

**The Prudential
Insurance Company
of America**

**Long-Term Care
Insurance**



PLANNING AHEAD FOR YOUR **LONG-TERM CARE** NEEDS.



Because no one can predict when they might need long-term care, it is not just a problem for the “older generation.” The younger you are when you purchase a long-term care insurance policy, the more affordable it is likely to be. It is also less likely you will have medical problems that may disqualify you from coverage.

It is important to remember that in most cases, you can’t get long-term care insurance once you have a problem that requires long-term care services. Do not make the mistake of waiting until it’s too late.



DOES LONG-TERM CARE MEAN BEING PUT INTO A NURSING HOME?

When you think of long-term care, the first thing you probably think of is a nursing home. While it is true that long-term care services may be received in a nursing home or assisted living facility, for most of us, it is a last resort.

Today, long-term care includes a much wider range of services. Long-term care services can take place in the home, a community setting or in a facility. Since long-term care is assistance in performing everyday functions such as bathing, eating and dressing, some people may need it around the clock. Others may need it while recovering from an injury or illness and could involve a caregiver coming into their home several times a week.

WE ARE ALL **LIVING LONGER AND HEALTHIER** LIVES. IN THE EARLY 1900s, MOST AMERICANS **DIED BY AGE 47**. TODAY, **LIFE EXPECTANCY** AT BIRTH IS AGE **77**.⁶

WON'T MY HEALTH INSURANCE OR MEDICAID AND MEDICARE PAY FOR LONG-TERM CARE SERVICES?

The fact is, many people mistakenly believe that they are covered for long-term care services when they are not.

- 46% of those who have health insurance believe that this insurance would cover most of their long-term care costs.⁷

The reality is that since long-term care is not considered medical care, most health plans don't pay for it. But perhaps the biggest misconception about long-term care is that the government will pay for it.

- 62% of adults ages 45 and older, are unaware of the policies of Medicare, Medicaid or disability income insurance with respect to long-term care.⁸

Medicare will cover some health care costs for retirees, but only what is considered "medically necessary." It was not designed to pay for extended long-term care and should not be counted on as a resource to meet this need.

Medicaid is the Federal-State health insurance program designed to pay for nursing home care for those who are very poor. Medicaid dictates the type, amount, and location of care and can only be used in limited cases to pay for an assisted living/residential care facility or home health care.

HOW ABOUT MY CHILDREN, CAN'T THEY TAKE CARE OF ME?

When you consider this option, have you thought about the real consequences?

- Family caregivers who provide care 36 or more hours weekly are more likely than non-caregivers to experience symptoms of depression or anxiety. For spouses, the rate is six times higher; for those caring for a parent, the rate is twice as high.⁹

If the care is for an extended period of time, could your children handle the stress on themselves or other members of their family? Do you want your children to have to pay for your care knowing they may be sacrificing their retirement plans or your grandchildren's college fund? After asking these questions, many people

THIS SECTION WILL ANSWER SOME OF YOUR QUESTIONS ABOUT WHAT A PRUDENTIAL LTC3SM POLICY PROVIDES

LTC3SM, LONG-TERM CARE INSURANCE FROM THE PRUDENTIAL INSURANCE COMPANY OF AMERICA —WHEN SECURITY, FLEXIBILITY AND LIFESTYLE ARE IMPORTANT

Prudential's long-term care insurance helps give you the flexibility you want and the protection you need. Understanding the different features of LTC3SM will help you make informed choices, have greater control and feel more secure about your future. In designing your policy, you should work closely with a knowledgeable and experienced agent who will explain and guide you through the various features and options.¹¹ The following pages explain the different components that will help you design the long-term care insurance policy that best meets your needs.

The first section, *Base Plan*, tells you about the features that are built in to every LTC3SM policy. The second section, *Base Plan Options*, describes features that are also built in, but require choices to help tailor the policy to meet your particular needs. Finally, the *Plan Enhancements* section explains the different benefits that you can add on to further customize your LTC3SM policy.

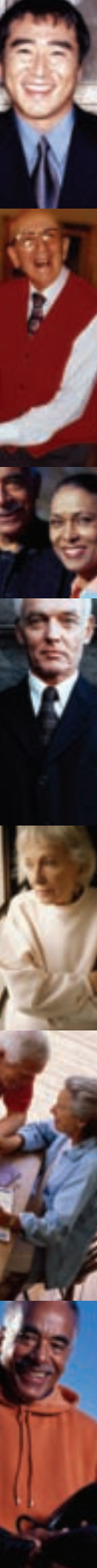
WITH PRUDENTIAL'S LONG-TERM CARE INSURANCE, LTC3SM, YOU CAN TAILOR YOUR POLICY TO MEET YOUR SPECIFIC NEEDS AND RESOURCES. THAT'S WHAT I WANT FROM



Base Plan

WHERE CAN I RECEIVE LONG-TERM CARE SERVICES AND HOW MUCH COVERAGE WILL I HAVE TO COVER THESE SERVICES?

