coverage and benefits. The Long-Term Care Rider can help you cover your long-term care costs, protecting your assets and providing a safety net for your future healthcare needs.

If you never use your long-term care benefits, your Account Value continues to grow and will be available to you and your beneficiaries, according to the withdrawal and settlement options of this annuity.

<sup>2</sup> Early withdrawal charges are referred to as Surrender Charges in the contract.



### **Premiums Paid**

The great benefit of the Long-Term Care Rider is that premiums are paid by a portion of your annuity Account Value. The amount of this monthly premium is a percentage of your Account Value, determined based on your age, sex and other factors that you will choose on your application. The Account Value of your annuity continues to grow, plus—by paying your Long-Term Care Rider premiums—you receive the protection of the long-term care coverage.

While you will never have to write a check to pay for your Long-Term Care Rider coverage, the deductions from your annuity Account Value may be considered taxable income to you.

### **Benefits Received**

The Account Value of your annuity can be used to provide long-term care daily benefits (at a maximum daily benefit) for two or three years. You can choose this length of time on your application. If you choose to use your Account Value to provide benefits over a period of two years, your maximum daily benefits will be greater. If you choose to use your Account Value to provide benefits over three years, your benefits last longer, but the maximum daily benefits will be less.

The maximum daily benefit for a Daily Benefit Factor of two years will be equal to the Account Value divided by 730 (the number of days in two years). The maximum daily benefit for a Daily Benefit Factor of three years will be equal to the Account Value divided by 1,095 (the number of days in three years). Talk with your Great American Life agent to determine which of these Daily Benefit Factors might be best for you.

Once your Account Value is depleted, Great American Life® will continue to pay benefits for covered expenses based on the maximum daily benefit, up to an Aggregate Benefit Limit, as long as you continue to incur covered expenses. This means that the maximum benefit provided by Great American Life will match (a 200% Aggregate Benefit Limit) or double (a 300% Aggregate Benefit Limit) the amount of your Account Value as of the first day you begin receiving long-term care benefits.

On your application, you can choose a 200% or 300% Aggregate Benefit Limit. See the chart on page 5 to understand how your choices may affect your benefits. Please note that total benefit payouts cannot be more than the IRS-defined maximum benefit. The maximum Purchase Payment is \$182,500 for a 200% Aggregate Benefit Limit and \$273,750 for a 300% Aggregate Benefit Limit.

If, after benefits begin, you improve and do not incur covered expenses for 180 days, then long-term care benefits will end. If you later qualify for long-term care benefits again, the maximum daily benefit and Aggregate Benefit Limit will be recalculated at the beginning of the new Benefit Period, and could be significantly lower because the Account Value has been reduced to pay benefits for the prior period. If the Account Value was fully depleted to pay benefits for the prior period, then no further benefits will be paid.

## Questions and Answers About the Long-Term Care Rider

### How much do I receive in benefits?

Below is an example of how the Daily Benefit Factor and Aggregate Benefit Limit you choose on your application affects your long-term care benefits. The example shows premiums for a 65-year old male.

#### Sample Long-Term Care Benefits

	Aggregate Benefit Limit: 200%		Aggregate Benefit Limit: 300%	
	Daily Benefit Factor: 2 Years	Daily Benefit Factor: 3 Years	Daily Benefit Factor: 2 Years	Daily Benefit Factor: 3 Years
<b>First, receive benefits from your Account Value:</b>	Receive up to 100% of the Account Value over 2 years.	Receive up to 100% of the Account Value over 3 years.	Receive up to 100% of the Account Value over 2 years.	Receive up to 100% of the Account Value over 3 years.
	+	+	+	+
<b>After Account Value is depleted, receive benefits from Great American Life:</b>	Great American Life pays benefits up to 100% of the Account Value over 2 years.*	Great American Life pays benefits up to 100% of the Account Value over 3 years.*	Great American Life pays benefits up to 200% of the Account Value over 4 years.*	Great American Life pays benefits up to 200% of the Account Value over 6 years.*
<b>Benefits can begin:</b>	After 3 years.	After 3 years.	After 5 years.	After 5 years.
<b>Sample premium:</b>	0.050% Monthly (0.602% Annually)	0.025% Monthly (0.300% Annually)	0.063% Monthly (0.763% Annually)	0.027% Monthly (0.320% Annually)
<b>When Completing the Application, Choose:</b>	Daily Benefit: 2 years Aggregate Benefit: 200%	Daily Benefit: 3 years Aggregate Benefit: 200%	Daily Benefit: 2 years Aggregate Benefit: 300%	Daily Benefit: 3 years Aggregate Benefit: 300%

\*The duration of benefits assumes that covered expenses equal or exceed the daily maximum. Benefits will last longer if covered expenses are below the daily maximum.

