



Long Term Care University

Long Term Care University – Question of the Month

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06/01/22

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 **Nationwide CareMatters II** Hybrid Life and LTC policy?

Overview. Nationwide is part of Nationwide Mutual Insurance Company, an A.M. Best A+ rated, founded in 1926. The Nationwide CareMatters II 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.

Nationwide CareMatters II 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.

Nationwide CareMatters II 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 Nationwide CareMatters II 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.

Nationwide CareMatters II Policy Options. The policy options include: Benefit periods of 2-7 years; Inflation protection of none, 3% simple, 3% compound, 5% compound and **U.S. medical care inflation; Elimination period of 90 days, with 0 day retroactive;** Residual life insurance benefit (even if you deplete of your LTC benefits) equal to 20% of specified amount and a three Refund of premium options: 1. vesting schedule 85% year 1, 88% year 2, 91% year 3, 94% year 4, 97% year 5, 100% year 6+; 2. One-Time Step Up option that starts at 80% in year 1 and steps up to 100% in year 11; 3. Minimum Refund of Premium with Maximum LTC Benefit.

How Nationwide CareMatters II 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 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).

Nationwide CareMatters II Outperforms with High Monthly and Total LTC Benefits. Bill will have \$12,557 monthly and \$1,226,908 total LTC benefits, while Sue will have \$8,819 and \$861,694, respectively. **BrightHouse SmartCare** is notable for its option to **link policy values to major market indices**. **Lincoln MoneyGuard Fixed Advantage** is a strong alternative due to its **0 day** elimination period.

Minnesota Life Securian SecureCare III is a strong cash indemnity alternative due to its high 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
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
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	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
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
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. Nationwide CareMatters II 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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