Every Prudential LTC3SM policy provides benefits for care in a facility or for care in your home. You choose the benefit amount and length of time when you design your policy.



A series of horizontal lines for writing, spanning the right side of the page.

With LTC3SM, you choose your daily benefit amount, from \$50 to \$500, to cover the following services and the length of time you will receive benefits (2, 3, 4, 5, 6, 10 years or unlimited):

Facility Care

- Nursing Home
- Adult Foster Care/ Board and Care Facility
- Assisted Living/ Residential Health Care Facility
- Bed Reservation
- Respite Care
- Hospice Care

Home Care

- Adult Day Care
- Homemaker Services
- Personal Care Services
- Home Health Care

WHAT IF I PREFER TO RECEIVE CARE AT HOME?

When it comes to providing quality long-term care coverage, helping you to stay at home is one of the top priorities of LTC3SM. That’s why every Prudential LTC3SM policy provides payments for services received in your home or in a facility. Each policy also offers the Home Support Services Benefit—designed to cover items that, while not direct services, are important in helping you maintain your lifestyle and independence. This feature provides benefits for:

- Assistive and Technological Devices
- Durable Medical Equipment not covered by Medicare
- Home Modifications
- Transportation Services
- Emergency Medical Response Systems
- Caregiver Training

Over a lifetime, the Home Support Services Benefit equals 50 times the Facility Daily Benefit and may be used during the Elimination Period.



WHAT HAPPENS IF DOWN THE ROAD I WANT TO RECEIVE INFORMAL CARE IN MY HOME?

Every Prudential LTC3SM policy has the new Cash Alternative Benefit¹⁵ built in. If you selected the Daily or Monthly Reimbursement Option, the Cash Alternative feature allows you to choose a cash payment of 40% of your Home Care Daily Benefit in lieu of reimbursement. When you are eligible for benefits, you may elect to be reimbursed for eligible services up to the full amount of Home Care you selected or receive the 40% cash each month, as you see fit. You may use the cash payment to address your long-term care needs in any manner you choose—such as for informal care provided by a family member—and you are not required to submit any bills. The Flexible Cash and Cash Benefit Option Riders provide an even greater degree of flexibility and are discussed in the next section.

Prudential also recognizes that the informal care provided by the caregiver may need to be replaced by formal care, possibly, at an increased expense. Therefore, LTC3SM provides up to 21 days per year under the Respite Care Benefit. Services claimed under this benefit will be paid up to the Facility Daily Benefit regardless of the site of care or the client's Home Care Daily Benefit. Benefits paid will reduce the Lifetime Maximum Benefit but are not subject to the Elimination Period.

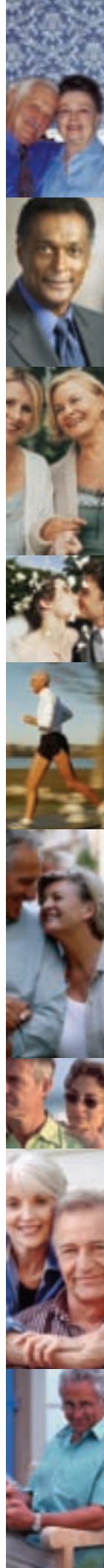


HOW DO I CHOOSE A LONG-TERM CARE PROVIDER OR FIND OUT HOW TO SUBMIT A CLAIM?

When the need for long-term care arises, most policyholders and their families need help in understanding and adjusting to the changes long-term care can bring. This help falls into two categories: process and personal. Prudential's LTC3SM recognizes both.

Benefit and Resource Service

Process assistance, called Prudential Benefit and Resource Information Service, is arranged by Prudential. It may involve such issues as making a claim, establishing eligibility and generally helping you through the administrative requirements of accessing benefits under your policy efficiently and effectively.



