SecureCare™ Universal Life

Individual Life and Long-Term Care Insurance

Insurance products issued by:
Minnesota Life Insurance Company

CASE STUDY

The value of return of premium

There are a variety of features to consider when selecting a long-term care (LTC) plan. Many asset-based LTC products offer a range of return of premium (ROP) benefits: from 100 percent ROP with a vesting schedule to no ROP at all in exchange for increasing the available LTC benefit pool.

It's important to understand how an LTC policy's ROP benefit is structured so you can help a client weigh the value of a 100% ROP benefit versus a larger LTC benefit.

Policies that offer a 100% ROP benefit,[1] such as SecureCare Universal Life, can provide:

Liquidity

Clients retain the full value of their asset in their portfolio, whether in an individual or business purchase

Flexibility

Clients have an exit strategy should their needs change in the future due to challenging economic situations

Transferability

Clients aren't locked into one product — if another option that better suits their needs becomes available, they can roll over the full value of their original asset to the new solution

For some consumers, a maximized LTC benefit may be the top priority. But for others, especially during times of financial uncertainty, a 100% ROP benefit may offer the peace of mind they need to get LTC protection today.

1. Upon surrender, the policy owner will receive the surrender value proceeds. The surrender value proceeds may not equal the sum of premiums paid. Surrenders are subject to a return of premium vesting schedule. Policies that are fully vested are eligible for a full return of all premiums paid.

SecureCare UL's ROP vesting schedule

Single-pay or 5-pay		7-pay		10-pay		15-pay	
Year 1	80%	Years 1-3	80%	Years 1-6	80%	Years 1-11	80%
Year 2	84%	Year 4	84%	Year 7	84%	Year 12	84%
Year 3	88%	Year 5	88%	Year 8	88%	Year 13	88%
Year 4	92%	Year 6	92%	Year 9	92%	Year 14	92%
Year 5	96%	Year 7	96%	Year 10	96%	Year 15	96%
Year 6+	100%	Year 8+	100%	Year 11+	100%	Year 16+	100%

100% ROP vs. maximum LTC

When you're helping a client find the best LTC policy for their needs, the total LTC benefit is a critical deciding factor, but it shouldn't be the only one.

It's important to help clients understand the difference between choosing a contract with maximum LTC but not 100% ROP. Typically, maximum LTC contracts offer a surrender value based on the policy's underlying cash value growth. Even after a significant length of time, this cash value may not grow to equal the original premium amount.

In the following scenarios, each contract has a 6-year benefit period and optional long-term care inflation protection at 3% compound interest. The policies are both 10-pays with an annual premium of $10,000.

Male age 55, couples discount

	Sample maximum LTC benefit contract	SecureCare UL contract with 100% ROP
Total premium paid	$100,000	$100,000
Year 1: monthly LTC benefit	$5,923	$5,556
Year 1: surrender value	$7,992	$8,000
Year 11: monthly LTC benefit	$7,959	$7,467
Year 11: surrender value	$71,539	$100,000
Year 20: monthly LTC benefit	$10,385	$9,742
Year 20: surrender value	**$91,344**	**$100,000**

Female age 55, couples discount

	Sample maximum LTC benefit contract	SecureCare UL contract with 100% ROP
Total premium paid	$100,000	$100,000
Year 1: monthly LTC benefit	$5,081	$4,870
Year 1: surrender value	$6,208	$8,000
Year 11: monthly LTC benefit	$6,828	$6,545
Year 11: surrender value	$56,314	$100,000
Year 20: monthly LTC benefit	$8,909	$8,540
Year 20: surrender value	**$73,105**	**$100,000**

These are hypothetical examples for illustrative purposes only.

Male age 60, couples discount

	Sample maximum LTC benefit contract	SecureCare UL contract with 100% ROP
Total premium paid	$100,000	$100,000
Year 1: monthly LTC benefit	$5,106	$4,964
Year 1: surrender value	$8,101	$8,000
Year 11: monthly LTC benefit	$6,862	$6,671
Year 11: surrender value	$70,964	$100,000
Year 20: monthly LTC benefit	$8,953	$8,704
Year 20: surrender value	**$88,398**	**$100,000**

Female age 60, couples discount

	Sample maximum LTC benefit contract	SecureCare UL contract with 100% ROP
Total premium paid	$100,000	$100,000
Year 1: monthly LTC benefit	$4,377	$4,281
Year 1: surrender value	$6,302	$8,000
Year 11: monthly LTC benefit	$5,883	$5,753
Year 11: surrender value	$56,263	$100,000
Year 20: monthly LTC benefit	$7,675	$7,507
Year 20: surrender value	**$71,657**	**$100,000**

These are hypothetical examples for illustrative purposes only.

In these scenarios, compare the monthly LTC benefit of a SecureCare UL contract with a sample contract that offers a maximized LTC benefit but not 100% ROP. Is the higher LTC benefit worth sacrificing the flexibility and confidence that a full ROP benefit can provide?

Every client's answer will be different, but it's essential to help them understand their options. Ultimately, a policy with 100% ROP may offer the peace of mind and guaranteed protection consumers need to plan for LTC today, instead of delaying until tomorrow.

Contact us today

to put the value of ROP to work for your clients:
1-888-900-1962 (Independent distribution)
1-877-696-6654 (Broker-dealer)

Please keep in mind that the primary reason to purchase a life insurance product is the death benefit.

Life insurance products contain charges, such as Cost of Insurance Charge, Cash Extra Charge, and Additional Agreements Charge (which we refer to as mortality charges), and Premium Charge, Monthly Policy Charge, Policy Issue Charge, Transaction Charge, and Surrender Charge (which we refer to as expense charges). This policy may contain restrictions, such as surrender periods.

Insurance policy guarantees are subject to the financial strength and claims-paying ability of the issuing insurance company.

The optional Long-Term Care Inflation Protection Agreement is available with 3% simple interest, 3% compound interest, 5% simple interest or 5% compound interest.

Additional agreements may be available. Agreements may be subject to additional costs and restrictions. Agreements may not be available in all states or may exist under a different name in various states and may not be available in combination with other agreements.

SecureCare Universal Life is only available in CA. Please see the policy for product features,

including limitations and exclusions.

SecureCare Universal Life Insurance includes the Acceleration for Long-Term Care Agreement. The Acceleration for Long-Term Care Agreement and Extension of Long-Term Care Benefits Agreement are tax-qualified long-term care agreements that cover care such as nursing care, home and community based care, and informal care as defined in these agreements. These agreements provide for the payment of a monthly benefit for qualified long-term care services. These agreements are intended to provide federally tax-qualified long-term care insurance benefits under Section 7702B of the Internal Revenue Code, as amended. However, due to uncertainty in the tax law, benefits paid under these agreements may be taxable.

The death proceeds will be reduced by a long-term care or terminal illness benefit payment under this policy. Clients should consult a tax advisor regarding long-term care benefit payments, terminal illness benefit payments, or when taking a loan or withdrawal from a life insurance contract.

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