



# Long Term Care University

## Long Term Care University – Question of the Month

By Aaron Skloff, AIF, CFA, MBA

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Q: We read the Long Term Care University article ‘Traditional Versus Hybrid Life and Long Term Care Insurance’ and prefer the Hybrid Long Term Care Insurance (LTC) policy. Can you please review the **Lincoln MoneyGuard Fixed Advantage** Hybrid Life and 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 Fixed Advantage 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 Fixed Advantage 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 (EP) on a LTC insurance policy sets period you pay for your LTC costs out of your own pocket. With a zero day EP, 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 EP.

**Lincoln MoneyGuard Fixed Advantage is Unique Because It Has the Benefit Transfer Rider (BTR).** The BTR allows beneficiaries the option to leverage all or some of their death benefit proceeds to increase LTC benefits, death benefit and length of protection on their existing MoneyGuard Fixed Advantage policy with no additional underwriting requirements. LTC benefits are transferred to the beneficiary’s policy at a ratio equal to the beneficiary’s original LTC to premium ratio – increasing the Total LTC Benefit Limit (Pool), not the Monthly LTC benefit.

**Lincoln MoneyGuard Fixed Advantage Policy Options.** The policy options include: Benefit periods of 3-6 years; Inflation protection of none, 3% compound, and 5% compound; Elimination period of zero days; Reimbursement based benefit payment method; Flexible Care Cash Amendment pays 50% of the maximum daily benefit for home care (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% 1<sup>st</sup>, 73% 2<sup>nd</sup>, increasing at 3% per year to 100% 11<sup>th</sup>+

**How Lincoln MoneyGuard Fixed Advantage 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 Maryland. 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 inflation protection (unless noted) and prefer a zero day EP. See reimbursement policies in blue and cash indemnity policies in green in the chart below.

**Lincoln MoneyGuard Fixed Advantage Outperforms Competitors – with High Monthly Benefits and Zero Day Elimination Period.**

Bill will have \$12,473 monthly and \$827,059 total LTC benefits, while Sue will have \$9,527 and \$739,510, respectively. **BrightHouse SmartCare** is notable for its option to **link policy values to major market indices**. **Minnesota Life Securian SecureCare III** 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 zero day retroactive** elimination period, and is notable for its **U.S. medical care inflation option**. **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 Fixed Advantage	Bill - 55	Reimbursement	0 Days	\$ 100,000	\$ 70,000	\$ 100,000	\$ 3,683	\$ 244,233	5% Compound	\$ 12,473	\$ 827,059
	Sue - 55	50% Cash Indemnity	0 Days	\$ 100,000	\$ 70,000	\$ 100,000	\$ 4,550	\$ 353,194	3% Compound	\$ 9,527	\$ 739,510
BrightHouse SmartCare	Bill - 55	Cash Indemnity	90 Days	\$ 100,000	\$ 61,827	\$ 78,157	\$ 3,191	\$ 260,492	5% Compound	\$ 10,807	\$ 882,120
	Sue - 55	Cash Indemnity	90 Days	\$ 100,000	\$ 60,114	\$ 55,267	\$ 2,257	\$ 184,201	5% Compound	\$ 7,642	\$ 623,771
Minnesota SecureCare III	Bill - 55	Cash Indemnity	90 Days	\$ 100,000	\$ 56,775	\$ 123,027	\$ 5,126	\$ 415,216	5% Simple	\$ 11,534	\$ 876,567
	Sue - 55	Cash Indemnity	90 Days	\$ 100,000	\$ 44,591	\$ 105,162	\$ 4,382	\$ 354,922	5% Simple	\$ 9,859	\$ 749,279
Nationwide CareMatters II	Bill - 55	Cash Indemnity	90 Days with	\$ 100,000	\$ 38,590	\$ 100,000	\$ 3,708	\$ 362,309	5% Compound	\$ 12,557	\$ 1,226,908
	Sue - 55	Cash Indemnity	0 Days Retroactive	\$ 100,000	\$ 24,741	\$ 100,000	\$ 2,604	\$ 254,461	5% Compound	\$ 8,819	\$ 861,694
OneAmerica State Life Asset Care	Bill - 55	Reimbursement	0 Days Home	\$ 200,000	\$ 100,279	\$ 292,684	\$ 8,781	Unlimited	None	\$ 8,781	Unlimited
	Sue - 55	Reimbursement	90 Days Other	Combined	Combined	Combined	\$ 8,781	Unlimited	None	\$ 8,781	Unlimited
OneAmerica State Life Asset Care	Bill - 55	Reimbursement	0 Days Home	\$ 200,000	\$ 45,929	\$ 134,051	\$ 4,022	Unlimited	3% Compound	\$ 8,175	Unlimited
	Sue - 55	Reimbursement	90 Days Other	Combined	Combined	Combined	\$ 4,022	Unlimited	3% Compound	\$ 8,175	Unlimited

**Conclusions.** Lincoln MoneyGuard Fixed Advantage 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.

Aaron Skloff, Accredited Investment Fiduciary (AIF), Chartered Financial Analyst (CFA), Master of Business Administration (MBA), is the Chief Executive Officer of Skloff Financial Group, a Registered Investment Advisory firm. The firm specializes in financial planning and investment management services for high net worth individuals and benefits for small to middle sized companies. He can be contacted at [www.skloff.com](http://www.skloff.com) or 908-464-3060.