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SIMPSON FINANCIAL SERVICES

FACTSHEET PROTECTION

CARE FEES

Providing specialist care in your later years

Today, the cost of care is a major concern for many people, with the average level of pension savings unlikely to be enough to cover any long-term care requirements in addition to providing a retirement income.

The cost of paying for care home fees can potentially run into the hundreds of thousands of pounds, putting a significant amount of pressure on families, usually at a time of illness or stress. Before you or a loved one makes the move into a residential or nursing home, there are a number of things you need to consider to make sure that you are making the best decision for the long term, both financially and emotionally.

SOCIAL SERVICES ASSESSMENT

You'll need to prove that you actually do need to live in a care home. You or a family member will need to contact social services, who will organise an assessment to be carried out free of charge. Bear in mind that your local authority's qualifying care threshold may well be higher than what you judge is sufficient.

A social services assessment can also look at the options available to you if you need permanent 24-hour social care (within a care home) or if you need social and nursing care (within a care home registered to provide nursing care).

MEANS TEST

You'll have to show you do not have the money to pay for the care yourself with a means test. As part of your assessment, social services will work out how much you have to pay through a financial assessment.

If you have less than the upper assets limit (which is £23,250 in England and Northern Ireland), you will be eligible for help from the local authority.

STANDARD RATES

Your local authority usually has a standard rate, which is the amount it is prepared to pay for a care home. You will be given a list of homes that fall within the rates bracket, although you can also choose your own similarly-priced option.

The funding for your care is provided by the local authority. If you do not meet its criteria, you will have to pay for your care yourself, although you should make sure you have regular reviews, as once your personal savings fall below the savings upper limit, the charge should be reduced.

Remember, even if you are paying your own fees to start with but think you might need to ask for help further down the line, it is worth checking out roughly how much the standard rate is so that you don't have to move to a less expensive home at a later date.

CHALLENGING YOUR LOCAL AUTHORITY

There is nothing stopping you from challenging your local authority about their standard rate.

The Government is keen that those moving into a care home should be able to exercise genuine choice (within reason), and, as such, local authorities should not have a fixed maximum rate.

Social, psychological and emotional needs must be taken into account, and therefore moving to a home in a more expensive area to be close to relatives should be taken into consideration.

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YOU DON'T HAVE TO USE YOUR PROPERTY AS CAPITAL

In theory, you don't have to use your property as capital if certain close relatives still live there, although the local authority may take your share into account when working out how much you own.

If you live alone, your home will usually be counted 12 weeks after you move permanently into a care home. During this time, the local authority should help with payments as if you did not own property.

After 12 weeks, local authorities may run deferred payment schemes. This is essentially an interest-free loan, and means it will pay towards your care-home fees, up to the standard rate, for as long as you live. You do not need to sell your home but you must still pay what you can from your income. After your death, they will claim back the outstanding cost from the sale of your property, so that you don't have to sell it while you're alive.

INHERITANCE PROTECTION

The major concern for many over long-term care costs is that they can wipe out any inheritance you hoped to leave – an immediate-need annuity may be the answer you are looking for.

Alternatively, you could try and protect your loved ones' inheritance by reducing the size of your estate. This could be achieved by dividing it up with a protective property trust or home protection plan. However, although this may limit the amount of capital a surviving partner is assessed on if they need to go into long-term care, the local authority may overlook the transferred shares if it decides the move was a deliberate tactic to get around means testing.

PROFESSIONAL FINANCIAL ADVICE YOU CAN TRUST

No one wants to spend their final years with little choice as to how or where they are cared for. Planning ahead and putting some savings away now will give you peace of mind. It will also ensure that you are not a financial and emotional burden on those nearest and dearest to you. To discuss your situation and review your options, please contact us.