



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 Combination Life and Long Term Care (LTC) Insurance and prefer the Combination policy (or Hybrid). Can you please review the **State Life Asset-Care I** Combination Life and LTC policy?

Overview. State Life Insurance Company Group is part of OneAmerica, an A.M. Best A+ rated, 140-year-old company. The State Life Asset-Care I (1) policy is a 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 Combination 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.

State Life Asset-Care I 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 I 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 I's 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 I Policy Options. The policy options include: Benefit periods of 25 months to lifetime (unlimited number of years); Inflation protection of none, 2% compound, 3% compound, 4% compound and 5% compound; Elimination period of 30 days and 60 days; 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 New Jersey. 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, inflation protection **included** in the premium, 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 I Outperforms Competitors with Lifetime Benefits and an Unlimited Dollar Amount of Total LTC Benefits.

Bill and Sue will each have \$10,695 monthly and unlimited total LTC benefits. Lincoln MoneyGuard II is a strong alternative due to its 0 day elimination period. Minnesota Life SecureCare is a strong alternative due to its **traditional indemnity** based benefit payment method. Nationwide YourLife CareMatters is notable for its **cash indemnity** based benefit payment method. Pacific PremierCare Advantage is notable for its 0 day home care elimination period, but still has **90 days** for facility care.

Insurance Company	Policy Owner	Benefit Payment Method	Elimination Period	Yr. 1: Monthly LTC Benefit	Yr. 1: Total LTC Benefits	Inflation Protection	Yr. 25: Monthly LTC Benefit	Yr. 25: Total LTC Benefits
State Life	Bill	Reimbursement	30 Days Home	\$ 3,190	Unlimited	5% Compound	\$ 10,289	Unlimited
State Life	Sue	Reimbursement	60 Days Other	\$ 3,190	Unlimited	5% Compound	\$ 10,289	Unlimited
Lincoln	Bill	Reimbursement	0 Days	\$ 3,749	\$ 305,984	5% Compound	\$ 12,695	\$ 1,036,171
Lincoln	Sue	Reimbursement	0 Days	\$ 5,387	\$ 418,131	3% Compound	\$ 11,279	\$ 875,473
Minnesota	Bill	Traditional Indemnity	90 Days	\$ 3,958	\$ 323,089	5% Compound	\$ 13,404	\$ 1,094,093
Minnesota	Sue	Traditional Indemnity	90 Days	\$ 4,679	\$ 378,998	5% Simple	\$ 10,528	\$ 800,107
Nationwide	Bill	Cash Indemnity	90 Days	\$ 3,655	\$ 263,158	5% Compound	\$ 11,788	\$ 962,142
Nationwide	Sue	Cash Indemnity	90 Days	\$ 5,062	\$ 364,498	3% Simple	\$ 8,707	\$ 654,274
Pacific	Bill	Reimbursement	0 Days Home	\$ 3,927	\$ 320,584	5% Compound	\$ 13,300	\$ 1,085,612
Pacific	Sue	Reimbursement	90 Days Other	\$ 4,766	\$ 386,056	5% Simple	\$ 10,723	\$ 815,007

Action Steps and Conclusions. State Life Asset-Care I 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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