

REIMBURSEMENT OR INDEMNITY

INDIVIDUAL PLANNING

Most Long-Term Care (LTC) insurance products in the market today offer either a reimbursement or cash indemnity method for paying benefits when an insured goes on claim.

- Cash indemnity options are often more flexible
- Reimbursement plans often have the potential of longer lasting benefits.

Both options protect a client's assets and family from the high cost of Long-Term Care but it's important to discuss the difference between these two types of plans to determine which option is most appropriate for each client.

CASE STUDY

Reimbursement vs. Cash Indemnity

- Female client
- Purchases policy on herself at age 60 with \$5,000 monthly LTC benefit on day 1
- 6-year benefit period, 5% compound inflation protection option
- Initiates claim at age 80

SCENARIO 1: TRANSITION FROM INFORMAL CARE TO ASSISTED LIVING

Over 50% of claims begin in the home¹, so let's look at a scenario that starts with your client receiving care from an informal caregiver (spouse, child, etc.) at home before moving to an assisted living facility.

| | Reimbursement | Cash Indemnity |
|---|------------------|--------------------|
| Day 1 long-term care total | \$408,115 | \$408,115 |
| Day 1 monthly max | \$5,000 | \$5,000 |
| Age 80 long-term care total | \$1,082,850 | \$1,082,850 |
| Age 80 monthly max | \$13,266 | \$13,266 |
| Ages 80-81: Informal care • Projected cost: \$0² | | |
| Covered | No ³ | Yes |
| Total benefits paid | 0 | \$326,356 |
| Ages 82-83: Home health care • Projected cost (for 20 hours/week): \$110,355² | | |
| Covered | Yes | Yes |
| Total benefits paid | \$110,355 | \$359,807 |
| Ages 84-85: Assisted Living • Projected cost: \$210,142⁴ | | |
| Covered | Yes | Yes |
| Total benefits paid | \$210,142 | \$396,687 |
| Total benefits paid for all types of care | \$320,497 | \$1,082,850 |

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SCENARIO 2: TRANSITIONING FROM ASSISTED LIVING TO A NURSING HOME

This scenario shows a more advanced case where your client goes directly into an assisted living facility and then transitions to skilled nursing care.

| | Reimbursement | Cash Indemnity |
|---|------------------|--------------------|
| Day 1 long-term care total | \$408,115 | \$408,115 |
| Day 1 monthly max | \$5,000 | \$5,000 |
| Age 80 long-term care total | \$1,082,850 | \$1,082,850 |
| Age 80 monthly max | \$13,266 | \$13,266 |
| Ages 80-81: Assisted living • Projected cost: \$186,708⁵ | | |
| Covered | Yes | Yes |
| Total benefits paid | \$186,708 | \$326,356 |
| Ages 82-83: Nursing home – semi-private room • Projected cost: \$368,494⁵ | | |
| Covered | Yes | Yes |
| Total benefits paid | \$359,807 | \$359,807 |
| Ages 84-85: Nursing home – private room • Projected cost: \$429,430⁷ | | |
| Covered | Yes | Yes |
| Total benefits paid | \$396,687 | \$396,687 |
| Total benefits paid for all types of care | \$943,202 | \$1,082,850 |

These are hypothetical examples using Securian Financial SecureCare product for illustrative purposes only and cannot be shared with the general public. A customer's experience may be different depending on their specific situation. When providing personalized illustrations to customers, it must always be accompanied by a complete basic illustration.

COSTS OF CARE (2026 ANNUAL MEDIANS)⁴

| | |
|---------------------------------|--------------------|
| Home Healthcare | \$5,673 per month |
| Assisted living facility | \$59,591 per year |
| Memory Care | \$68,676 per year |
| Nursing home, semi-private room | \$129,888 per year |

¹Long-Term Care Insurance Facts – Data – Statistics – 2025 Report. American Association for Long-Term Care Insurance. March 2026.

<https://www.aaltci.org/long-term-care-insurance/learning-center/lctfacts-2025.php>. Calculate the cost of long-term care. LTCnews.com. 2026.

<https://www.ltcnews.com/resources/states/> ²Projected costs calculated using 2026 national medians of costs of care and assuming 3% annual inflation ³Some reimbursement plans offer limited coverage for informal care ⁴Calculate the cost of long-term care. LTCnews.com/resources/states/.

https://www.ltcnews.com/resources/states_ ⁵Projected costs calculated using 2026 national medians of costs of care and assuming 3% annual inflation

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