CHILTERN CONSULTANCY

INDEPENDENT FINANCIAL ADVISERS

Later Life Care

What are your choices?

Later Life Care

A Chiltern Overview

If you are currently faced with the prospect of finding care for yourself, a relative or a friend you are probably feeling emotionally drained right now.

The process of finding suitable care and sorting through the legislation, can be extremely hard.

Add to this the often confusing financial situation and it is not surprising to learn that many people feel tired, stressed and worried at a time like this.

Chiltern Consultancy is a professional business that can provide advice to families facing the dilemma of funding for private care fees.

We are able to demonstrate a genuine and caring approach at what is one of the most demanding times of family life.

Chiltern have put together a comprehensive guide that helps to explain the options and solutions that are available to you and your family.

These include how to make the most of your money when funding for care fees is required

Our Later Life Care expert is:

Nick Kidby, DipPFS, Independent Financial Adviser CMS, CERM.

Nick is a member of the Personal Finance Society, the Chartered Insurance Institute, a Symponia Later Life Care specialist as well as a Certified Mortgage Specialist.

Nick primarily works within the professional market, advising clients that have been referred to him by accountants and solicitors.

Through a holistic approach, Nick helps his clients to consider and define their individual planning objectives. He explains the options available and supports clients in making informed choices that provide them with confidence in their financial future.

To talk to Nick or one of our specialist advisers call us on 01494 451441

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Choosing a care home

Should the need arise to move into a care home, it is important to start the process of choosing one which is right for you.

If you are self-funding the cost of your care, it is especially important to find a facility which not only matches your care needs, but is also affordable and sustainable for life.

At a time already fraught with stress and uncertainty, this can be a daunting task.
Don't worry though.

With the right planning you can select the care home of your choice without the worry of wondering if you will have enough funds to stay there for the rest of your life.

What happens if I have to self fund my care?

With the average cost of care being £29,250 per annum, it is always advisable to seek care funding advice when choosing a care home.
You could, after all, find yourself living there for many years.

Our independent financial advisers can help you:

- Handle the Treatment of your Property
- Understand your rights when choosing a care home
- Put together a shortlist of potentially suitable homes for you to visit
- Accompany you on any visit to discuss the financial implications
- Liaise directly with the care provider on your behalf with a view to agreeing a bespoke financial contract around future care fees

KEY FACTS

- **You will have to pay for your own care in England if your capital exceeds £23,250**
- **The average cost of care in the UK is estimated at £29,250* per annum for residential care and £39,300* per annum for Nursing care**

*Source: Laing & Buisson Care of Older People, UK Market Report 2014/15. The above figures are regional averages.
Please note that these costs can be considerably higher depending on the quality of the accommodation and facilities offered.

Immediate Needs Care Plans

An Immediate Needs Care Plan is a tailor made product for those assessed as needing care. It is a type of annuity that provides a guaranteed income for life in exchange for a lump sum investment.

Care can be expensive and can quickly erode your capital.
An Immediate Needs Care Plan is one way to offset this risk and generate a steady stream of income to fund long term care.

As the plan continues paying out for life, you can rest safe in the knowledge that your funding needs will always be taken care of.

Is an Immediate Needs Care Plan suitable for me?

There are an array of financial strategies that can be used to fund care costs, so it's always advisable to speak to an independent financial adviser to find out if an Immediate Needs Care Plan is right for you.

Talk to one of our advisers in confidence and without obligation about crafting a solution which will aim to guarantee to pay care fees for life, whilst also preserving the value of remaining capital.

KEY FACTS

- **If you are concerned about losing a large amount of capital, an Immediate Needs Care Plan can be purchased with a capital guarantee. This will add further cost to the plan - so the pros and cons need to be fully weighed up**
- **If cost is an issue, it is also possible to purchase a 'Deferred' care plan. After a qualifying period these plans can provide an income to pay for care for life and in the meantime will keep you in control of more of your capital, thus reducing the overall risk of significant capital loss**

Domiciliary Care Funding

Domiciliary care is provided in the home and may involve help with tasks such as getting up in the morning or bathing.

This type of care is traditionally provided by partners, family and friends, as well as professional help and support.

How do I self fund domiciliary care?

If your income and capital means you have to pay part or all of your domiciliary care costs, you needn't worry. While domiciliary care can be very expensive, there is an array of financial strategies we can take advantage of to put an affordable and sustainable plan in place.

Later life solutions available to you could include:

- Social services providing full or split funding through direct payments
- Releasing money from your property to pay for your care
- Investments to create new income streams
- Immediate needs care plans
- Ring-fencing your hard-earned capital from spiralling care costs
- Advising on what state benefits you are entitled to
- Lasting Power of Attorney

KEY FACTS

- **If you live in England and have over £23,250, you will be required to pay all your domiciliary care fees**
- **70 percent of local authorities restrict home care to those with critical or substantial needs**

Nursing Care Funding

Nursing care offers all the support and accommodation of a residential home, plus the benefit of specialist care from a qualified registered nurse.

If you require nursing care and have more than £23,250 in assets, you may have to pay all of your accommodation costs.

