



Long Term Care University

Long Term Care University – Question of the Month

By Aaron Skloff, AIF, CFA, MBA

03/15/25

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 and 5% compound; **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.

Nationwide CareMatters II Policy Premium Payment Options. They include: one time (single-pay), 5 years (5-pay), 10 years (10-pay), pay to age 65 and pay to age 100, based on age. **Like buying a home, the longer your payment option, the higher your cumulative payments.**

Nationwide CareMatters II Tax Benefits. In addition to the LTC and death benefits being paid on a tax free basis, the LTC portion of the premium is eligible for a tax deduction by individuals or can be expensed by businesses (including sole proprietorships). Individuals can pay premiums from their HSA.

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

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.

Aaron Skloff, Accredited Investment Fiduciary (AIF), Chartered Financial Analyst (CFA), Master of Business Administration (MBA), is the Chief Executive Officer of Skloff Financial Group, a Registered Investment Advisory firm. The firm specializes in financial planning and investment management services for high net worth individuals and benefits for small to middle sized companies. He can be contacted at www.skloff.com or 908-464-3060.