



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 **Lincoln MoneyGuard III** Hybrid LTC policy?

Overview. Lincoln Financial Group is part of Lincoln National Corporation, an A.M. Best A+ rated company, founded in 1905. The Lincoln MoneyGuard III (3) 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.

Lincoln MoneyGuard III is Unique Because It Does Not Have an Elimination Period for Home Care or Facility Care. Like a deductible on an automobile or homeowners insurance policy, an elimination period on a LTC insurance policy shifts the initial cost of a claim to you and away from the insurance company. An elimination period is the number of days you are responsible for paying for your LTC costs out of your own pocket. With a zero day elimination period, you gain three advantages: 1) Zero or low out-of-pocket costs when your care begins, 2) Higher probability the insurance company will pay all of your LTC costs and 3) Zero or low probability you will need to liquidate assets (and have to pay the commissions, taxes and penalties associated with those liquidations) to pay for your care during your elimination period.

Lincoln MoneyGuard III Policy Options. The policy options include: Benefit periods of 3-7 years; Inflation protection of none, 3% compound, and 5% compound; Elimination period of zero days; Reimbursement based benefit payment method; Transitional Care Assistance Benefit pays \$100 per day for up to 180 days (no receipts required); Terminal Illness rider; Residual life insurance benefit (even if you deplete of your LTC benefits) equal to the lesser of 5% of the face amount of insurance or \$10,000 and a Return of premium vesting schedule of either 70% or by years: 70% 1st, 73% 2nd, 76% 3rd, 79% 4th, 82% 5th, 86% 6th, 88% 7th, 91% 8th, 94% 9th, 97% 10th, 100% 11th+

How Lincoln MoneyGuard III 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, and inflation protection **included** in the premium (unless noted) and prefer a 0 day elimination period (reimbursement policies in blue, cash indemnity policies in green in the chart below).

Lincoln MoneyGuard III Outperforms Competitors – with High Monthly Benefits and Zero Day Elimination Period. Bill will have \$10,852 monthly and \$885,799 total LTC benefits, while Sue will have \$7,959 and \$617,756, respectively. **Bighthouse SmartCare** is notable for its option to **link policy values to major market indices**. **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 high 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. **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
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
Bighthouse 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

Conclusions. Lincoln MoneyGuard III provides high monthly and total LTC benefits, with a zero day elimination period. Since premiums vary greatly based on age, health and marital status, request individualized quotes.

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