



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 ‘Traditional Versus Hybrid Life and Long Term Care Insurance’ and prefer the Hybrid Long Term Care Insurance (LTC) policy. Can you please review the **Minnesota Life SecureCare III** Hybrid Life and LTC policy?

Overview. Minnesota Life is part of Securian Financial Group, an A.M. Best A+ rated, founded in 1880. The Minnesota Life Securian SecureCare 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.

Minnesota Life Securian SecureCare III is Unique Because it is a Cash Indemnity Policy. There are two primary benefit payment methods among LTC policies. Reimbursement policies, the most common, 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 III 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 III 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 III Policy Options. The policy options include: Benefit periods of 4-8 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 all 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 schedules of: **Vesting:** LTC protection with full value on the vesting schedule of 80% year 1, 84% year 2, 88% year 3, 92% year 4, 96% year 5, 100% year 6+; or **75%:** Enhances LTC protection for a 75% return of premium paid at any point; or **LTC Boost:** Enhances LTC protection the most for the tradeoff of a return of premium equal to the policy’s guaranteed cash value.

How Minnesota Life SecureCare 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 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 and inflation protection (unless noted otherwise) and prefer cash indemnity. See reimbursement policies in blue and cash indemnity policies in green in the chart below.

Minnesota Life Outperforms Competitors with High Monthly and Total LTC Benefits. Bill will have \$11,534 monthly and \$876,567 total LTC benefits, while Sue will have \$9,859 and \$749,279, 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 **0 day** elimination period. **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
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
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
Lincoln MoneyGuard Fixed Advantage	Bill - 55	Reimbursement or 50% Cash Indemnity	0 Days	\$ 100,000	\$ 70,000	\$ 100,000	\$ 3,683	\$ 244,233	5% Compound	\$ 12,473	\$ 827,059
	Sue - 55	Reimbursement or 50% Cash Indemnity	0 Days	\$ 100,000	\$ 70,000	\$ 100,000	\$ 4,550	\$ 353,194	3% Compound	\$ 9,527	\$ 739,510
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. Minnesota Life SecureCare III 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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