### When can I begin receiving my long-term care benefits?

You become eligible for long-term care benefits when the following two criteria have been met:

1. You have reached the Coverage Effective Date. This date is three or five years from the time your contract is issued. See the sample chart above to understand how your choice of an Aggregate Benefit Limit affects this date.
2. You can no longer perform two **Activities of Daily Living (ADLs)**. Activities of Daily Living are bathing, continence (bowel/bladder), dressing, eating, toileting and transferring.



## What types of expenses will be covered?

The following expenses may be covered by your Long-Term Care Rider. Please note: This list is not all-inclusive.

- Care planning services;
- Caregiver training services;
- Home health care services;
- Homemaker services;
- Hospice services;
- Maintenance or personal care services;
- Assisted living facility services;
- Nursing home facility;
- Respite care;
- Nursing services provided in your home; and
- Adult day care (covered at 50% of maximum daily benefit).

Benefits will not be paid for treatment arising from mental or nervous disorders, or disorders without demonstrable organic origin; alcoholism or drug addiction; injury as a result of attempted suicide or an intentionally self-inflicted injury; war or act of war (declared or undeclared); service in the armed forces or auxiliary units; participation in a felony, riot or insurrection; Veteran's Administration or government facility treatments; benefits payable under Medicare, other governmental programs (except Medicaid), workers compensation laws, employer's liability law, occupational disease laws and motor vehicle no-fault law; confinement or care received outside the United States or services provided by a facility that does not meet the eligibility requirements; and family member care for which no charge would be made in the absence of insurance. Qualifying stays or care resulting from Alzheimer's or similar disease will be covered.

## Will I need long-term care coverage?

Life expectancies for Americans have reached an all-time high, according to the latest U.S. mortality statistics collected by the Centers for Disease Control and Prevention. As Americans live longer, it is more likely that they will need assistance caring for themselves late in life.

In fact, if you have accumulated enough assets to place in an annuity that can continue to pay for the long-term care premiums, the Long-Term Care Rider may be right for you.



Long-term care coverage is available to those individuals who are currently healthy and do not have a pre-existing condition. A **pre-existing condition** is defined as an illness or disability for which you have received medical advice or treatment, or of which you have experienced symptoms within a certain period before you applied for this annuity with Long-Term Care Rider. If you have a pre-existing condition for which you are likely to need long-term care in the near future, such as Parkinson's disease or Alzheimer's disease, you probably will not be eligible to buy this product with the Long-Term Care Rider.

---

By insuring people who will not need long-term care benefits for several years, Great American Life® and other insurance companies can keep long-term care benefits affordable for everyone.

To help determine if your financial and health situations make you a candidate for long-term care coverage, you and your agent should complete the *Long-Term Care Insurance Personal Worksheet* and the *Long-Term Care Insurance Eligibility Worksheet*.



### **Can I renew my long-term care coverage?**

Your Long-Term Care Rider is guaranteed renewable. This means that your contract will renew as long as premiums are paid, the owner is still living and the Aggregate Benefit Limit has not been paid out.

### **What should I expect after I complete the application?**

Buying the Great American Life Long-Term Care Annuity coverage requires medical eligibility for the Long-Term Care Rider. Your current health and health history may affect your ability to qualify for the Long-Term Care Rider, but not the annuity.

**Medical eligibility** is determined by a short, scheduled telephone conversation about your health status and any care you have received in the past. For example, you may be asked if you have been in a nursing home or received home care in the last 12 months. These questions will help determine if you are eligible for the Long-Term Care Rider. It is important that you be forthright about your medical history.

Your Great American Life agent will provide you with a document called *What to Expect*. This document will provide specifics about the next steps involved in this application process.

### **Where can I find more information about this annuity and Long-Term Care Rider?**

Talk with your Great American Life agent for more information about long-term care and the Great American Life Long-Term Care Annuity.

