



# WATERMARK

## Financial Planning

GUIDE TO

# LATER LIFE CARE

PLANNING FOR ONE OF THE  
BIGGEST SOCIAL CHALLENGES IN  
THE COMING YEARS



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## Financial Planning

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**H**ave you thought about the cost of care in later life? One of the biggest challenges of the 21st century is Britain's ageing population. There is continually much talk about later life care in the media, and it's a subject that is going to be one of the biggest social challenges in the coming years.

As later life care becomes more prevalent, whether you are considering this for yourself or a relative, the challenge of covering the costs involved can be significant. In addition, the options for funding later life care are fiendishly complex.

GUIDE TO

# LATER LIFE CARE

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Planning for one of the biggest social challenges in the coming years



## COMPLEX, SENSITIVE SET OF CHALLENGES

Looking after the care needs and financial affairs of your loved ones as they grow older presents a complex, sensitive set of challenges. Under the changes proposed in the Care Act 2014, which received the Royal Assent in May 2014 and which came into effect in April 2016, the funding of elderly care changed significantly.

One of the perceived benefits under the new system is that eligible care costs are to be subject to a lifetime cap from 2020. This is not as beneficial as it may seem, however, because the cap does not include the 'board and lodging' element of the care costs, which currently normally exceeds £1,000 per month. Furthermore, the legislation provides that these costs may be varied in line with average earnings.

## DESTROYING ANY HOPES OF PASSING WEALTH

Within a matter of only a few years, a family's assets built up over generations can disappear in the payment of care home fees. Choosing the wrong approach can bleed families dry financially, destroying any hopes of passing wealth on to the next generation. Increasingly, those in the sandwich generation (a generation of people who care for their ageing parents whilst supporting their own children) also need to be considerate of their future needs, the costs and not becoming a burden on their own children.

Later life care is a very broad term, covering everything from temporary placements for those who need to recuperate from a fall or illness, to round-the-clock dementia care and end-of-life palliative care. You or a family member may need different types of care at different times in life, so it is important to build in flexibility to meet changing needs.

## FINANCIAL PICTURE AND APPROACH CAN CHANGE

Depending on what type of care is needed, the financial picture and approach can change. Some

forms of benefit are only available to those with very severe medical needs, while different rules apply when care is likely to be temporary rather than permanent. There are also some forms of care available at home, which can be a less costly alternative to full residential care, depending on the needs of the individual, while warden-controlled or sheltered housing can also be an option.

## FIRST STEP TOWARDS GETTING HELP AND SUPPORT

A local authority care assessment – or social care assessment – from your local council is a good place to start, particularly if you are confused about a relative's needs, and is essential if you are hoping that the council will fund any part of their care. It can also be the first step towards getting the help and support needed for everyday life.

The council has a statutory duty to provide this, and it should be carried out by a qualified health professional. The aim of a care needs assessment is to work out how much help is needed. After it is completed, a care plan will provide advice detailing what type of care is appropriate, and they'll carry out a financial assessment. This is called a 'means test'. This will work out if you need to contribute towards the cost of care, and whether the local authority will pay for all or some of the care costs.

## FINANCIAL SUPPORT FROM THE LOCAL AUTHORITY

It is a common misconception that gifting away a property will mean it cannot be taken into account as an asset for assessing care costs if the time between the gift and the need to go into care is significant. This is not strictly the case. However, a property occupied by a dependent over the age of 60 cannot be counted as an asset for this purpose.

If you have a relative that lives in England or Northern Ireland and they've been assessed as needing a care home place and their capital

is below £23,250 (or in Scotland £26,500 and Wales £30,000), they should be entitled to financial support from the local authority. In England or Northern Ireland, a proportion of the cost is paid until the capital falls to £14,250, but this is different in Scotland and Wales.

## REQUIRING NURSING CARE OR OTHER SPECIFIC CARE

Not all types of care home are suitable for all needs. If your relative needs nursing care, for example, they will need a home that offers more support than an ordinary care home. For those requiring nursing care or other specific care, the bill is higher, while some people may wish to choose more expensive care homes for their relatives because they prefer the facilities or the ambience.

If you do this, you need to ensure your relative will have sufficient money to stay there for a potentially long period of time, or that your family is able to pay any proportion of the bill that is not being met by the local authority.

## When planning for later life care needs, think about:

- Who (in your family) most needs care and for how long
- Whether you need a care plan now
- Whether you should be planning ahead for yourself, a loved one or other relative
- Whether you have the money to pay for care
- How long you might need to pay for a care plan
- Whether home care or a nursing home is required
- What kinds of things would be required of the help, for example, help with dressing, using the toilet, feeding or mobility
- Whether you find that your home requires additional features such as a stair lift, an opening and closing bath or a bath chair, and/or home help

## HOW TO FUND THE COST OF CARE PROVISION IN LATER LIFE

We are all likely to live longer

**“ACCORDING TO CHARITY HOSPICE UK, ONE IN FOUR (25%)<sup>[1]</sup> PEOPLE WHO REQUIRE END OF LIFE CARE AND THEIR FAMILIES ARE NOT GETTING THE SUPPORT THEY NEED – ESPECIALLY THOSE WITH CONDITIONS OTHER THAN CANCER.”**

and healthier lives than past generations but with the added challenge of how to ensure we have adequate resources to allow us to live the life that we would like in those later years. Understandably, the problem this subject poses is how to fund the cost of care provision in later life, which can be very worrying for many families.

We understand that making plans for your later years – or an elderly parent's – is a sensitive and emotional process. There is the uncertainty of not knowing whether you will need some form of care in the future and, if so, to what extent. And, of course, you'll need to know the financial implications.

## HELPING TO UNDERSTAND THE PROCESS AND ADVISING ON A RANGE OF OPTIONS

*None of us know what our future holds. However, with the right planning, we can be prepared. For your peace of mind and to find out how to manage finances for later life care – whether for yourself or a relative – we can help you understand the process and advise on a range of options. Please contact us for more information.*

# WANT TO DISCUSS ANY ASPECTS OF LATER LIFE CARE FUNDING?

We can discuss the different funding options available to you, and where possible coordinate all aspects of later life care.

**Please get in touch to discuss any concerns you may have, whether for yourself or a relative – we look forward to hearing from you.**

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