

# Lincoln's Vehicle for Long-Term-Care Benefits Races to Fast Start

By Warren S. Hersch   October 4, 2021

Lincoln National thinks it's found a winning combination.

MoneyGuard Market Advantage, rolled out in February, mixes variable universal life insurance with a long-term-care benefit. The product is helping to drive double-digit sales growth for Lincoln's individual life portfolio.

The product's rapid rise, and the way it's designed, may suggest a way to jump-start sales for the slumping market for offerings that join life insurance with a long-term care benefit.

Bill Nash, a senior VP for MoneyGuard distribution, said that Lincoln historically has done business with about one in 10 advisors. The new variable universal product has proved successful in generating sales among the other nine.



*Bill Nash, a senior VP for  
MoneyGuard distribution*

"What we are seeing out of the gate is even better than what we would have anticipated," he said. "Almost half of the people doing business with us are now completely new to MoneyGuard."

Jesse Slome, executive director of the American Association for Long-Term Care Insurance said the coverage is well-suited for clients who have seen their investments grow significantly over the past few years. He characterized as "unique and meaningful" MoneyGuard's long-term care protection, legacy planning component and potential to benefit from equity market performance.

"For those producers with the ability to sell variable universal life products, I would expect it to become their lead long-term-care offering so long as equity markets continue to perform and interest rates remain at or near historic lows," he said in an email.

## The Talk Among Carriers

Michael Fontanini, a VP of advanced planning and design at Lion Street, a network of firms and advisors catering to affluent clients, said the company has had a lot of conversations with carriers about developing new products. He noted there's a significant focus on variable life products now.

"I can very easily see how this type of a chassis for this product line could be moving the needle for Lincoln," he said.

He observed that low interest rates are placing downward pressure on sales of conventional universal life policies, prompting insurers to lift premiums or discontinue the products.

In 2020, combination products with long-term-care benefits represented 10% of life insurance sales based on total premium, while their share of annualized premium was 3%, according to Karen Terry, an assistant VP of insurance research at Limra. Fixed and indexed universal life products garner the lion's share, or two-thirds, of the total volume for combination products.

Total premium fell 40% in 2020 from a year earlier. Terry attributed the dip mainly to declines in sales of single-pay, universal and whole policies featuring a rider that can continue long-term care benefits after payment of a specified death benefit.

"This highlights the difficulty of selling complex single-premium products during the Covid-19 pandemic," she said in an email.

## The Product's Moving Parts

MoneyGuard Market Advantage, which is tailored to prospective buyers in their 40s and 50s, can invest in three tiers of funds: a fixed account and bond fund, a second made up of blended equity and bond funds, asset allocation funds and target date funds, and a third composed of equity funds.

Policyholders, who can pay a single premium or flexible premiums, can tap more than 40 investment options, according to Lincoln.



*Michael Fontanini, a VP of  
advanced planning and  
design at Lion Street*



*Karen Terry, an assistant VP  
of insurance research at*

*Limra*

Long-term-care benefits, set at the time of the claim, are the highest of the following: a base value, which is a three-year initial minimum guarantee; a “protected value,” or 2.5 times the largest cash value on the policy anniversary; or a market value, which is four times the current cash value of the policy, according to a product sheet.

A principal of \$100,000 that grows to \$300,000 over 30 years delivers a benefit of \$1.2 million when the policyholder goes on claim, or quadruple the initial amount.

Heather Deichler, Lincoln’s senior VP for MoneyGuard product management, said in an interview that the variable product’s potential to grow both the long-term-care and death benefit has made it more appealing to male buyers. Sales of hybrid universal life products, she noted, tend to be more heavily weighted to women, as well as older buyers in or near retirement.



*Heather Deichler, Lincoln's  
senior VP for MoneyGuard  
product management*

## **Distribution Strategy**

Lincoln is selling the product through independent broker-dealers, Lincoln’s own broker-dealer, wirehouses and banks.

Lion’s Street’s Fontanini sees hurdles to achieving widespread adoption of variable life hybrid products like Lincoln’s among agents and advisors. He notes that many agents have let their securities licenses expire because of increased compliance burdens. Others have become fee-only registered investment advisors and no longer sell commission-based life products.

