



# 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’. Can you compare Traditional versus Hybrid Life and Long Term Care (LTC) Insurance premiums paid with a single premium? Which is better?

### The Problem – Increasing Premiums with Traditional Long Term Care Insurance Policies

Most Traditional LTC insurance policies have **non-guaranteed** premiums that can increase in the future. Many Hybrid Life and LTC insurance policies have **guaranteed** premiums that can never increase in the future.

### The Solution – Guaranteed Single Premium Traditional Long Term Care Insurance Policies

Although most Traditional LTC insurance policyholders have seen their premiums increase at a slower rate than their major medical health insurance and other insurance premiums, they are often unhappy with the increases. A **guaranteed** single premium Traditional LTC insurance policy, by definition, eliminates the risk of premium increases.

**Numbers Speak Louder than Words.** 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 combined \$200,000 single premium (unless noted otherwise) and are expected to need LTC in 25 years at the age of 80. They are comparing Traditional to Hybrid policies that offer the largest LTC benefits and inflation protection (unless noted otherwise) and prefer cash indemnity. See a cash indemnity Hybrid policy in green, reimbursement Hybrid policies in blue and Traditional reimbursement policies in orange in the chart below.

**Nationwide CareMatters Together Shared Hybrid Life and Long Term Care Insurance.** CareMatters Together is a **cash indemnity** policy, with the option for a guaranteed single premium, that provides 8 years of care either Bill or Sue can use. Bill and Sue will each have **\$15,199** monthly and a combined 8 years of care for a total of **\$1,621,816** at age 80. The policy will pay a **\$261,322** death benefit when the last person dies if neither needs care.

**OneAmerica State Life Asset Care Shared Hybrid Life and Long Term Care Insurance.** Asset Care is a **reimbursement** policy, with the option for a guaranteed single premium, that provides **unlimited, lifetime** total LTC benefits either Bill or Sue can use for care. Bill and Sue will each have **\$10,228** monthly (or **\$8,476** monthly with 3% compound inflation protection) and **unlimited, lifetime** benefits at age 80. The policy will pay a **\$255,706** (or **\$104,238** with 3% compound inflation protection) death benefit when the last person dies if neither needs care.

**National Guardian Life EssentialLTC Traditional Long Term Care Insurance Policy.** EssentialLTC is a **reimbursement** policy, with the option for a \$198,784 guaranteed single premium, that provides 4 years of care for Bill and 4 years of care for Sue. Bill and Sue will each have **\$460** per day (similar to \$13,800 monthly) and each have **\$672,520** total LTC benefits at age 80.

Configured differently, EssentialLTC is a **reimbursement** policy, with the option for a \$190,795 guaranteed single premium, that provides **unlimited, lifetime** total LTC benefits either Bill or Sue can use for care. Bill and Sue will each have **\$272** per day (similar to \$8,160 monthly) and each have **unlimited, lifetime** total LTC benefits at age 80.

Insurance Company and Product Name	Policy Owner - Age	Traditional or Hybrid Life and LTC	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 Together	Bill - 55	Hybrid Life and LTC	Cash Indemnity	90 Days with	\$ 200,000	\$ 87,968	\$ 261,322	\$ 7,259	\$ 774,588	3% Compound	\$ 15,199	\$ 1,621,816
	Sue - 55	Hybrid Life and LTC	Cash Indemnity	0 Days Retroactive	Combined	Combined	Combined	\$ 7,259	Combined	3% Compound	\$ 15,199	Combined
OneAmerica State Life Asset Care	Bill - 55	Hybrid Life and LTC	Reimbursement	0 Days Home	\$ 200,000	\$ 87,610	\$ 255,705	\$ 10,228	\$ 10,228	None	\$ 10,228	Unlimited
	Sue - 55	Hybrid Life and LTC	Reimbursement	90 Days Other	Combined	Combined	Combined	\$ 10,228	Unlimited	None	\$ 10,228	Unlimited
OneAmerica State Life Asset Care	Bill - 55	Hybrid Life and LTC	Reimbursement	0 Days Home	\$ 200,000	\$ 35,714	\$ 104,238	\$ 4,170	Unlimited	3% Compound	\$ 8,476	Unlimited
	Sue - 55	Hybrid Life and LTC	Reimbursement	90 Days Other	Combined	Combined	Combined	\$ 4,170	Unlimited	3% Compound	\$ 8,476	Unlimited
National Guardian Life EssentialLTC	Bill - 55	Traditional LTC	Reimbursement	90 Days	\$ 198,784	\$ 0	\$ 0	\$220 / Day	\$ 321,200	3% Compound	\$460 / Day	\$ 672,520
	Sue - 55	Traditional LTC	Reimbursement	90 Days	Combined	Combined	Combined	\$220 / Day	\$ 321,200	3% Compound	\$460 / Day	\$ 672,520
National Guardian Life EssentialLTC	Bill - 55	Traditional LTC	Reimbursement	90 Days	\$ 190,795	\$ 0	\$ 0	\$130 / Day	Unlimited	3% Compound	\$272 / Day	Unlimited
	Sue - 55	Traditional LTC	Reimbursement	90 Days	Combined	Combined	Combined	\$130 / Day	Unlimited	3% Compound	\$272 / Day	Unlimited

**Conclusions.** **Nationwide Carematters Together** offers a strong value due to its guaranteed premium, **cash indemnity** benefits, relatively generous monthly and total LTC benefits. **OneAmerica State Life Asset Care** offers a strong value due to its generous monthly and **unlimited, lifetime** total LTC benefits. Both policies offer a better value than the **National Guardian Life EssentialLTC** policy. Since premiums vary greatly based on age, health and marital status, request individualized quotes.

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