



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 ‘Traditional Versus Hybrid Life and Long Term Care Insurance’ and prefer the Hybrid Long Term Care Insurance (LTC) policy. Can you please review the **Brighthouse SmartCare** Hybrid LTC policy for New York State residents?

Overview. Brighthouse Life Insurance Company, an A.M. Best A rated, founded in 2017 (originating from Travelers and MetLife). The Brighthouse SmartCare policy is a Hybrid Life and Long Term Care Insurance (also called Combination 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.

Brighthouse SmartCare is Unique Because it is a Cash Indemnity Policy. There are two primary benefit payment methods among LTC policies. Reimbursement policies, the most common type of policies, require you to submit documentation of all expenses for reimbursement up to your monthly LTC benefits. Cash Indemnity policies pay up to your monthly LTC benefits, regardless of your expenses.

Brighthouse SmartCare is Unique Because It is an Indexed Universal Life Insurance Policy Offering the Option to Link Policy Values to Major Market Indices. With most LTC policies you choose a fixed inflation protection growth rate (e.g.: 3% or 5% compound). With Brighthouse SmartCare you can choose a fixed inflation protection of 5% annual compound growth or one linked to a financial market indices (**indexed**). **Benefit amounts have the potential to increase with market gains up to an annual maximum growth rate (cap) but will never drop below the policy’s original amounts.** You can choose to track one or more of the following indices: S&P 500 Index, Russell 2000 Index, or MSCI EAFE Index.

Brighthouse SmartCare Policy Options. The policy options include: Benefit periods of 2 or 4 years; Inflation protection of none, 5% compound or indexed; Eligibility (elimination) period of 90 days, with 0 day retroactive; Terminal illness benefit at the lesser of \$250,000 or 50% of your policy’s face amount; Cash surrender value varies by benefit design and inflation protection option selected. **International Benefits are 100% of monthly maximum LTC benefit for the entire benefit period (e.g.: 4 years).**

Brighthouse SmartCare Inflation Protection Options. If the indexed or fixed 5% compound inflation protection is chosen, **the monthly LTC benefit for all months and all years (including the 1st year and 2nd year) grow at the inflation protection selected.**

How Brighthouse SmartCare Compares with Other Hybrid LTC Policies. Let’s look at a husband and wife, Bill and Sue, who are each 55 years old and reside in New York. They each pay a \$100,000 one-time premium and are expected to need LTC in 25 years at the age of 80. They are comparing Hybrid policies that offer the largest monthly and total LTC benefits, with fixed inflation protection **included** in the premium. They prefer Cash Indemnity.

Brighthouse SmartCare Outperforms Nationwide YourLife CareMatters with Higher Monthly and Total LTC Benefits in the First Year and Second Year of Care. With **Brighthouse SmartCare**, Bill will have \$12,608 monthly at age 80 and \$13,239 monthly at age 81, or a combined **\$310,164**. Bill’s total LTC benefits will be **\$652,117** over **four** years. With **Brighthouse SmartCare**, Sue will have \$10,767 monthly at age 80 and \$11,305 monthly at age 81, or a combined **\$264,864**. Sue’s total LTC benefits will be **\$556,865** over **four** years.

With **Nationwide YourLife CareMatters**, Bill will have \$4,569 monthly at age 80 and \$4,69 monthly at age 81, or a combined **\$109,656**. Bill’s total LTC benefits will be **\$949,851** over **six** years. With **Nationwide YourLife CareMatters**, Sue will have \$6,116 monthly at age 80 and \$6,116 monthly at age 81, or a combined **\$146,784**. Sue’s total LTC benefits will be **\$682,586** over **six** years. See the chart below.

Insurance Company and Product Name	Policy Owner - Age	Benefit Payment Method	Elimination Period	Premium	Surrender Value Year 6	Age 120 Death Benefit	Age 55 Monthly LTC Benefit	Age 55 Monthly LTC Benefits	Inflation Protection	Age 80 Monthly 1st Year of LTC Benefit	Age 80 Monthly 2nd Year of LTC Benefit	Age 80 Total 1st + 2nd Year LTC Benefits	Age 80 Total LTC Benefits
Brighthouse SmartCare for New York	Bill - 55 Sue - 55	Cash Indemnity Cash Indemnity	90 Days with 0 Days Retroactive	\$ 100,000 \$ 100,000	\$ 62,723 \$ 55,841	\$ 91,162 \$ 77,663	\$ 3,723 \$ 3,179	\$ 192,572 \$ 164,444	5% Compound on All Years 5% Compound on All Years	\$ 12,608 \$ 10,767	\$ 13,239 \$ 11,305	\$ 310,164 \$ 264,864	\$ 652,117 \$ 556,865
Nationwide YourLife CareMatters II for New York	Bill - 55 Sue - 55	Cash Indemnity Cash Indemnity	90 Days with 0 Days Retroactive	\$ 100,000 \$ 100,000	\$ 80,000 \$ 80,000	\$ 109,649 \$ 146,793	\$ 4,569 \$ 6,116	\$ 370,167 \$ 471,194	5% Compound Excluded From 1st and 2nd Year 3% Simple Excluded from 1st and 2nd Year	\$ 4,569 \$ 6,116	\$ 4,569 \$ 6,116	\$ 109,656 \$ 146,784	\$ 949,851 \$ 682,586

Conclusions. Brighthouse SmartCare has the option to link policy values to market indices, with the flexibility of formal and informal care providers (including family and friends). Since premiums vary greatly based on age, health and marital status, request individualized quotes.

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