If you need help finding a long-term care provider, Prudential has contracted with CareScout, a nationwide eldercare organization that can provide access to valuable information to help you choose a long-term care provider to meet your needs. At no additional cost, CareScout will have a detailed discussion with you about your needs and preferences and will prepare a customized information guide. The guide includes information on long-term care providers and other resources. It can also provide valuable information on facilities or agencies in your area, including demographic profiles of particular long-term care providers. In some cases, CareScout can help save you money by providing you with information about valuable health-care provider discounts.

This benefit does not reduce the Lifetime Maximum Benefit and may be used during the Elimination Period.

Private Care Consultant

Personal assistance, provided under the Private Care Consultant Benefit involves supporting policyholders and their families on a level that goes beyond direct provision of care. They provide practical support for your emotional needs and the needs of your family. Assistance may include counseling, education and personal oversight of care quality. Your Private Care Consultant is retained solely by you and is not affiliated with Prudential.

This benefit equals up to 20 times the Facility Daily Benefit per calendar year, is not subject to the Elimination Period and it will not reduce your Lifetime Maximum Benefit.

DO I HAVE TO PAY PREMIUMS ONCE I GO ON CLAIM?

After you have satisfied your Elimination Period, the *Waiver of Premium* feature means that premiums will be waived on the day following the date you satisfy your Elimination Period. Premiums will continue to be waived as long as you are eligible for benefits under your policy. Premiums will not be waived if you are only receiving Hospice Care, Respite Care, Home Support Services or with Prudential Benefit and Resource Information Service, all of which are not subject to the Elimination Period.

WHAT IF I'M RECEIVING CARE IN A FACILITY BUT NEED TO LEAVE TEMPORARILY, WON'T THEY GIVE MY BED TO SOMEONE ELSE?

If you are in a long-term care facility and for any reason you must leave for a temporary period (up to 60 days per year), and there is a charge to hold your bed, the *Bed Reservation* benefit will cover this expense up to the stated policy limits. This means that the facility can hold your bed for you until you return.



The Bed Reservation Benefit will reduce the Lifetime Maximum Benefit and is subject to an Elimination Period. You may not claim both Bed Reservation and other service care benefits on the same day.

WHAT IF I NEED CARE WHEN I AM OUT OF THE COUNTRY?

The world has become a smaller place. To meet the needs of diverse and geographically dispersed families, you can receive reimbursement for eligible services up to 75%* of your Facility Daily Benefit for facility care or 75% of the Home Care Daily Benefit for care at home, for up to 365 days outside the United States. International coverage will reduce the Lifetime Maximum Benefit and is subject to an Elimination Period.

WHAT ABOUT FUTURE CHANGES IN THE WAY I MIGHT RECEIVE LONG-TERM CARE SERVICES?

As the need for long-term care has grown, so have the number and types of services available to meet that need. Thirty years ago, nursing homes dominated the long-term care industry and home health care was scarce. Ten years ago, nursing homes were still the usual care setting, but home care and choices for care in the community had grown tremendously. Today, an emerging trend is the popularity of assisted living/residential care facilities which are changing the way long-term care is delivered. Tomorrow there may be other trends and services.

Because it is impossible to predict what new forms of long-term care are likely to be developed in the years ahead or what your specific needs might be, Prudential's LTC3SM *Alternate Plan of Care* feature helps make sure your policy remains up-to-date and adaptable by making allowances for new or emerging forms of care. Subject to Plan of Care requirements and qualification under federal tax regulations, Prudential will consider such services on a case by case basis.

CAN MY PREMIUM RATES EVER BE INCREASED?

Although we take great pride in our ability to set stable premiums, your rates may go up based on the experience of all policyholders with a policy similar to yours. To the greatest extent possible, Prudential is committed to protecting its policyholders. Therefore, in the event that premium increases occur and go beyond certain set percentages and you feel you cannot maintain coverage, the *Contingent Non-Forfeiture Benefit* provides you with two options:

1. Reduced benefits at the premium in effect prior to the increase; or
2. A lesser Lifetime Maximum Benefit equal to a) total premiums paid or b) 30 times your Facility Daily Benefit.

*In NY, eligible services are paid at up to 100% of your Facility Daily Benefit for facility care or 100% of the Home Care Daily Benefit for care at home.



HOW LONG DO I WANT TO WAIT BEFORE I START RECEIVING BENEFITS?

Options 30, 60, 90, 120, 180 or 365 calendar days.

Like a deductible, the Elimination Period is the length of time you are willing to wait before becoming eligible to receive benefits. Generally, selecting a longer Elimination Period, like choosing a larger deductible, will result in lower premiums.

