SYMPONIA
SIMPLY
REASSURING

Our Trusted Care Fees Planning Handbook

Contents

SIMPLY TRUSTED

Introduction

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 out the legislation, not to mention helping your loved one come to terms with the significant changes to their lifestyle can be extremely hard.

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

We really do know how you feel. Symponia was formed to bring together a national and unified organisation to ensure that every family facing the dilemma of funding private care fees would have access to a suitably qualified adviser, not just local to them, but also well versed in the subject of care fees planning and able to demonstrate a genuine and caring approach at what is one of the most demanding times of family life.

We have brought together what we believe are the salient points, and although not designed to negate the need for professional advice we are pleased to bring you this comprehensive Care Fees Planning Handbook.

All our members are hand-selected for their compassion, knowledge levels and empathy. They are all authorised and regulated by the correct governing body which, depending on their membership status, will either be the Financial Conduct Authority or the Solicitors Regulatory Authority.

The details of your nearest member should be on the very back page of the handbook, or you are viewing this online, simply use the ‘find a local member’ section on our website.

Why advice is key

This handbook is designed to help set the scene, to provide a reference source and to point you in the right direction at the earliest opportunity.

Life throws us many curved balls and as such we have been exactly where you are now. Within the past 18 months we have needed to locate and secure the appropriate care and NHS funding for very close family members. It was extremely difficult for us and this is our field.

This means that now, more than ever, our overriding message to you couldn't be simpler really, take specialist financial advice as soon as you can.

Taking advice from a Symponia member now, means that not only can you buy some much needed breathing time but the exercise will help your peace of mind, giving you the reassurance that you have acted with complete impunity.

Your Symponia member will help you ensure that:

- You have explored all the care options available
  - Enabling you to select the most appropriate care package, which could be within the person's own home or in a more formal care setting
- You have investigated the best and most comprehensive way to fund the agreed care package
  - Bespoke & dedicated financial products are available which you won't have access to unless you seek advice
- You understand the legislation and how it applies to the person needing care
- You are confident that all State Benefits and/or NHS funding are being claimed
- You and the person in care are able to fund the care wanted, not the care perceived to be affordable
  - The right advice and application of previously unknown solutions makes what may have been thought unaffordable a realistic choice
- Funds have been utilised to the full and wherever possible shouldn't run out.

Contact your local member

Ensure you have the Legal Power to Act

If you and/or other members of your family want to look after the financial affairs of the person needing care, and the person is able to give their consent, the best and most effective way to do this is by means of a Lasting Power of Attorney (known as a Continuing Power of Attorney in Scotland).

This is a legal process whereby the person, acting as the donor (granter in Scotland), gives permission for one or more people to act and make decisions about their property and financial affairs (becoming the attorneys) on their behalf, either immediately or at a specified time in the future.

This authority can be limited to one or two specific items or it can be all-encompassing, but the whole process can only be established if the donor/granter has full mental capacity at the time the power is granted.

If a person does not have close family members to appoint, it is possible that a solicitor and/or family friend could be nominated instead. It may be a wise decision for everyone regardless of age and health to establish a Lasting Power of Attorney as soon as possible.

There are two different types of Lasting (Continuing) Power of Attorney (LPA):

Property & Financial Affairs

This is similar to the old-style Enduring Power of Attorney (pre-dating 1st October 2007) and can be used both before and/or after loss of mental capacity (depending on the donor/granter's wishes).

But unlike the old system the LPA must be registered with the Office of the Public Guardian before it can be used (regardless of mental capacity).

Health & Welfare

This includes making provisions for the giving or refusing of consent to medical treatment/intervention in circumstances where the donor/granter can no longer make such a decision. It is important to note that the welfare LPA can only be used after the donor has lost mental capacity.

