



# 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 Long Term Care Insurance (LTC) policy. Can you please review the **Nationwide CareMatters Together** 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 Together 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 Together is Unique Because It is a Shared Hybrid Life and LTC Policy.** There are two primary ways of insuring individuals with Hybrid Life and LTC policies. Individual Hybrid policies pay LTC benefits and/or a death benefit when you die. Shared (also called joint or second to die or survivorship) Hybrid policies pay LTC benefits to both policyholders and/or a death benefit when the last person (survivor) dies.

**Nationwide CareMatters Together 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 benefit, regardless of your expenses.

**Nationwide CareMatters Together 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 family members. The Nationwide CareMatters Together 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 Together Policy Options.** The policy options include: Benefit periods of 4-8 years combined for two people; Inflation protection of none, 3% compound for 20 years, 3% compound, and 5% compound; **Elimination period of 90 days, with 0 day retroactive**; Residual life insurance benefit (even if you deplete your LTC benefits) equal to 10% of specified amount of the death benefit.

**Nationwide CareMatters Together Policy Premium Payment Options.** They include: one time (single-pay), 5 years (5-pay), 10 years (10-pay), 20 years (20-pay) and pay to age 100 (based on the older policyholder). **Like buying a home, the longer your payment option, the higher your cumulative payments.**

**Nationwide CareMatters Together 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 Together 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 and inflation protection (unless noted otherwise) and prefer cash indemnity. See reimbursement policies in blue and cash indemnity in green in the chart below.

**Nationwide CareMatters Together Outperforms with High Monthly and Total LTC Benefits.** Bill and Sue will each have \$15,199 monthly and \$1,621,816 total combined LTC benefits they can share at age 80. **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 (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. **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	Reimbursement or 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	90 Days with 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	90 Days with 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	Reimbursement or 75% Cash Indemnity	0 Days Home 90 Days Other	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	Reimbursement or 75% Cash Indemnity	0 Days Home 90 Days Other	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.** Nationwide CareMatters Together 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.

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