Prudential's long-term care insurance, LTC3SM, comes with a built-in calendar day Elimination Period. This means that from the date your chronic illness or disability is certified, each day will count towards satisfying the Elimination Period, whether or not a qualified long-term care service is used.

You can select an Elimination Period of 30, 60, 90, 120, 180 or 365 days.¹⁸ The days are cumulative and the selected Elimination Period needs to be met only once in a lifetime. The Elimination Period does not need to be satisfied to use Respite Care, Home Support Services, Private Care Consultant or Hospice Care benefits.

HOW CAN I PROTECT MYSELF AGAINST INFLATION AND THE RISING COSTS OF LONG-TERM CARE SERVICES?

The cost of nearly everything we purchase tends to increase over time. Long-term care services are no different. The average daily cost of a private room in a nursing home is \$200 or more than \$74,000 a year.¹⁹ Coverage bought today but not used for 20 years, may not provide the protection it did originally. Inflation protection can help you keep pace with the rising costs of health care services and maintain the worth of your insurance.

With Prudential's long-term care insurance, LTC3SM, you may select one of the five²⁰ different inflation protection options described below. Whichever option you select, unless option limits have been reached, offers and increases will continue even if you are receiving benefits. The options are listed in order from the least to the most inflation protection.*

None The Base Plan has no inflation protection which means that your benefits will not increase over time.

Guaranteed Purchase Option Every three years your policy benefits will increase without having to provide evidence of insurability. Each increase is 5% of the current Facility and Home Care Daily Benefit amounts, compounded annually over a three-year period. The increase to your policy benefits will be made even if you are on claim. If you do not want the increase to take effect, you must decline, in writing. Any declinations will not affect future offerings. Premiums for the additional benefit amounts are based on your attained age and premium rate at the time of the increase.

*All inflation riders (except None) are available at an additional cost.



5% Automatic Simple Inflation Benefit Option* On the policy anniversary date, your Facility and Home Care Daily Benefits along with the Policy's Lifetime Maximum will automatically increase by 5% of the benefit amounts selected when the plan was originally purchased.

5% Automatic Compound Inflation Benefit 2X Maximum Option On each anniversary date, your Facility and Home Care Daily Benefits along with the Policy's Lifetime Maximum will increase by 5% of your previous year's benefit amounts. When the Policy benefit amounts have doubled, it will cease to increase.

For example, assume your original Facility Daily Benefit was \$100. Through yearly compounding, it reaches \$200. Under this option, your Facility Daily Benefit would remain at \$200 for the duration of the policy.

5% Automatic Compound Inflation Benefit No Maximum Option On each policy anniversary date, your Facility and Home Care Daily Benefits along with the Policy's Lifetime Maximum will automatically increase by 5% of your previous year's benefit amounts.

ARE THERE ANY DISCOUNTS AVAILABLE?

Under certain circumstances, you could be eligible for the following discounts.

Partner Discount

If both you and your spouse or partner are covered under a Prudential long-term care insurance policy, both of you will receive a 30% discount.²¹ If your spouse or partner does not have Prudential coverage, you are eligible for a 15% discount. Persons potentially eligible under this discount include married couples, siblings, parent/child, other familial relationships, domestic partners or any two individuals of either sex who have established a serious and committed relationship, are over the age of 18, have lived together for at least 12 months, are financially interdependent, and not legally married nor a Partner to anyone else.

PREMIUM PAYMENT OPTIONS²²

Lifetime** Premium payments are made for the life of the policy.

10 Year Paid Up Premium payments are accelerated so that your policy will be paid up after 10 years. This option is available to those ages 40 to 75. This feature is not available with the Guaranteed Purchase Option Rider

* Not Available to Indiana Residents

** Please note that in NY, clients age 18–49 must choose some form of inflation protection when the Lifetime Payment option is selected. Available inflation protection options for this age group include GPO, 5% Simple, 5% Compound 2x Max, and 5% Compound No Max.

Paid Up At Age 65 Premium payments are accelerated so that your policy will be paid up when you reach age 65. This option is not available to those over age 55 or with the Guaranteed Purchase Option Rider.

Premium Reduction At Age 65 Premium payments are paid until age 65, at which time the premiums will be reduced by 50%. This option is available to those age 60 or younger.

Premiums may be paid annually, semi-annually, quarterly or on a monthly basis. Monthly payments are made by electronic funds transfer.





Plan Enhancements

Because everyone has different needs and resources, the following benefits are available for an additional cost.

