



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 **OneAmerica State Life Asset Care** Hybrid LTC policy?

Overview. State Life Insurance Company Group is part of OneAmerica, an A.M. Best A+ rated, founded in 1877. The OneAmerica State Life Asset Care 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.

OneAmerica State Life Asset Care 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 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 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 Policy Options. The policy options include: Benefit periods of 25 months to lifetime (unlimited number of years); Inflation protection of none, 3% and 5% compound; Elimination period of zero days for home care and 90 days for other care; Reimbursement based benefit payment method; Return of premium; Second to die death benefit.

How State Life Asset-Care I Compares with Other Hybrid 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 and inflation protection **included** in the premium (unless noted otherwise), with a preference for lifetime benefits and an unlimited dollar amount of total LTC benefits (reimbursement policies in blue, cash indemnity policies in green in the chart below).

State Life Asset Care Outperforms Competitors with Lifetime Benefits and an Unlimited Dollar Amount of Total LTC Benefits.

Bill and Sue will each have \$8,800 monthly or \$8,217 monthly with 3% compound inflation protection, and unlimited total LTC benefits.

Brighthouse SmartCare is notable for its option to **link policy values to major market indices**. **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 benefit. **Nationwide Care Matters II** is a strong cash indemnity alternative for Bill and Sue due to its higher monthly benefit and **90 day with 0 day retroactive** elimination period. **Pacific PremierCare Choice MAX** is a strong cash indemnity alternative for Bill due to its higher monthly benefit.

| 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 |
|------------------------------------|-----------------------|--|--|--------------------------|--------------------------|--------------------------|----------------------------|---------------------------|----------------------------|----------------------------|----------------------------|
| OneAmerica State Life Asset Care | Bill - 55 Sue - 55 | Reimbursement Reimbursement | 0 Days Home 90 Days Other | \$ 200,000 Combined | \$ 94,762 Combined | \$ 295,984 Combined | \$ 8,800 \$ 8,800 | Unlimited Unlimited | None None | \$ 8,800 \$ 8,800 | Unlimited Unlimited |
| OneAmerica State Life Asset Care | Bill - 55 Sue - 55 | Reimbursement Reimbursement | 0 Days Home 90 Days Other | \$ 200,000 Combined | \$ 43,138 Combined | \$ 137,740 Combined | \$ 4,042 \$ 4,042 | Unlimited Unlimited | 3% Compound 3% Compound | \$ 8,217 \$ 8,217 | Unlimited Unlimited |
| Lincoln MoneyGuard III | Bill - 55 Sue - 55 | Reimbursement Reimbursement | 0 Days 0 Days | \$ 100,000 \$ 100,000 | \$ 70,000 \$ 70,000 | \$ 100,000 \$ 100,000 | \$ 3,205 \$ 3,801 | \$ 261,574 \$ 295,037 | 5% Compound 3% Compound | \$ 10,852 \$ 7,959 | \$ 885,799 \$ 617,756 |
| Brighthouse SmartCare | Bill - 55 Sue - 55 | Cash Indemnity Cash Indemnity | 90 Days 90 Days | \$ 100,000 \$ 100,000 | \$ 62,934 \$ 58,342 | \$ 90,956 \$ 71,814 | \$ 3,600 \$ 2,843 | \$ 293,870 \$ 232,025 | 5% Compound 5% Compound | \$ 11,611 \$ 9,168 | \$ 947,759 \$ 748,304 |
| Minnesota SecureCare | Bill - 55 Sue - 55 | Cash Indemnity Cash Indemnity | 90 Days 90 Days | \$ 100,000 \$ 100,000 | \$ 100,000 \$ 100,000 | \$ 100,000 \$ 100,000 | \$ 3,487 \$ 4,756 | \$ 284,659 \$ 369,134 | 5% Compound 3% Compound | \$ 11,810 \$ 9,957 | \$ 963,956 \$ 772,884 |
| Nationwide CareMatters II | Bill - 55 Sue - 55 | Cash Indemnity Cash Indemnity | 90 Days with 0 Days Retroactive | \$ 100,000 \$ 100,000 | \$ 38,938 \$ 41,909 | \$ 100,000 \$ 105,879 | \$ 3,742 \$ 4,412 | \$ 305,408 \$ 342,433 | 5% Compound 3% Compound | \$ 12,671 \$ 9,237 | \$ 1,034,219 \$ 716,979 |
| Pacific PremierCare Choice MAX | Bill - 55 Sue - 55 | Reimbursement or 80% Cash Indemnity | 0 Home, 90 Other or 90 Home, 90 Other | \$ 100,000 \$ 100,000 | \$ 70,000 \$ 70,000 | \$ 100,000 \$ 100,000 | \$ 2,957 \$ 3,251 | \$ 241,429 \$ 263,409 | 5% Compound 5% Simple | \$ 10,016 \$ 7,316 | \$ 817,567 \$ 556,086 |

Action Steps and Conclusions. State Life Asset Care 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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