



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. We also read the reviews on the following policies: **Brighthouse SmartCare, Lincoln MoneyGuard II, Minnesota Life Securian SecureCare, Nationwide Care Matters II, OneAmerica State Life Asset Care** and **Pacific PremierCare Choice MAX**. Lastly, we read the articles that compares Hybrid-Combination Life and Long Term Care Insurance Paid Over 10 Years. Can you please compare these policies based on paying them over our lifetimes?

Overview. Buying an insurance policy is like buying a home. If you wanted to buy a home for \$200,000, you could pay \$200,00 upfront and own the home outright. Or, you could pay the seller over time. Or, you could borrow from a bank and pay the bank over time. Whether you pay the seller over time or pay a bank over time, you will pay less per payment than a single upfront payment and more cumulatively. Translation: the seller or a bank charge you interest as compensation for the time they wait to receive their payments. Paying over time provides consumers and businesses the flexibility to make purchases they may not be able to afford otherwise and ability to pay at a pace that meets their financial needs.

Using the Policy Before Completing Your Payments. If you need long term care before completing your payments the policy will still pay for your care. If you pass away before completing your payments the policy will pay your life insurance benefit.

How do the Hybrid-Combination Life and Long Term Care Insurance Policies Compare When Paid for Over Your Lifetimes?

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 \$5,000 premium per year for their lifetimes (\$10,000 combined with OneAmerica State Life) and are expected to need LTC in 25 years at the age of 80. They are comparing Hybrid policies that offer the largest LTC benefits, with six years of LTC benefits or lifetime, unlimited total LTC benefits and inflation protection **included** in the premium (unless noted otherwise). They understand the difference between reimbursement (highlighted in blue in the chart below) and cash indemnity policies.

Nationwide CareMatters II Outperforms Cash Indemnity Competitors – with the Highest Monthly Benefit and a 90 day with 0 Day Retroactive Elimination Period. Bill will have \$9,351 monthly and \$763,215 total LTC benefits, while Sue will have \$7,515 and \$583,352, respectively. The policy premium payments stop at age 100, when the policy becomes paid-up. **Minnesota Life Securian SecureCare** cannot be paid over your lifetime.

OneAmerica State Life Asset Care Outperforms All Competitors – with the Highest Total LTC Benefits and a Zero Day Home Care Elimination Period. Bill and Sue will each have \$7,479 monthly and unlimited, lifetime total LTC benefits if they choose a policy without inflation protection. Bill and Sue will each have \$7,010 monthly and unlimited, lifetime total LTC benefits if they choose a policy with 3% compound inflation protection. The policy premium payments stop at age 95, when the policy becomes paid-up. **Brighthouse SmartCare** cannot be paid over your lifetime. **Lincoln MoneyGuard II** cannot be paid over your lifetime. **Pacific PremierCare Choice MAX** cannot be paid over your lifetime.

Insurance Company and Product Name	Policy Owner - Age	Benefit Payment Method	Elimination Period	10-Pay 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	Reimbursement	0 Days Home	\$ 10,000	\$ 7,479	Unlimited	None	\$ 7,479	Unlimited
	Sue - 55	Reimbursement	90 Days Other	Combined	\$ 7,479	Unlimited	None	\$ 7,479	Unlimited
OneAmerica State Life Asset Care	Bill - 55	Reimbursement	0 Days Home	\$ 10,000	\$ 3,448	Unlimited	3% Compound	\$ 7,010	Unlimited
	Sue - 55	Reimbursement	90 Days Other	Combined	\$ 3,448	Unlimited	3% Compound	\$ 7,010	Unlimited
Nationwide CareMatters II	Bill - 55	Cash Indemnity	90 Days with	\$ 5,000	\$ 2,899	\$ 208,749	5% Compound	\$ 9,351	\$ 763,215
	Sue - 55	Cash Indemnity	0 Days Retroactive	\$ 5,000	\$ 3,697	\$ 266,190	3% Compound	\$ 7,515	\$ 583,352

Action Steps and Conclusions. **Nationwide CareMatters II** provides the highest monthly and total LTC benefits for a cash reimbursement policy. **OneAmerica State Life Asset Care** provides the highest total LTC benefits with unlimited, lifetime total LTC benefits. Since premiums vary greatly based on age, health and marital status, request individualized quotes.

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