



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 **OneAmerica State Life Asset Care** Hybrid Life and 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 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 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 lifetime benefits and an unlimited dollar amount of total LTC benefits. See reimbursement policies in blue and 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 \$8,781 monthly or \$8,175 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 Fixed Advantage** is a strong alternative due to its **0 day** elimination period. **Minnesota Life Securian SecureCare III** is a strong cash indemnity alternative for Bill and Sue due to its high monthly benefit. **Nationwide Care Matters II** is a strong cash indemnity alternative for Bill and Sue due to its high monthly benefit and **90 day with 0 day retroactive** elimination period.

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	\$ 100,279 Combined	\$ 292,684 Combined	\$ 8,781 \$ 8,781	Unlimited Unlimited	None None	\$ 8,781 \$ 8,781	Unlimited Unlimited
OneAmerica State Life Asset Care	Bill - 55 Sue - 55	Reimbursement Reimbursement	0 Days Home 90 Days Other	\$ 200,000 Combined	\$ 45,929 Combined	\$ 134,051 Combined	\$ 4,022 \$ 4,022	Unlimited Unlimited	3% Compound 3% Compound	\$ 8,175 \$ 8,175	Unlimited Unlimited
Brighthouse SmartCare	Bill - 55 Sue - 55	Cash Indemnity Cash Indemnity	90 Days 90 Days	\$ 100,000 \$ 100,000	\$ 61,827 \$ 60,114	\$ 78,157 \$ 55,267	\$ 3,191 \$ 2,257	\$ 260,492 \$ 184,201	5% Compound 5% Compound	\$ 10,807 \$ 7,642	\$ 882,120 \$ 623,771
Lincoln MoneyGuard Fixed Advantage	Bill - 55 Sue - 55	Reimbursement or 50% Cash Indemnity	0 Days 0 Days	\$ 100,000 \$ 100,000	\$ 70,000 \$ 70,000	\$ 100,000 \$ 100,000	\$ 3,683 \$ 4,550	\$ 244,233 \$ 353,194	5% Compound 3% Compound	\$ 12,473 \$ 9,527	\$ 827,059 \$ 739,510
Minnesota SecureCare III	Bill - 55 Sue - 55	Cash Indemnity Cash Indemnity	90 Days 90 Days	\$ 100,000 \$ 100,000	\$ 56,775 \$ 44,591	\$ 123,027 \$ 105,162	\$ 5,126 \$ 4,382	\$ 415,216 \$ 354,922	5% Simple 5% Simple	\$ 11,534 \$ 9,859	\$ 876,567 \$ 749,279
Nationwide CareMatters II	Bill - 55 Sue - 55	Cash Indemnity Cash Indemnity	90 Days with 0 Days Retroactive	\$ 100,000 \$ 100,000	\$ 38,590 \$ 24,741	\$ 100,000 \$ 100,000	\$ 3,708 \$ 2,604	\$ 362,309 \$ 254,461	5% Compound 5% Compound	\$ 12,557 \$ 8,819	\$ 1,226,908 \$ 861,694

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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