



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.

OUR ADVISERS

Aspira's care funding advisers all hold the industry required CF8 qualification - Long Term Care Insurance. This is your reassurance that your adviser has specialist knowledge of the range of financial solutions available for care funding.

How much can care cost?

The average cost of the residential care is now £32,344¹, some £11,300 more than the average pensioner income of £19,900². 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.

¹How much does care cost, cost in 2017/18, payinforcare.org, accessed 26.3.19

²Retirement incomes soar 30% in five years to an annual £20k as markets boost pensioners saving pots, 20.03.18, www.thisismoney.co.uk

State Benefits

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

State Pension

From April 2019, pensioners on the new flat rate pension will see their weekly payments increase to £168.60 from £164.35 currently, while the old state pension will rise to £129.20.

Attendance Allowance

If you're over 65 and need help with bathing or eating (whether at home or in care) you may be eligible for Attendance Allowance. If you require around the clock care then you would receive the higher rate, whereas those requiring part-time help would receive the lower rate.

ATTENDANCE ALLOWANCE –PER WEEK TAX YEAR 2019/20	
Higher Rate	£87.65
Lower Rate	£58.70

Registered Nursing Care Contribution (RNCC)

If an individual is assessed as needing nursing care they can receive this additional care allowance. You should receive it if you live in a care home registered to provide nursing care, and you don't qualify for NHS continuing healthcare but have been assessed as needing care from a registered nurse. RNCC is a tax free, non means tested benefit. In England the standard rate was £158.16 per week with effect from 1 April 2018.

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 and Northern Ireland it is £23,250, in Scotland £27,250 and in Wales £40,000*) 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.

* With effect from April 2018.

12 week disregard

For the first 12 weeks of your residential care, the value of your home is not taken into consideration by your local council in its assessment of how much you should contribute to your care home costs. This gives you breathing space to decide whether you want to stay in care permanently, without the pressure of having to sell up straight away. The 12-week disregard scheme is open to anyone who does not have enough savings, income or assets apart from their home to pay for the full cost of care. You are not entitled to go on to the disregard scheme if your assets are valued as being higher than the savings threshold or you have had a social care assessment.

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.

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).

Information in this factsheet is correct at time of going to print.

If you want to know more about care funding we'd love to hear from you:

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