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- Investments
- Corporate & personal pensions
- Long term care
- Key person and shareholder protection
- Income protection
- Retirement planning
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- Lifetime mortgages
- School/university fee planning

Please contact us
for further information

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Long term care

Caring for your future

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Preparing for the future: The facts about long-term care

Average life expectancy in the UK is rising – which is great in many ways, but it also means that long-term care has now become an issue for many of us. You may be investigating the possibilities on behalf of ageing relatives who can no longer care for themselves. Perhaps you're planning ahead in case you need it yourself, and you want to minimise the financial impact on your family.

There are many issues to consider, and they can differ according to your local health authority. That's why it makes sense to get expert advice if you want to ensure you and/or your relatives get the best possible care without endangering your family home or savings.

The right specialists can:

- Help you examine all the legal and financial options
- Explain what Social Services assessment procedures mean and advise you how to deal with them
- Tell you what benefits you're entitled to and how to claim them

In the meantime, here are answers to some of the most frequently asked questions about long-term care:

How does the Social Services department assess people?

Let's take an example, and assume that your aunt can no longer live alone and needs long-term care.

First, under Section 47 of the NHS Community Care Act, she must be assessed by her local Social Services to determine the type of care best suited to her needs. This could be Domiciliary Care, where she is looked after in her own home, or Residential or Nursing Care in a specialist home.

Once Social Services have confirmed that your aunt needs care, they will carry out a financial assessment (or means test) to decide the level of care required. Your aunt, or her representatives, will have to give full details of her assets, including her home, and any property she has sold or given away.

Do they always include someone's family home as part of their assets?

Under the Community Care Act 1993, Social Services can include a person's main residence when calculating their assets, unless one of the following is living there:

- Their husband, wife or registered partner
- A relative aged over 60
- A child under 16
- A disabled relative.

If not, the Local Authority must give them 3 months' grace before they can insist on a sale or put a charge on their home.

The latest research conducted by the Liberal Democrats estimates that 70,000 homes are at risk of having to be sold to fund care needs.

Can I protect my home by giving it to my children?

Unfortunately not. Local authorities have the right to investigate if they believe you have given away your home (or any other assets) to avoid liability for your care costs. This is known as Deprivation of Assets.

In fact, they have far-reaching powers to recover the value of any assets you have given away, including the right to demand their return (if it's less than 6 months since you disposed of them) or treat them as notional capital.

Does the government help financially with long-term care?

Broadly speaking, local government will meet part of the cost of caring for someone if they have assets of less than £21,000. The exact threshold depends on where you live.

As you can see, if you've saved for your later years or own your home, you are almost certain to have assets worth more than the threshold. That means you would be liable for most of the costs of your long-term care.

Can I take out an insurance or savings plan to help pay for long-term care?

Yes; there are two kinds of long-term care plans available: **Immediate Needs** plans and **Pre-Funded** plans.

Immediate Needs plans offer a monthly benefit in exchange for a lump sum payment. These plans are taken out when someone is already in need of or is just about to require care.

Pre-Funded plans are straightforward insurance policies, with either regular or single premiums. If it's a single premium, it's invested in a fund from which the units are regularly encashed to meet the insurance premium needed to cover the cost of care.

Nearly all companies stop collecting premiums once benefit is being received, but continue collecting them during the deferred period.

It is also worth noting that some Income Protection, Critical Illness and Whole-of-Life polices let you switch your cover into long-term care plans once you're past the age of 65.

Free nursing care

The Health & Social Care Act 2001 came into effect in October 2001 and established free care, provided by a registered nurse, for everyone in the UK. Depending on individual needs you will be entitled to an amount of weekly care free of charge. These figures change each year - contact us for further information

Allowances for people needing continuous 24-hour care

Once someone over 65 has needed care for more than 6 months, they may qualify for Attendance Allowance (AA), which is a non-means-tested and tax-free benefit.

People under 65 may qualify for Disability Living Allowance (DLA) if they have needed help for more than 3 months and are likely to go on needing help for another 6 months.

Case studies

The examples below are based on true case studies and have been simplified to ease understanding. Whatever your individual circumstances, it is recommended that you seek advice from a qualified financial adviser before you make any decisions about the funding of long term care.

Case Study 1

Mr A, aged 88, and his family decided he now needed residential care provided by a local nursing home.

Mr A, had income from pensions and other sources of £7,000. His projected nursing home fees during the first year were £20,000. The shortfall of income to pay his nursing home fees was £13,000.

Mr A had capital available of £80,000. The most competitive Immediate Needs Life Time Annuity at the time provided £13,000 per annum (index linked at 5% per annum) for a capital cost of £45,000. This means the shortfall in nursing home fees would be paid every year, for the remainder of Mr A's life. A 'capital protection facility' was also available, at an additional cost, which Mr A did not take up.

Case Study 2

Mrs B, aged 84, felt that she could no longer look after herself and decided that she would like to relocate to a residential care home near to her family.

Mrs B had income from pensions and other sources of £8,000 per annum. Her nursing home fees during the first year were estimated to be £19,000. The shortfall of income to pay her nursing home fees was £11,000.

Mrs B had capital of £260,000. Based on interest rates at that time, a 5% return could be obtained by investing in a suitable portfolio. This therefore provided Mrs B with an 'income' of £13,000 per annum, to help pay for her residential care costs.

Where can I find out more?

If you would like further advice on long-term care and how to plan for it, please contact us on **01633 844456**. One of our specialist advisers will be pleased to help you and answer your questions.

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