He highlights also the need to educate agents and advisors about the merits of the current crop of variable universal life products—among them agents who stopped selling the offerings after the market meltdown of the early 2000s.

“From a distribution perspective, there's still a lot of negative stigma about variable life products, he said.

One who doesn’t need convincing about the merits of Lincoln’s offering is Betty Harris Custer, a founding managing partner at Custer Financial Services. She said in an interview that the guarantees Lincoln has built into the product should prove appealing to buyers.

“Even in markets that are more volatile, I think the product is going to outperform and be an extraordinarily attractive option,” she said.

Elaine Tumicki, director of Limra's insurance product research, cautions that more companies would have to sell variable universal life insurance for it to become the "favored chassis" for hybrid long-term-care products.

"It may happen, but we're not there yet," she said.

Although the variable universal life segment has been growing, the top five carriers in the segment account for the 70% of the variable universal life policies in a Limra quarterly sales survey, she noted. Variable universal life sales increased by almost 70% in the second quarter, Limra reported earlier this month.

Premiums in the product segment have risen for 15 straight quarters.



*Elaine Tumicki, director of  
Limra's insurance product  
research*

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The Lincoln National Life Insurance Company

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**Lincoln variable universal life insurance is sold by prospectus. Carefully consider the investment objectives, risks, and charges and expenses of the policy and its underlying investment options. This and other important information can be found in the prospectus for the variable universal life policy and the prospectuses for the underlying investment options. Prospectuses are available upon request and should be read carefully before investing or sending money. For current prospectuses, please call 800-444-2363 or go to [www.LincolnFinancial.com](http://www.LincolnFinancial.com).**

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In most cases, based on our understanding of applicable law, the policy will be a Modified Endowment Contract (MEC) as defined in section 7702A of the Internal Revenue Code. Distributions from a MEC may be subject to income tax, and an additional 10% federal income tax penalty applies to taxable distributions received before the policy owner reaches age 59½.

*MoneyGuard Market Advantage®* is a variable universal life insurance policy with a Long-Term Care Benefits Rider (LTCBR) that accelerates the specified amount of death benefit to pay for covered long-term care expenses and continues long-term care benefit payments after the entire specified amount of death benefit has been paid. Any surrender benefit provided will be adjusted by any loans/loan interest/loan repayments, withdrawals taken, and claim payments made. The cost of riders will be deducted monthly from the policy accumulation value. The insurance policy and riders have limitations, exclusions and reductions. Renewability, Termination and Cancelability: The LTCBR is noncancelable. This means you have the right, subject to the terms of your policy and rider(s), to continue this rider as long as your policy stays in-force. The Lincoln National Life Insurance Company cannot change any of the terms of your policy and rider(s) on its own and cannot increase the monthly rider charges or monthly inflation charges. If your policy enters a grace period, we will allow 61 days to pay a premium sufficient to prevent your policy from lapsing. The Long-Term Care Benefit Rider may not cover all costs associated with long-term care costs incurred by the insured during the coverage period. All contract provisions, including limitations and exclusions, should be carefully reviewed by the owner. For costs and complete coverage details, contact your financial professional.

***MoneyGuard Market Advantage***® is issued by The Lincoln National Life Insurance Company, Fort Wayne, IN on Policy Form ICC20-MGV892/20-MGV892 with a Long-Term Care Benefits Rider (LTCBR) on Rider Form ICC20LTCBR-892/LTCBR-892, and a Value Protection Rider on Form ICC20VPR-892/VPR-892. Not available in CA and NY.

Long-term care benefits are set at time of claim and are based on the specified amount of death benefit and accumulation value in the policy. Benefit growth is not guaranteed, and unless on claim, values will increase and decrease daily due to selected investment option performance. Any LTC benefits paid will reduce the policy's specified amount and accumulation value.

The insurance policy and riders have limitations, exclusions and reductions; and are subject to medical underwriting. Long-term care benefit riders may not cover all costs associated with long-term care costs incurred by the insured during the coverage period. All contract provisions, including limitations and exclusions, should be carefully reviewed by the owner. For costs and complete coverage details, contact your agent or producer. A version of Lincoln Concierge Care Coordination is guaranteed for Lincoln *MoneyGuard*® solutions policyowners. However, the tools, resources and services may change or evolve over time.