Nursing care can be expensive and often costs more than the equivalent accommodation of a residential care home. Don't worry, though.

There is an array of strategies we can use to help sustainably fund nursing care for the rest of your life, whilst preserving your capital.

These include:

- Advising on and helping you claim NHS Continuing Care
- Creating new income streams out of your capital to fund your care
- Assisting with the sale of property
- Releasing equity from property where you don't wish to sell
- Advising on Immediate Needs Care Plans
- Ring-fencing remaining savings and other capital from spiralling care costs
- Advising on what state benefits you are entitled to
- Setting up a Lasting Power of Attorney

KEY FACTS

- **If you are assessed as having to pay your own nursing care fees, you will receive no further support or guidance from your local authority.**
- **Even so, as a self funder you are entitled to the NHS Registered Nursing Care Contribution - a small weekly contribution towards your care costs.**
- **The typical cost of nursing care in the UK is £39,300 per annum, compared with around £29,250 for residential care, yet the NHS currently only provides just over £5,600 per annum towards nursing care in a registered nursing home**

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Residential Care Funding

Residential care typically provides accommodation, meals, laundry, a programme of social activities as well as help with day-to-day basic care needs such as washing and dressing where required.

If you are assessed as having to pay for your own care, then you will receive no further support or guidance from your local authority. If this is the case, you needn't worry.

There are steps we can take to help you self fund care for the rest of your life whilst protecting your capital from spiralling costs.

Our residential care fee services include:

- Creating new income streams out of capital
- Assisting with the sale of property.
- Releasing equity from property where you don't wish to sell.
- Advising on Immediate Needs Care Plans
- Ring-fencing remaining savings and other capital from spiralling care costs
- Advising on what state benefits you are entitled to
- Setting up a Lasting Power of Attorney

KEY FACTS

- **Residential care is often needed when home-based care is either not available or appropriate**
- **It is your right to receive a professional assessment of your care needs by your local council**
- **If your total assets exceed £23,250 you are unlikely to be eligible for any financial support and you'll be classed as a 'self funder'**

Self Funding Care

You are unlikely to qualify for financial support if your assets, including property, are valued over £23,250 (2015/16). That's why thousands of people are told each year they have to fully self fund the cost of their long term care.

At a time fraught with uncertainty and high emotions, the sudden emergence of costly care fees can be a heavy burden to shoulder. Don't worry, though.

There are a variety of strategies we can implement to bridge the shortfall between your natural income and the cost of care, whilst aiming to preserve more of your capital.

We will explain all of the options available to you, including:

- the best ways to create new income streams from your capital
- releasing funds from your property
- Immediate Need Care Plans which provide a guaranteed 'tax free' income to pay for care for life
- ring-fencing remaining hard-earned capital from spiralling care costs
- advising on what state benefits you are entitled to and helping to obtain them
- arranging for appropriate legal authority through a Lasting Power of Attorney

Whether you require advice for domiciliary care funding, residential care funding or nursing care funding, allow us to create a solution which is right for you.

KEY FACTS

- **You are entitled to a professional assessment of your care needs by your local adult social services**
- **If you have assets and property in excess of £23,250, you will typically have to pay all your care costs**

The treatment of your property

In assessing whether you will receive any funding support towards the cost of your care, your home will usually be included in the financial assessment and its notional value will be treated as capital. You need only to have more than £23,250 in capital to fail the local authority means-test.

Owning your home (without having any other capital), will mean that after the first twelve weeks of care you will not receive any support towards the cost of your care.

Twelve Week Property Disregard

If your former home is included in the means test but your other capital is less then £23,250, and your income is not enough to meet the care home fees, your local authority will help with the cost during the first twelve weeks of permanent care (as if you were local authority funded).

After the first twelve weeks

After 12 weeks you will be paying the full cost of your care. Any agreement to receive ongoing funding support from your local authority will be treated as a deferred loan and will eventually need to be paid back from the sale proceeds of your property.

It is generally not in your best financial interest to hang on to your property simply in order to receive a deferred funding arrangement from your local authority, as this will have a significant impact upon your long term ability to pay for care and preserve more of your capital for those who you wish to see benefit from it.

KEY FACTS

There are a few notable exceptions where your property will be totally disregarded under a financial assessment.
These are where your property is occupied by a spouse or partner, a relative aged 60 or over or who is incapacitated, a child under the age of 16 who the resident is liable to maintain, a lone parent who is the resident's estranged or divorced partner

Assessment of capital

If you are unsure about how to pay for long term care, the first step to take is to find out whether you're eligible for local authority funding.
This requires an Assessment of your Capital.

Contact the adult social services team at your Local Authority who will look at your income and capital thereby calculating how much you may have to pay towards your care fees.

If you prefer, Chiltern Consultancy can also verify this for you by carrying out a private assessment.

What happens if I have to self fund my care?

If you live in England and have over £23,250 in capital, you will be required to pay all of your care fees. Don't worry, though.
With the right financial planning it may be possible to sustainably fund your care, whilst protecting your life savings and assets from spiralling care costs. Naturally this will depend upon how much capital you have at your disposal.