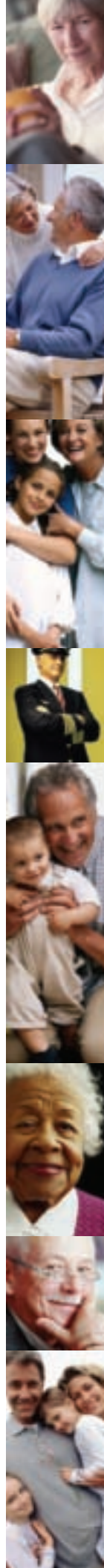
SHARED CARE BENEFIT

If you and your spouse or partner have identical plans, and if one individual exhausts the benefits, then that individual may access the benefits of the other person. If the other spouse or partner's limit is used up, an additional 2-year benefit period policy can be purchased. If one of the individuals dies before exhausting his or her Lifetime Maximum Benefit, the remaining pool of money would be available to the surviving spouse or partner.

RETURN OF PREMIUM UPON DEATH²³

With this option, regardless of age, upon death, a refund for the total amount of the premiums (less any benefits paid) will be paid. This option is only available if elected when your policy is initially issued.





SURVIVOR WAIVER OF PREMIUMS BENEFIT

This option is only available if both spouses or partners²⁴ have purchased a Prudential long-term care insurance policy. With this benefit, if after 10 years of paying premiums and, if no claims were made against either policy, one party dies, the survivor's premium will be permanently waived.

If one spouse or partner's policy lapses, the option shall be voided and premiums will be adjusted for the other spouse or partner.

JOINT WAIVER OF PREMIUMS BENEFIT

If both you and your spouse or partner have a Prudential long-term care insurance policy and one of you qualifies for Waiver of Premium, the other's premium will be waived as well. Premiums will resume on the first day after the chronic illness or disability ends.

If one spouse or partner's policy lapses without using benefits under this option, the option shall be voided and the premium adjusted for the remaining spouse or partner. This option must be purchased at the time of, or within six months of, the original issue date.

NON-FORFEITURE BENEFIT*

If after being in force for at least three years, your policy ends due to non-payment of premiums for any reason, your coverage may be extended. While this benefit varies by state, in general the Rider will provide coverage (pool of money) equal to 30 times your current Facility Daily Benefit or your total premiums paid minus any claims paid, whichever is greater.

PRUDENTIAL—STRENGTH AND STABILITY

When you're looking to make a decision such as long-term care insurance, you want to make sure the company you choose has the strength and stability to meet your needs and expectations. Prudential is one of the largest financial services institutions in the U.S.** and has been in business for over 125 years. You can be confident Prudential will be there when you need us the most.

TAKE IT ONE STEP FURTHER

Now that you have had the opportunity to review the features of LTC3SM, we trust you'll find it to be the right solution to your long-term care needs. Take the next step and put your long-term care worries to rest—today.

*In Maryland, if after being in force for at least 5 years, your policy ends due to non-payment of premiums for any reason, your coverage may be extended. The Shortened Benefit Period will provide coverage equal to a percentage of all premiums paid under the policy prior to lapse excluding any premium waived under the policy or paid for this optional rider.
**2006 Fortune 500, ranked #2 under Health and Life Insurance companies and #64 overall.



POLICY EXCLUSIONS

This is a general list of exclusions, however, state variations may apply. Please see the Outline of Coverage for a complete listing of exclusions which apply to your state of residence. Your Policy is designed to provide benefits to pay for your Qualified Long-Term Care Service needs. Benefits will NOT be payable if any of the following situations apply:

1. Illness, treatment or medical conditions arising out of
 - a) War or an act of war, whether declared or undeclared, while you are insured*; or
 - b) Your participation in a felony, riot or insurrection; or
 - c) Alcoholism and drug addiction. **
2. Treatment provided in a government facility, unless payment of the charge is required by law or services provided by any law or governmental plan under which you are covered. This does not apply to a state plan under Medicaid or to any law or plan when, by law, its benefits are excess to those of any private insurance program or other non-governmental program. ***
3. Charges for services or supplies for which no charge would be made in the absence of insurance.
4. Charges for care or treatment provided outside the United States except as described in the International Coverage benefit.
5. Charges for expenses reimbursable under Medicare or for expenses that would be reimbursable under Medicare but for the application of a deductible or coinsurance amount.
6. Benefits under your Policy may be reduced if Prudential also pays benefit for Eligible Charges under any other Prudential Long-Term Care Insurance Policy. (does not apply to residents of North Carolina)

* In Oklahoma, War or an act of war while serving in the military service or any auxiliary unit attached thereto.