Discuss this with a solicitor

Enduring Power of Attorney

Up until 30th September 2007, it was possible for people to draw up an Enduring Power of Attorney. These documents are still perfectly legal, and it will be possible for named attorneys to use the powers within these existing documents, although the following points should be observed carefully:

- No new Enduring Powers of Attorney can be made
- Amendments cannot be made to existing documents

Should an attorney pre-decease the donor, a new Lasting Power of Attorney may need to be drawn up and if the donor no longer has mental capacity then an application will have to be made to the Court of Protection. This will necessitate the appointment of a Deputy to manage the donor's property and financial affairs.

It isn't necessary to register the Enduring Power of Attorney before it can become effective, providing the donor still has mental capacity.

The document must be registered with the Office of the Public Guardian at the onset of mental incapacity. An Enduring Power of Attorney doesn't enable the attorney to make substantive decisions about the donor's health and welfare.

Office of the Public Guardian

What if no Power of Attorney exists?

A lasting power of attorney can only be drawn up if the donor/granter has sufficient mental capacity, meaning that if the person needing care has already lost this ability and can no longer make reasoned decisions on their own, then they will need to make an application to the Court of Protection (Sheriff Court in Scotland) for the appointment of a Deputy.

A representative of the person (relative, close friend or solicitor) aged 18 or over will need to apply to become their Deputy (Guardian in Scotland), which involves an application, associated fee and a vetting process, resulting in the representative being legally responsible for the following:

- Finances
- Property, where they live and/or whether they need to go into care
- Healthcare, including medication and surgical consent
- Personal welfare, encompassing clothes, food and general well-being

The Deputy must be able to comply with five statutory principles laid out in the Mental Capacity Act 2005:

- A person must be assumed to have capacity unless it is medically established that he lacks it
- A person is not to be treated as unable to make a decision unless all practical steps have been taken to assist without success
- A person is not to be treated as unable to make a decision merely because he makes an unwise one
- An act done or decision made under the act on behalf of a person who lacks capacity must only be done or made in their best interests
- Before the act is carried out or the decision is made, regard must be given to whether the purpose for which it is needed can be effectively achieved in a way that is less restrictive of the person's rights and freedom of action

Deputies are assessed to see what level of supervision they need by the Office of the Public Guardian and the level of support is reviewed regularly. Deputies should seek advice from financial advisers qualified in care fees planning when looking to fund care fees or investing capital to meet their ongoing needs.

SIMPLY HELPFUL

Funding Care

If a person's capital and savings and/or income push them outside the means test thresholds they will generally be responsible for the funding of their own care fees until such time as their money falls below the appropriate threshold.

However, with careful planning it may be possible to structure their finances in such a way that care fees can be paid indefinitely, without worry about the future or what might happen if the money runs out.

Most families wish to ensure that their relative can stay in the chosen care home for the rest of their lives as well as safeguarding as much of the existing capital as possible.

Immediate Care Plans

There are dedicated tax efficient financial policies available. These are called Immediate Care Plans (also known as ICPs, Immediate Annuities or Care Fees Payment Plans), and are specially designed to cover all or part of the cost of a person's care fees, and, whilst they are not a universal panacea, they can, in the right circumstances, provide an ideal solution.

Once established, the plan will pay an agreed tax-free amount at regular intervals, directly to the care provider, for the rest of that person's life.

Benefits can increase over the years to help keep pace with care fee increases.

A lump sum is required to purchase such a plan and this is calculated individually on age and health.

This type of policy should always be considered as part of the solution and included as an integral part of the overall financial plan for the elderly person concerned, especially as it can help to cap the cost of care and protect the elderly person from outliving their capital.

As mentioned they will not be right for everyone, but they should always be considered alongside all the other options for paying for care.

An Immediate Care Plan provides peace of mind and enables the person in care to have financial independence, dignity and choice of where they receive care.

Contact your local member

Capital protection can also be included, to cover situations where the elderly person dies shortly after purchasing the plan. It is essential that advice is sought from qualified long term care advisers when looking at the funding of any care fees.

