



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 **Brighthouse SmartCare** Hybrid LTC policy?

Overview. Brighthouse Life Insurance Company, an A.M. Best A rated, founded in 2017 (originating from Travelers and MetLife). The Brighthouse SmartCare 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.

Brighthouse SmartCare 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.

Brighthouse SmartCare 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 Brighthouse SmartCare you can choose a fixed inflation protection or one linked to a 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 following indices: S&P 500 Index, Russell 2000 Index, or MSCI EAFE Index.

Brighthouse SmartCare Policy Options. The policy options include: Benefit periods of 4 or 6 years; Inflation protection of none, 5% compound or indexed; Elimination period of 90 days; Terminal illness benefit at the lesser of \$250,000 or 50% of your policy's face amount; Cash surrender value varies by benefit design and inflation protection option selected. **International Benefits are 100% of monthly maximum LTC benefits for the entire benefit period (e.g.: 6 years).**

Brighthouse SmartCare Policy Premium Payment Options. They include: one time (single-pay), 2 year, 3 years, 4 years, 5 years and 10 years (10-pay). **Like buying a home, the longer your payment option, the higher your cumulative payments (except for the 2-pay).**

How Brighthouse SmartCare 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).

Brighthouse SmartCare Outperforms Most Competitors on a Guaranteed Basis with Higher Monthly and Total LTC Benefits. Bill will have \$16,777 monthly and \$1,369,358 total LTC benefits, while Sue will have \$13,844 and \$1,074,578, respectively. **John Hancock LifeCare** is notable for its option to **link policy values to major market indices**. **Lincoln MoneyGuard Fixed Advantage** is a strong (partial cash indemnity) 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 (partial cash indemnity) alternative due to its **unlimited, lifetime** total LTC benefits. **Securian Minnesota Life Securian SecureCare IV** is a strong cash indemnity alternative for Bill and Sue due to its higher monthly and total LTC benefits and its **90 day with zero day retroactive** elimination period.

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
Brighthouse SmartCare	Bill - 55	Cash Indemnity	90 Days	\$ 100,000	\$ 121,327	\$ 4,954	\$ 404,375	5% Compound	\$ 16,777	\$ 1,369,358
	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	\$ 141,699	\$ 1,033	\$ 74,392	5% Compound	\$ 3,332	\$ 239,922
	Sue - 55	Cash Indemnity	90 Days	\$ 100,000	\$ 114,354	\$ 834	\$ 60,036	5% Compound	\$ 2,689	\$ 193,622
Lincoln MoneyGuard Fixed Advantage	Bill - 55	Reimbursement or 80% Cash Indemnity	0 Days	\$ 100,000	\$ 116,559	\$ 7,924	\$ 615,059	3% Compound	\$ 16,591	\$ 1,287,796
	Sue - 55	80% Cash Indemnity	0 Days	\$ 100,000	\$ 161,925	\$ 6,815	\$ 528,993	3% Compound	\$ 14,269	\$ 1,107,594
Nationwide CareMatters II	Bill - 55	Cash Indemnity	90 Days with 0 Days Retroactive	\$ 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
Nationwide CareMatters Together	Bill - 55	Cash Indemnity	90 Days with 0 Days Retroactive	\$ 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 75% Cash Indemnity	0 Days Home 90 Days Other	\$ 200,000	\$ 298,293	\$ 12,429	Unlimited	None	\$ 12,429	Unlimited
	Sue - 55	75% Cash Indemnity	Combined	Combined	Combined	\$ 12,429	Unlimited	None	\$ 12,429	Unlimited
OneAmerica State Life Asset Care	Bill - 55	Reimbursement or 75% Cash Indemnity	0 Days Home 90 Days Other	\$ 200,000	\$ 139,146	\$ 5,798	Unlimited	3% Compound	\$ 11,786	Unlimited
	Sue - 55	75% Cash Indemnity	Combined	Combined	Combined	\$ 5,798	Unlimited	3% Compound	\$ 11,786	Unlimited
Securian Minnesota Life SecureCare IV	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. Brighthouse SmartCare provides high 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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