We will explain all of the options available to you including:

- How best to create new income streams from your capital to pay for care
- Using your property to release funds
- Using Immediate Needs Care Plans to provide a guaranteed 'tax free' income to pay for your care for life
- Ring-fencing your remaining hard-earned capital from spiralling care costs
- Advising on what state benefits you are entitled to
- Lasting Power of Attorney

KEY FACTS

- **Your local authority will carry out an assessment of your capital and income to determine how much you have to contribute towards your fees**
- **They will consider your accumulated wealth including property, savings and investments**

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Gifting assets

Most of us spend our lives working hard, building savings and a family inheritance we are proud of.

So it is understandable if you are concerned about protecting your hard-earned wealth from risks such as taxation and care costs.

Gifting assets is one way we can help you plan in advance to safeguard assets against later life expenses.

Protecting your wealth and assets

There are multiple reasons why you may want to gift an asset. These include:

- Avoiding inheritance tax.
- Relief from the responsibility of owning an asset
- Avoiding the cost and complexity of probate
- The enjoyment of being able to see your loved ones benefit from your gift
- Gifts to charitable causes
- Education costs for grandchildren

Gifting assets is a legally complex path to walk.
So talk to one of our advisers in confidence and without obligation about how to safely and securely transfer your wealth.

KEY FACTS

- **Most people are aware of the seven year rule associated with gifting to avoid inheritance tax. But did you know that there are legitimate ways to reduce this time frame to just two years?**
- **You are not allowed to retain any personal benefit in any gifted assets in order to avoid inheritance tax**

Deprivation of assets

Deprivation of assets is the term applied by local authorities to cover the ways in which the owner of an asset might transfer it out of their possession in order to avoid the cost of care. Some people, for instance, might try to sign away the title deeds of their home to their children.

The rules governing the deprivation of assets are complex and, in many cases, will influence your local authority means-test for care home provision.

So it is always advisable to seek professional guidance if you are considering planning to avoid your assets being caught in the means-tested net.

Can't I just give away my assets?

Like you, many of our clients have worked hard all their lives to acquire financial stability and feel aggrieved by the prospect of costly care fees eating away the family inheritance.

Even so, simply giving away your assets doesn't mean they won't be counted in your financial assessment. The local authority will look for evidence of deliberate deprivation of capital such as your property.

KEY FACTS

- **If your local authority finds you have deliberately deprived yourself of capital they will consider you as having 'notional capital' to the value of that which you disposed of**
- **If the sum of your 'notional capital' and actual capital exceeds the means-tested threshold of £23,250, your local authority will assess you as being able to meet the full cost of your care**
- **There are many legitimate reasons why you might want to transfer your assets, which will avoid you falling foul of the deliberate deprivation rules, such as reducing / avoiding inheritance tax**

Appointing an attorney

Many of us will require some form of care in later life.
So it is important to put measures in place ahead of time to ensure you and your family are protected should unforeseen events arise.

You can attain peace of mind by appointing someone you trust with legal authority to handle your financial affairs if you are no longer able to do so yourself.

This is achieved through a Lasting Power of Attorney

Setting up a Lasting Power of Attorney

- With professional guidance you can ensure your Lasting Power of Attorney is legally robust and mirrors your exact wishes. Our independent financial advisers can help you:
- Decide who you should appoint as your attorneys
- Whether you need more than one attorney
- Whether you need to appoint any replacement attorneys
- Who else should be told about your application
- What powers you are conveying to your attorneys
- What restrictions you would want to place on them
- Whether your attorneys are to be paid or not
- Act as your Part B Independent Certificate Provider and liaise with the Court of Protection to get the document registered

KEY FACTS

- **We have found that most people prefer to pay a fixed fee, so that you know up front exactly how much it will cost to both set up & register your LPA**
- **We operate on a competitive fixed fee basis**

Tax Efficient Investments

As we head into later life, our needs and priorities often change.
Care fees, home repairs and holidays are but a few of the expenses which can put a strain on our hard-earned capital.

We can use Tax Efficient Investments to offset such later life costs by making more from your money and reducing liability to income, capital gains and inheritance tax.

Investing your money in later life

There are an array of investment options we can consult on and implement to help you generate tax free capital growth and/or new income.
Once we've assessed whether investing money is right for you,
your Tax Efficient Investment could include:

- Inheritance tax efficient investment portfolios
- Onshore and offshore investment bonds
- Enterprise investment schemes
- Venture capital trusts
- Individual savings accounts (ISA)
- Immediate needs care plans

KEY FACTS

- **Tax Efficient Investments can help you retain more of your money by paying less tax**
- **In later life, it is important to make sure you are fully utilising all available tax allowances**

PLEASE NOTE:
'VCTs are high risk investments and there may be no market for the shares should you wish to dispose of them. You may lose your capital"
"Enterprise Investment Schemes (EISs) are very high-risk investments.
An EIS investment is usually concentrated in one single unquoted trading company.
Often there is no market for the shares and it may therefore be very difficult to make a disposal. There is a strong possibility of the chosen company failing"

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To arrange an informal, no obligation meeting at home,
your workplace or at our office in High Wycombe, please contact us

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