



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). We also read the **State Life Asset-Care I** and **State Life Asset-Care III** articles. Can you please review the **State Life Asset-Care IV** Combination Life and LTC policy? Can we pay for the policy over 10 years instead of a one-time lump sum payment?

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 IV (4) 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 IV 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 IV 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 IV'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 IV 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. Payment options of 10-20 years, lifetime pay.

How State Life Asset-Care IV 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 \$10,000 per year for 10 years (\$20,000 combined for 10 years 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 IV Outperforms Competitors with Lifetime Benefits and an Unlimited Dollar Amount of Total LTC Benefits. Bill and Sue will each have \$9,017 monthly and unlimited total LTC benefits. Lincoln MoneyGuard II is a strong alternative due to its 0 day elimination period. 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	\$ 2,796	Unlimited	5% Compound	\$ 9,017	Unlimited
State Life	Sue	Reimbursement	60 Days Other	\$ 2,796	Unlimited	5% Compound	\$ 9,017	Unlimited
Lincoln	Bill	Reimbursement	0 Days	\$ 4,706	\$ 365,316	3% Compound	\$ 9,854	\$ 764,891
Lincoln	Sue	Reimbursement	0 Days	\$ 4,368	\$ 339,013	3% Compound	\$ 9,145	\$ 709,817
Nationwide	Bill	Cash Indemnity	90 Days	\$ 3,297	\$ 269,099	5% Compound	\$ 10,633	\$ 867,870
Nationwide	Sue	Cash Indemnity	90 Days	\$ 4,384	\$ 339,298	3% Simple	\$ 7,540	\$ 566,548
Pacific	Bill	Reimbursement	0 Days Home	\$ 2,784	\$ 227,279	5% Compound	\$ 9,429	\$ 769,647
Pacific	Sue	Reimbursement	90 Days Other	\$ 3,410	\$ 276,277	5% Simple	\$ 7,674	\$ 583,252

Action Steps and Conclusions. State Life Asset-Care IV 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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