



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 **Minnesota Life SecureCare** Hybrid LTC policy?

Overview. Minnesota Life is part of Securian Financial Group, an A.M. Best A+ rated, 139-year-old company. The Minnesota Life Securian SecureCare 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.

Minnesota Life Securian SecureCare 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.

Minnesota Life SecureCare is Unique Because It Pays for Formal and Informal Care from Family and Friends. Most LTC policies prohibit informal care, particularly if the care is provided by a family member. The Minnesota Life SecureCare policy allows you to use formal care providers (home care agencies or facilities) and informal care providers, including family and friends. Since informal care providers can be much less costly, you can obtain significantly more care with a lower monthly benefit. This is very valuable for home care.

Minnesota Life Securian SecureCare Policy Options. The policy options include: Benefit periods of 2-7 years; Inflation protection of none, 3% simple, 3% compound, 5% simple and 5% compound; Elimination period of 90 days; Residual life insurance benefit (even if you deplete of your LTC benefits) equal to the lesser of 10% of the face amount of insurance or \$10,000 and a Return of premium vesting schedule 80% year 1, 84% year 2, 88% year 3, 92% year 4, 96% year 5, 100% year 6+.

How Minnesota Life SecureCare 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 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 Hybrid policies that offer the largest LTC benefits, with six years of LTC and inflation protection **included** in the premium (unless noted otherwise). They prefer Cash Indemnity (highlighted in blue in the chart below).

Minnesota Life Outperforms Cash Indemnity Competitors Brighthouse and Nationwide (for Sue) - with Higher Monthly and Total LTC Benefits. Bill will have \$13,404 monthly and \$1,094,093 total LTC benefits, while Sue will have \$11,301 and \$877,225, respectively. **Brighthouse SmartCare** is notable for its option to **link policy values to major market indices**. **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, and is notable for its **U.S. medical care inflation option**. **Lincoln MoneyGuard II** is a strong alternative due to its **highest monthly benefit** and its **0 day** elimination period. **Pacific PremierCare Choice MAX** is notable for its 0 day home care elimination period, but still has **90 days** for facility care. **OneAmerica State Life Asset Care** is a strong alternative due to its **unlimited, lifetime** total LTC benefits.

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

Conclusions. Minnesota Life SecureCare provides high monthly and total LTC benefits, 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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