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 that compares Traditional to Hybrid-Combination Life and Long Term Care (LTC) Insurance and prefer the Hybrid-Combination LTC policy. Can you please review the **John Hancock LifeCare** Hybrid LTC policy?

Overview. John Hancock, an A.M. Best A+ rated, founded in 1862. The John Hancock LifeCare 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.

John Hancock LifeCare is Unique Because it is a Cash Indemnity or Reimbursement 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. Upon receipt of qualified expenses, John Hancock will pay up to the maximum monthly benefit amount, even if it exceeds the IRS per diem limit in the year. Cash Indemnity policies pay up to your monthly LTC benefits, regardless of your expenses, up to the IRS per diem limit in the year.

John Hancock LifeCare is Unique Because It is an Indexed Universal Life Insurance Policy Offering the Option to Link Policy Values to Major Market Indices. With most LTC policies you choose a fixed inflation protection growth rate (e.g.: 3% or 5% compound). With John Hancock LifeCare you can choose a fixed inflation protection of 5%, a fixed account with a minimum guaranteed rate of 1% or one linked to financial market indices (**indexed**). **Benefit amounts have the potential to increase with market gains up to an annual maximum growth rate (cap) but will never drop below the policy's original amounts**. You can choose to track one or more of the S&P 500 Index (Select Capped or High Capped) or Barclays Global MA Index

John Hancock LifeCare. The policy options include: Benefit periods of 2, 4 or 6 years; Inflation protection of 5% compound or indexed; Elimination period of 90 days; Terminal illness benefit 50% of your policy's face amount; Cash surrender value varies by benefit design and inflation protection option selected. **John Hancock Vitality** PLUS (Healthy Engagement Benefit rider) increase the policy's death benefit and LTC benefit based on you taking healthy actions.

John Hancock LifeCare Policy Premium Payment Options. They include: one time (single-pay), 5-pay, 10-pay and 15-pay.

How John Hancock LifeCare 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 Nationwide Carematters Together and OneAmerica State Life Asset Care) 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 **included** in the premium (unless noted otherwise). They prefer Cash Indemnity (reimbursement policies in blue, cash indemnity policies in green in the chart below).

John Hancock LifeCare Underperforms Most Competitors on a Guaranteed Basis with Lower Monthly and Total LTC Benefits. Bill will have $3,572 monthly and $257,177 total LTC benefits, while Sue will have $2,960 and $213,113, respectively. **Brighthouse SmartCare** is a strong cash indemnity alternative for Bill and Sue due to its high monthly and total LTC benefits, and its option to **link policy values to major market indices**. **Lincoln MoneyGuard Fixed Advantage** is a strong (primarily reimbursement) alternative Bill and Sue due to its high monthly LTC benefits to its **0 day** elimination period. **Nationwide CareMatters 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. **Nationwide CareMatters Together** is a strong cash indemnity alternative for Bill and Sue due to its high monthly LTC benefits and its **90 day with zero day retroactive** elimination period. **OneAmerica State Life Asset Care** is a strong alternative due to its **unlimited**, **lifetime** total LTC benefits. **Securian Minnesota Life Securian SecureCare III** is a strong cash indemnity alternative for Bill and Sue due to its high monthly and total LTC benefits**.**

Insurance Company and Product Name	Policy Owner - Age	Benefit Payment Method	Elimination Period	Premium	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
John Hancock	Bill - 55	Cash Indemnity	90 Days	$ 100,000	$ 151,890	$ 1,108	$ 79,742	5% Compound	$ 3,572	$ 257,177
LifeCare	Sue - 55	Cash Indemnity	90 Days	$ 100,000	$ 125,866	$ 918	$ 66,080	5% Compound	$ 2,960	$ 213,113
Brighthouse	Bill - 55	Cash Indemnity	90 Days	$ 100,000	$ 186,900	$ 7,632	$ 592,384	3% Compound	$ 15,979	$ 1,240,320
SmartCare	Sue - 55	Cash Indemnity	90 Days	$ 100,000	$ 161,925	$ 6,612	$ 513,224	3% Compound	$ 13,844	$ 1,074,578
Lincoln MoneyGuard	Bill - 55	Reimbursement or	0 Days	$ 100,000	$ 116,559	$ 4,857	$ 396,412	5% Compound	$ 16,447	$ 1,342,391
Fixed Advantage	Sue - 55	50% Cash Indemnity	0 Days	$ 100,000	$ 161,925	$ 6,747	$ 523,699	3% Compound	$ 14,127	$ 1,096,508
Nationwide	Bill - 55	Cash Indemnity	90 Days with	$ 100,000	$ 167,513	$ 6,980	$ 541,772	3% Compound	$ 14,614	$ 1,134,351
CareMatters II	Sue - 55	Cash Indemnity	0 Days Retroactive	$ 100,000	$ 100,000	$ 5,944	$ 461,374	3% Compound	$ 12,445	$ 966,015
Nationwide	Bill - 55	Cash Indemnity	90 Days with	$ 200,000	$ 261,322	$ 7,259	$ 774,588	3% Compound	$ 15,199	$ 1,621,816
CareMatters Together	Sue - 55	Cash Indemnity	0 Days Retroactive	Combined	Combined	$ 7,259	Combined	3% Compound	$ 15,199	Combined
OneAmerica State Life	Bill - 55	Reimbursement or	0 Days Home	$ 200,000	$ 298,293	$ 12,429	Unlimited	None	$ 12,429	Unlimited
Asset Care	Sue - 55	75% Cash Indemnity	90 Days Other	Combined	Combined	$ 12,429	Unlimited	None	$ 12,429	Unlimited
OneAmerica State Life	Bill - 55	Reimbursement or	0 Days Home	$ 200,000	$ 139,146	$ 5,798	Unlimited	3% Compound	$ 11,786	Unlimited
Asset Care	Sue - 55	75% Cash Indemnity	90 Days Other	Combined	Combined	$ 5,798	Unlimited	3% Compound	$ 11,786	Unlimited
Securian Minnesota Life	Bill - 55	Cash Indemnity	90 Days	$ 100,000	$ 164,036	$ 6,835	$ 553,622	5% Simple	$ 15,378	$ 1,168,757
SecureCare III	Sue - 55	Cash Indemnity	90 Days	$ 100,000	$ 140,217	$ 5,842	$ 473,232	5% Simple	$ 13,145	$ 999,046

Conclusions. John Hancock LifeCare provides low monthly and total LTC benefits and has the option to link policy values to market indices, 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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