



Long Term Care University

Long Term Care University – Question of the Month

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04/15/26

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 **OneAmerica State Life Asset Care** Hybrid Life and LTC policy?

Overview. State Life Insurance Company Group is part of OneAmerica, an A.M. Best A+ rated, founded in 1877. The OneAmerica State Life Asset Care 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.

OneAmerica State Life Asset Care is Unique Because It Provides Lifetime Benefits. One of the largest long term care insurance companies reported that 50% of all claims dollars it has paid are due to dementia, including Alzheimer’s disease. According to the Alzheimer’s Association, 1 in 9 people ages 65 and older and about 1 in 3 people ages 85 and older have Alzheimer’s disease. The duration of Alzheimer’s disease is generally four to eight years after a diagnosis, but can last as long as 20 years.

Most insurance mitigate their own risks and increase consumers’ risks by limiting coverage to a maximum of six or seven years of care. **State Life Asset Care offers lifetime benefits with an unlimited number of years of care and an unlimited dollar amount of total LTC benefits. If a couple each needed 10 years of care, State Life Asset Care lifetime benefits could pay a couple almost \$1 million more LTC benefits than a policy that would only pay for six years of care.**

OneAmerica State Life Asset Care Policy Options. The policy options include: Benefit periods of 25 months to lifetime (unlimited number of years); Inflation protection of none, 2%, 3% and 5% compound; Elimination period of zero days for home care and 90 days for other care; Reimbursement based benefit payment method; Return of premium; Second to die death benefit; Cash benefits up to 75% of the maximum monthly benefit for home care (no receipts required) up to the death benefit limit (Acceleration of Benefits).

OneAmerica State Life Asset Care 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 95, based on age. **Like buying a home, the longer your payment option, the higher your cumulative payments.**

OneAmerica State Life Asset Care 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 OneAmerica State Life Asset Care Compares with Other Hybrid Life and 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 and OneAmerica State Life) 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 lifetime benefits and an unlimited dollar amount of total LTC benefits. See reimbursement policies in blue and cash indemnity policies in green in the chart below.

OneAmerica State Life Asset Care Outperforms Competitors with Lifetime Benefits and an Unlimited Dollar Amount of Total LTC Benefits.

Bill and Sue will each have \$12,429 monthly or \$11,786 monthly with 3% compound inflation protection, and unlimited total LTC benefits. **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. **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. **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	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 Securian 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

Action Steps and Conclusions. OneAmerica State Life Asset Care provides lifetime benefits and an unlimited dollar amount of total benefits. Since premiums vary greatly based on age, health and marital status, request individualized quotes.

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