** In Louisiana benefits would not be payable for treatment of alcoholism and drug addiction.

*** In North Carolina, treatment provided in a government facility, (unless otherwise required by law). Services for which benefits are available under Medicare, (unless otherwise required by law) or under any other governmental program (except Medicaid). Services or supplies for the treatment of an Occupational Injury or Sickness which are paid under the North Carolina Workers' Compensation Act only to the extent such services or supplies are the liability of the employee, employer or worker's compensation insurance carrier according to a final adjudication under the North Carolina Workers' Compensation Act or an order of the North Carolina Industrial Commission approving a settlement agreement under the North Carolina Workers' Compensation Act.

This is a solicitation for Long-Term Care insurance.

- ¹ The ABCs of LTC. On Wall Street-online, Nancy R. Mandell, July 1, 2003. P. 2.
- ² Preparing for the Worst. Sue Stevens, Morningstar.com, June 12, 2003. P. 2.
- ³ Living long has its benefits, and its costs, San Diego Daily Transcript. Sept 26, 2003.
- ⁴ Long-Term Care Facility Costs – A Nationwide Quantitative Evaluation of U.S. Facilities. April 2006. Prudential Financial Global Market Research. www.prudential.com/insurance/longtermcare
- ⁵ Is Long-Term Care Worth the Price? Christopher Oster, The Wall Street Journal. September 16, 2004, P. D4.
- ⁶ Explaining Long-Term Care. Ric Edelman, Investment Advisor. January 2004, P. 94.
- ⁷ Long-Term Care Insurance Survey. RoperASW. September 2002. Executive Summary. P. 1.
- ⁸ Long-Term Care Insurance Survey. RoperASW. September 2002. Executive Summary. P. 1.
- ⁹ Reverberation of family illness: A longitudinal assessment of informal caregiver and mental health status in the nurses' health study. Cannuscio, CC, C Jones, I Kawachi, GA Colditz, L Berkman and E Rimm. American Journal of Public Health. 2002; 92:305-1311.
- ¹⁰ A Market Dawns for Long-Term Care Coverage. Molly Butler Hart, IA Magazine.com, April 2002. P. 1.
- ¹¹ Premium will vary with choice of benefit selected.
- ¹² Living long has its benefits, and its costs, San Diego Daily Transcript. Sept 26, 2003.
- ¹³ Explaining Long-Term Care, Ric Edelman. Investment Advisor, January 2004, P. 94.
- ¹⁴ Available options vary by state.
- ¹⁵ Benefits payable under this Optional Rider are made without regard to costs incurred to you. Therefore, part of the benefits could be considered taxable income if the benefits paid under this Rider are in excess of the per diem limit prescribed by law. You should consult with a tax advisor for more information concerning the tax implications.
- ¹⁶ Not available with the Unlimited Lifetime Maximum option or the 150% Home Care option. The purchase of this Rider will negate the Cash Alternative feature in your policy. This applies both to the Cash Benefit Rider and Flexible Cash Benefit Rider.
- ¹⁷ Not available with the Lifetime Maximum or 150% Home Care option.
- ¹⁸ Not all options are available in all states. The 365-day elimination period is not available to Florida residents.
- ¹⁹ Long-Term Care Facility Costs – A Nationwide Quantitative Evaluation of U.S. Facilities. April 2006. Prudential Financial Global Market Research. www.prudential.com/insurance/longtermcare
- ²⁰ Available options vary by state.
- ²¹ Availability varies by state.
- ²² Not available in all states.
- ²³ Not available in all states.
- ²⁴ Not available in all states.



INSURANCE MARKETPLACE STANDARDS ASSOCIATION

*Committed to honesty,
integrity and ethics*

The descriptions provided in this brochure are for descriptive purposes only. Coverage and benefits are provided in accordance with the terms and conditions of your long-term care insurance contract, including the definitions and exclusions set forth in the contract. If you have any questions about your coverage, please consult your actual insurance policy.

LTC3SM Long-Term Care Insurance policy is underwritten by **The Prudential Insurance Company of America**, 751 Broad Street, Newark, NJ 07102 (800 732-0416). The Prudential Insurance Company of America is authorized to conduct business in all U.S. states and the District of Columbia. All insurance policies may not be available in your state. Coverage is issued under policy number GRP 113096 (in North Carolina, coverage is issued under policy number GRP 113598; in Virginia, coverage is issued under policy number GRP 113327), however policy numbers may vary by state. The Prudential Insurance Company of America is a Prudential Financial company.

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