

## Key issues

Most people will need some sort of care or support in later life, whether in their own home or a nursing home.

State benefits are minimal and quite complex - advice is crucial to ensure you receive what you are entitled to.

Check that your adviser holds the CF8 qualification. This will mean they have specialist knowledge of care funding solutions.

Those with relatively little savings can find themselves having to fund their own care because the value of your home may be taken into account.

Lasting Power of Attorney is the legal document required in order to appoint somebody to act on your behalf should you become physically or mentally unable to make your own decisions.

Immediate Care Plans or Immediate Needs Annuities are specially designed to pay the proceeds to the care provider. This makes them tax-efficient and they should be considered when planning how to fund long-term care.

## Long-term care

As life expectancy rises, it is becoming increasingly likely that individuals will need some form of support or nursing care in later life, and for more prolonged periods of time. Care can be in the form of nurses or care workers providing services in the individual's home, or in a residential setting such as a nursing or care home.

## How much can care cost?

The average care home fees were around £28,000 per year in 2010. Whilst some people will be entitled to financial support from their local authority, many will be reliant on the various state benefits and on their own resources to pay for their care. Funding care and choosing a care home go hand in hand. It is imperative that the on-going fees for the chosen care home can be paid for as long as care is required. Specialist advice in the initial stages will identify what level of fees is affordable now, and in the future, assisting in the selection of the care home itself.

## State benefits

There are a number of benefits designed to help those in need of care, but these benefits are unlikely to provide sufficient funds to cover the cost entirely.

### Attendance Allowance

This is a tax free, non means-tested benefit payable to individuals over 65 years of age who have needed care for at least six consecutive months. There are two rates of Attendance Allowance.

**Lower rate** - for those who need care **either** during the day or the night the rate is £49.30 per week (2011-12 tax year).

**Higher rate** - for those needing care throughout **both** they day and night the rate is £73.60 per week (2011-12 tax year).

### Registered Nursing Care Contribution (RNCC)

If an individual is assessed as needing nursing care they can receive this additional care allowance. RNCC is a tax free, non means-tested benefit. In England the rate is £108.70 per week (2011-12 tax year).

### Continuing Care

NHS continuing care is free and not means-tested, however specific conditions must be met in order to qualify. If you qualify, the NHS will pay for healthcare in your own home or in a care home. To be eligible your primary need for care must relate to your health.

Those who have a complex medical condition that requires a lot of care and support, those who need highly specialised nursing support, or those nearing the end of their life (if they have a condition that is rapidly getting worse and may be terminal) are likely to be eligible.

If you have a disability, or if you've been diagnosed with a long-term illness or condition, this doesn't necessarily mean that you'll be eligible. To decide if you're eligible for NHS continuing healthcare, your care needs will be assessed by a health or social care professional.

## Means testing

Unless you make your own arrangements for care, your local authority will apply a means test to determine the level of funding you can afford. If you have assets above a certain level (in England it is £23,000, in Northern Ireland £23,250, in Scotland £22,750 and in Wales £22,000) then you will be expected to pay the full cost of your care. Your capital assessment could include the value of your home and any holiday homes as well as any savings or investments you have. The value of your property will be disregarded by the local authority if someone else is living in your property and they are:

- Your spouse or partner
- A relative aged over 60
- A relative who is disabled
- A child who is dependent on the person in care

## Twelve week disregard

If a property is being sold to fund care fees, the local authority can offer a period of 12 weeks to sell it - twelve week disregard. Provided other assets fall below the capital limit during this disregard period, the local authority may pay the care fees.

If the property remains unsold after 12 weeks, the local authority may offer a deferred payment agreement. All monies loaned by the local authority under a deferred payment agreement, have to be repaid when the property is sold or when the person needing care dies.

## Asset deprivation

Local authorities will investigate whether assets or income have been given away, or sold at less than market value. If assets are transferred within 6 months of needing care, the local authority has the power to recover those assets directly from the recipient and treat them as if the gift had never been made. If the gift occurred more than 6 months prior to the care need, they can still be included for means testing depending on the motivation of the person making the gift.

## Self-funding and advice

Whilst help from the State is likely to be minimal it is often perfectly feasible for people to fund lifetime care from within their income and asset base so long as they plan carefully from the outset and seek professional advice. Ensuring that your adviser holds the specialist qualification CF8 is your reassurance that they have full knowledge of the relevant State Benefits and private funding options, such as Immediate Care Plans.

## Lasting power of attorney

In the event that you become physically or mentally unable to make decisions for yourself in later life a Lasting Power of Attorney (LPA) enables a chosen individual to act on your behalf. You should not assume that a person will be able to act for you simply because they are a close relative. For this reason it is worth planning well in advance, to appoint someone you know and trust to manage your affairs.

There are two kinds of Lasting Power of Attorney:

**Property and Affairs LPA:** enables your attorney(s) to make decisions regarding how your money is managed and your property and other financial affairs are handled.

**Personal Welfare LPA:** covers healthcare and welfare, including medical treatment and where a person lives. It can give the attorney(s) power to refuse or consent to treatment on your behalf.

## Immediate Care Plans (ICPs)

An Immediate Needs Annuity or ICP is the only product designed specifically for those already in care or immediate need of care for funding long-term care costs.

A lump sum payment secures an agreed tax-free income directly to the care provider, guaranteed for the remainder of the annuitant's life. As a result, the annuity payments are not taxed as part of the individual's income.

The amount of income will depend on the individual's age and health at the time the annuity is purchased (with those in poorer health receiving higher payments due to shorter life-expectancy).