



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 Life and Long Term Care Insurance (LTC) policy. Can we pay for Hybrid Life and LTC policies over our lifetimes? Will the premium be guaranteed each year?

The Problem – Guaranteed Premiums for an Insurance Policy Paid Over Your Lifetime

Can you imagine if your major medical health insurance, car insurance or homeowners insurance premiums were guaranteed from year to year? Not only are those premiums not guaranteed, but the insurance companies can increase deductibles or even drop your coverage. In the case of major medical health insurance, the insurance company can simply remove your doctors from their “preferred provider network” or “in plan providers”. This leaves you with a list of inferior doctors to choose from or forces you to pay additional out of pocket costs by going out of your network (if your plan even allows out of network providers). Many believe these same problems exist in Hybrid Life and LTC policies.

The Solution – Hybrid Life and Long Term Care Insurance Premiums Paid Over Your Lifetime with Guaranteed Premiums Each Year

Many believe Hybrid Life and LTC Insurance companies can simply eliminate which care providers you choose, change your deductible, reduce or drop your coverage, or increase your premiums. Fortunately, Hybrid Life and LTC Insurance policies are based on a pool of money that allows you to choose your care providers without a list determined by the insurance company. The policies have guaranteed deductibles and guaranteed coverage amounts. You cannot be dropped if you pay your premium – even if you file multiple claims. The policies have guaranteed premiums.

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 want initial monthly benefits of \$5,000 (\$10,000 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. Bill and Sue are comparing Hybrid policies that offer the largest LTC benefits and inflation protection and prefer cash indemnity. Nationwide CareMatters II and Nationwide CareMatters Together offer a Pay to Age 100. OneAmerica State Life Asset Care offers a Page to Age 95. See the chart below.

How the Insurance Policies Compare to One Another. The following table reflects Sue and Bill’s monthly and total benefits at age 80. **Nationwide CareMatters II** provides \$10,469 monthly and \$812,606 total benefits for Bill and \$10,469 monthly and \$812,606 total benefits for Sue. **Nationwide CareMatters Together** provides \$10,469 monthly benefits for Bill and Sue and \$1,117,115 (shared). **OneAmerica State Life Asset Care** with 3% compound inflation protection provides \$10,469 monthly benefits for Bill and Sue and **unlimited, lifetime** total benefits - **the highest total benefits (unlimited)**.

Insurance Company and Product Name	Policy Owner - Age	Benefit Payment Method	Elimination Period	Lifetime Pay 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	\$ 4,839	\$ 217,749	\$ 5,000	\$ 388,105	3% Compound	\$ 10,469	\$ 812,606
	Sue - 55	Cash Indemnity	0 Days Retroactive	\$ 6,374	\$ 286,845	\$ 5,000	\$ 388,105	3% Compound	\$ 10,469	\$ 812,606
Nationwide CareMatters Together	Bill - 55	Cash Indemnity	90 Days with	\$ 8,617	\$ 180,000	\$ 5,000	\$ 533,540	3% Compound	\$ 10,469	\$ 1,117,115
	Sue - 55	Cash Indemnity	0 Days Retroactive	Combined	Combined	\$ 5,000	Combined	3% Compound	\$ 10,469	Combined
OneAmerica State Life Asset Care	Bill - 55	Reimbursement or	0 Days Home	\$ 11,240	\$ 120,000	\$ 5,000	Unlimited	3% Compound	\$ 10,469	Unlimited
	Sue - 55	75% Cash Indemnity	90 Days Other	Combined	Combined	\$ 5,000	Unlimited	3% Compound	\$ 10,469	Unlimited

Conclusions. Premium payments options vary by insurance companies. While a single pay Hybrid Life and LTC Insurance policy may provide the most generous benefits, the same policy may provide less generous benefits if the premiums are paid over time – such as lifetime premiums that are guaranteed each year. Since premiums vary greatly based on age, health and marital status, request individualized quotes.

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