



# 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 **Brighthouse SmartCare** Hybrid LTC policy?

**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 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 4 or 6 years; Inflation protection of none, 5% compound or indexed; Elimination period of 90 days; 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.

**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 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 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 (reimbursement policies in blue, cash indemnity policies in green in the chart below).

**Brighthouse SmartCare Underperforms Most Competitors on a Guaranteed Basis with Lower Monthly and Total LTC Benefits.** Bill will have \$11,611 monthly and \$947,759 total LTC benefits, while Sue will have \$9,168 and \$748,304, respectively. **Lincoln MoneyGuard III** is a strong alternative due to its **0 day** elimination period. **Minnesota Life Securian SecureCare** is a strong cash indemnity alternative for Bill and Sue due to its higher monthly and total LTC benefits. **Nationwide Care Matters II** is a strong cash indemnity alternative for Bill and Sue 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**. **Pacific PremierCare Choice MAX** is a strong cash indemnity alternative for Bill and Sue due to its higher monthly and total LTC benefits. **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	Surrender Value Year 6	Age 120 Death Benefit	Age 55 Monthly LTC Benefit	Age 55 Total LTC Benefits	Inflation Protection	Age 80 Monthly LTC Benefit	Age 80 Total LTC Benefits
Brighthouse SmartCare	Bill - 55	Cash Indemnity	90 Days	\$ 100,000	\$ 62,934	\$ 90,956	\$ 3,600	\$ 293,870	5% Compound	\$ 11,611	\$ 947,759
	Sue - 55	Cash Indemnity	90 Days	\$ 100,000	\$ 58,342	\$ 71,814	\$ 2,843	\$ 232,025	5% Compound	\$ 9,168	\$ 748,304
Minnesota SecureCare	Bill - 55	Cash Indemnity	90 Days	\$ 100,000	\$ 100,000	\$ 100,000	\$ 3,487	\$ 284,659	5% Compound	\$ 11,810	\$ 963,956
	Sue - 55	Cash Indemnity	90 Days	\$ 100,000	\$ 100,000	\$ 100,000	\$ 4,756	\$ 369,134	3% Compound	\$ 9,957	\$ 772,884
Nationwide CareMatters II	Bill - 55	Cash Indemnity	90 Days with	\$ 100,000	\$ 38,938	\$ 100,000	\$ 3,742	\$ 305,408	5% Compound	\$ 12,671	\$ 1,034,219
	Sue - 55	Cash Indemnity	0 Days Retroactive	\$ 100,000	\$ 41,909	\$ 105,879	\$ 4,412	\$ 342,433	3% Compound	\$ 9,237	\$ 716,979
Pacific PremierCare Choice MAX	Bill - 55	Reimbursement or	0 Home, 90 Other or	\$ 100,000	\$ 70,000	\$ 100,000	\$ 2,957	\$ 241,429	5% Compound	\$ 10,016	\$ 817,567
	Sue - 55	80% Cash Indemnity	90 Home, 90 Other	\$ 100,000	\$ 70,000	\$ 100,000	\$ 3,251	\$ 263,409	5% Simple	\$ 7,316	\$ 556,086
Lincoln MoneyGuard III	Bill - 55	Reimbursement	0 Days	\$ 100,000	\$ 70,000	\$ 100,000	\$ 3,205	\$ 261,574	5% Compound	\$ 10,852	\$ 885,799
	Sue - 55	Reimbursement	0 Days	\$ 100,000	\$ 70,000	\$ 100,000	\$ 3,801	\$ 295,037	3% Compound	\$ 7,959	\$ 617,756
OneAmerica State Life Asset Care	Bill - 55	Reimbursement	0 Days Home	\$ 200,000	\$ 94,762	\$ 295,984	\$ 8,800	Unlimited	None	\$ 8,800	Unlimited
	Sue - 55	Reimbursement	90 Days Other	Combined	Combined	Combined	\$ 8,800	Unlimited	None	\$ 8,800	Unlimited
OneAmerica State Life Asset Care	Bill - 55	Reimbursement	0 Days Home	\$ 200,000	\$ 43,138	\$ 137,740	\$ 4,042	Unlimited	3% Compound	\$ 8,217	Unlimited
	Sue - 55	Reimbursement	90 Days Other	Combined	Combined	Combined	\$ 4,042	Unlimited	3% Compound	\$ 8,217	Unlimited

**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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