## About Great American Life Insurance Company

The history of Great American Life Insurance Company® dates back to 1872 when its parent company, German American Insurance Company, was founded. In 1918, the Company changed its name to Great American Insurance Company. Great American Life® was founded in 1959 as a subsidiary offering life insurance through Great American Insurance agents. In 1976, Great American Life entered the annuity business and became one of the leading companies in sales of tax-deferred annuities. This long tradition of our company demonstrates both staying power and optimism for the future.

Our company has one of the most solid investment portfolios in the insurance industry today. By limiting our investment risk, we maximize the security of your retirement. As of June 17, 2005, A.M. Best Company rates Great American Life “A (Excellent),” which is the third highest of 16 possible ratings, for our financial strength.

Great American Life is a subsidiary of Great American Financial Resources®, Inc. (GAFRI), which is headquartered in Cincinnati, Ohio and publicly traded on the New York Stock Exchange (NYSE: GFR) and has assets under management of \$11.9 billion as of September 30, 2005. Through its subsidiaries, GAFRI markets retirement annuities and other life and supplemental health insurance.

Great American Life is licensed to sell products in all states (except New York), the District of Columbia, Guam, Puerto Rico and the U.S. Virgin Islands.

*For use with contract forms P1030705NW and P1030805NW and rider form number R1030905NW. Contract form numbers may vary according to the state in which a contract is sold. Products not available in all states.*



*Great American Ball Park<sup>SM</sup>  
Cincinnati, OH*

## Long-Term Care Glossary

**Activities of Daily Living (ADLs)** – Everyday functions and activities individuals usually do without help. ADLs include bathing, continence, dressing, eating, toileting and transferring. The inability to do two of these six ADLs is one criterion for receiving long-term care benefits from Great American Life.

**Adult Day Care** – Care provided during the day only at a community-based center for adults who need assistance or supervision during the day, including help with personal care.

**Assisted Living Facility** – A residential living arrangement that provides individual personal care and health services for those who require assistance with activities of daily living. Assisted living facilities offer a way to keep a relatively independent lifestyle for people who don't need the level of care provided by nursing homes.

**Benefits** – Monetary sum paid or payable to a recipient to cover long-term care services for which premiums are paid.

**Care Planning Services** – Written plan of action that contains strategies for delivering care that addresses an individual's specific needs or problems.

**Chronic Illness** – An illness with one or more of the following characteristics: permanency, residual disability, requires rehabilitation training or requires long periods of supervision, observation or care.

**Home Health Care Services** – Services for occupational, physical, respiratory or speech therapy or nurse services in your home. Also includes medical, social worker, home health aide and homemaker services.

**Homemaker Services** – Household services provided for those unable to complete them themselves.

**Hospice Services** – Continuous care provided at home or in a facility with a home-like setting for a terminally ill person.

**Long-Term Care** – Medical and social services that support people with chronic health problems that affect their ability to perform activities of daily living.

**Maintenance or Personal Care Services** – Care to help individuals meet personal needs, such as bathing, dressing and eating. Someone without professional training may provide care.

**Maximum Daily Benefit** – The amount of long-term care benefit, in dollars, one can receive per day to pay for long-term expenses.

**Medicaid** – A joint federal/state program that pays for health services for those with low incomes or very high medical bills relative to income and assets.

**Medical Eligibility** – The process of reviewing applicants to determine if their risk profile is appropriate for the product.

**Medicare** – A federal program providing hospital and medical insurance to people aged 65 or older and to certain ill or disabled persons.

**Nursing Home** – A licensed facility that provides general nursing care to those who are chronically ill or unable to take care of daily living needs.

**Pre-existing Condition** – Illness or disability for which an individual was treated or advised within a time period before applying for a contract with a Long-Term Care Rider.



*This brochure is not intended or written to be used as legal or tax advice. It cannot be used by any taxpayer for the purpose of avoiding penalties that may be imposed on the taxpayer. It was written solely to support the sale of annuity products. The taxpayer should seek advice on legal or tax questions based on the taxpayer's particular circumstances from an independent attorney or tax advisor.*



*A subsidiary of Great American Financial Resources<sup>®</sup>, Inc.*

P.O. Box 5420  
Cincinnati, Ohio 45201-5420

(800) 854-3649

**[www.galic.com](http://www.galic.com)**

*Copyright © 2006 by Great American Life Insurance Company<sup>®</sup>.  
All rights reserved.*

• Not FDIC or NCUSIF Insured  
• No Bank or Credit Union Guarantee • May Lose Value