



Long Term Care University

Long Term Care University – Question of the Month

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Q: We read the Long Term Care University article that compares Traditional to Hybrid-Combination Life and Long Term Care (LTC) Insurance and prefer the Hybrid-Combination LTC policy. Can you please review the **OneAmerica State Life Asset Care** Hybrid LTC policy?

Overview. State Life Insurance Company Group is part of OneAmerica, an A.M. Best A+ rated, 142-year-old company. The OneAmerica State Life Asset Care policy is a Hybrid-Combination Life and Long Term Care Insurance (also called Hybrid or asset based) policy. With Traditional LTC policies, premiums can be increased and you may not receive any benefits if you do not need LTC. With Hybrid LTC policies the benefits and premiums are guaranteed. The insurance company either: 1) pays you if you need LTC, 2) pays your heirs if you do not need LTC, 3) pays you and your heirs if you need a modest amount of LTC or 4) pays you a refund if you cancel the policy.

OneAmerica State Life Asset Care is Unique Because It Provides Lifetime Benefits. One of the largest long term care insurance companies reported that 50% of all claims dollars it has paid are due to dementia, including Alzheimer's disease. According to the Alzheimer's Association, 1 in 9 people ages 65 and older and about 1 in 3 people ages 85 and older have Alzheimer's disease. The duration of Alzheimer's disease is generally four to eight years after a diagnosis, but can last as long as 20 years.

Most insurance mitigate their own risks and increase consumers' risks by limiting coverage to a maximum of six or seven years of care. **State Life Asset Care offers lifetime benefits with an unlimited number of years of care and an unlimited dollar amount of total LTC benefits. If a couple each needed 10 years of care, State Life Asset -Care lifetime benefits could pay a couple almost \$1 million more LTC benefits than a policy that would only pay for six years of care.**

State Life Asset Care Policy Options. The policy options include: Benefit periods of 25 months to lifetime (unlimited number of years); Inflation protection of none, 3% and 5% compound; Elimination period of zero days for home care and 90 days for other care; Reimbursement based benefit payment method; Return of premium; Second to die death benefit.

How State Life Asset-Care I Compares with Other Combination Life and LTC Policies. Let's look at a husband and wife, Bill and Sue, who are each 55 years old and reside in Oregon. They each pay a \$100,000 one-time premium (\$200,000 combined with State Life) and are expected to need LTC in 25 years at the age of 80. They are comparing Combination policies that offer the largest LTC benefits, with at least six years of LTC and inflation protection **included** in the premium (unless noted otherwise), with a preference for lifetime benefits and an unlimited dollar amount of total LTC benefits (highlighted in blue in the chart below).

State Life Asset Care Outperforms Competitors with Lifetime Benefits and an Unlimited Dollar Amount of Total LTC Benefits.

Bill and Sue will each have \$8,800 monthly and unlimited total LTC benefits. **Brighthouse SmartCare** is notable for its option to **link policy values to major market indices**. **Lincoln MoneyGuard II** is a strong alternative due to its **highest monthly benefit** and its **0 day** elimination period. **Minnesota Life Securian SecureCare** is a strong cash indemnity alternative for Sue due to its higher monthly benefit. **Nationwide Care Matters II** is a strong cash indemnity alternative for Bill due to its higher monthly and total LTC benefits and its **90 day with 0 day retroactive** elimination period. **Pacific PremierCare Choice MAX** is notable for its 0 day home care elimination period, but still has **90 days** for facility care.

Insurance Company and Product Name	Policy Owner - Age	Benefit Payment Method	Elimination Period	Premium	Age 55: Monthly LTC Benefit	Age 55: Total LTC Benefits	Inflation Protection	Age 80: Monthly LTC Benefit	Age 80: Total LTC Benefits
OneAmerica State Life Asset Care	Bill - 55 Sue - 55	Reimbursement Reimbursement	0 Days Home 90 Days Other	\$ 200,000 Combined	\$ 8,800 \$ 8,800	Unlimited Unlimited	None None	\$ 8,800 \$ 8,800	Unlimited Unlimited
Brighthouse SmartCare	Bill - 55 Sue - 55	Cash Indemnity Cash Indemnity	90 Days 90 Days	\$ 100,000 \$ 100,000	\$ 3,600 \$ 2,843	\$ 293,870 \$ 232,025	5% Compound 5% Compound	\$ 11,611 \$ 9,168	\$ 947,759 \$ 748,304
Lincoln MoneyGuard II	Bill - 55 Sue - 55	Reimbursement Reimbursement	0 Days 0 Days	\$ 100,000 \$ 100,000	\$ 4,355 \$ 5,444	\$ 355,454 \$ 422,588	5% Compound 3% Compound	\$ 14,747 \$ 11,399	\$ 1,203,695 \$ 884,805
Minnesota Securian SecureCare	Bill - 55 Sue - 55	Cash Indemnity Cash Indemnity	90 Days 90 Days	\$ 100,000 \$ 100,000	\$ 3,958 \$ 5,398	\$ 323,089 \$ 418,968	5% Compound 3% Compound	\$ 13,404 \$ 11,301	\$ 1,094,093 \$ 877,225
Nationwide CareMatters II	Bill - 55 Sue - 55	Cash Indemnity Cash Indemnity	90 Days with 0 Days Retroactive	\$ 100,000 \$ 100,000	\$ 4,189 \$ 5,068	\$ 301,629 \$ 364,876	5% Compound 3% Compound	\$ 13,511 \$ 10,302	\$ 1,102,798 \$ 799,624
Pacific PremierCare Choice MAX	Bill - 55 Sue - 55	Reimbursement or 80% Cash Indemnity	0 Days Home 90 Days Other	\$ 100,000 \$ 100,000	\$ 4,271 \$ 4,816	\$ 348,669 \$ 390,143	5% Compound 5% Simple	\$ 14,465 \$ 10,837	\$ 1,180,718 \$ 823,635

Action Steps and Conclusions. State Life Asset Care provides lifetime benefits and an unlimited dollar amount of total benefits. Since premiums vary greatly based on age, health and marital status, request individualized quotes.

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