It is extremely important that you seek out advisers who have the qualifications required by the Financial Conduct Authority (FCA) to give long term care advice and who are also experienced in dealing with elderly-care matters. If you would like to discuss an ICP with a qualified adviser, with no obligation, please give us a call by using the number on the back page.

SIMPLY
UNDERSTANDING

If we took out a care plan what would it cost?

As mentioned, the cost of an Immediate Care Plan is individual and tailored to the circumstances of the person needing care, the points taken into consideration are age, medical condition and the amount of annual benefit needed. Care costs do vary throughout the country, and as everybody's financial situation is different it is not possible to give a definite cost. However, we have included a synopsis from a real case, the Carter family, and this gives an idea of the sorts of calculations involved.

Meet the Carters

Jeff and Sophie Carter sought advice in February. They had been referred by a local care home, and they were anxious to sort out the continued care fees for Jeff's mum, Mildred. At 86 Mildred was in hospital after a period of memory loss and a series of falls necessitated her admission, and although her health improved slightly, her family did not believe that she could continue to live safely in her own home.

The family found a care home that they were all happy with and Mildred moved in for a trial period. It was just after this stage that they met their specialist adviser, and during the first meeting they discussed their wishes and objectives. Firstly the family wanted to make sure that Mildred could stay in this home for the rest of her life, and secondly they wanted to make sure that she didn't worry about her money. Mildred herself also had concerns; she really wanted to leave some of her money as an inheritance to her family, and she was really worried that her care bills would prevent this wish.

Local Authority help with care fees is rigorously means-tested and as Mrs Carter had over the threshold in capital and income, she would not qualify for any state assistance.

The family placed the property on the market and by mid April they were ready to implement a structured financial plan. The important part of any care fees planning exercise is to establish several key points, making sure that the actual plan, the monthly benefit level and the premium

method match each individual circumstance. From discussions we knew that Mildred had £157,000 from the sale of her house and some savings, her combined net annual income came to £15,439 and her care costs and incidental expense budget totalled £33,540.

This left Mildred with an annual deficit between her income and expenses of £18,101.

After the completion of the medical underwriting, the family received their comprehensive report, which included several options, one of which was to do absolutely nothing, using the savings on an annual basis, but because the Carter family wanted guaranteed peace of mind and the reassurance that the money should never run out, they discounted this option.

Instead, and in order to achieve the peace of mind they craved, they purchased an immediate care plan for Mildred, and this plan cost £62,674.

The plan will pay the care home £18,101 each year (plus annual increases of 5%) for the rest of Mildred's life, the remaining capital of £94,326 was placed in a secure investment, which pleased Mildred no end, as she now knows that her family will receive the inheritance that she wished to leave them, and the family knows that Mildred should never run out of money, no matter how long she needs care.

Get your family solution

SIMPLY
CARING

If care is being received at home, can we still take out a plan?

Certainly, Immediate Care Plans are just as practical for people choosing to stay in their own homes. The calculations will of course be slightly different, but the concepts and benefits are exactly the same. Immediate Care Plans are also fully portable so should a person originally establish a plan to cover their care at home, and at some time in the future they moved into a care home, the plan simply moves with them.

Here's how it helped Martha & her family

Martha is an 87-year-old widow, she has one daughter Caroline who lives nearby but works full time and has a growing family.

Martha has lived in her current house for over 60 years, but following a severe stroke she was admitted to hospital and needed constant round-the-clock care. Martha and Caroline looked at various care homes, but in all honesty, Martha desperately wanted to stay in her own home; a home filled with a lifetime of memories and possessions.

Caroline knew that her mother was unhappy about the prospect of moving into a care home, but didn't really think that staying at home was a possibility, mainly because she thought it would be far too expensive.

However, after discussing the matter with a specialist care fees adviser, the family met with a live-in care agency and realised that not only was it a lot less than they thought, but it represented a real alternative to going into a care home.

Once the cost of the care package was known, their financial adviser carefully calculated the financial implications looking at care costs, household expenses, discretionary spending, existing and potential future income.

Martha wasn't aware that she could claim Attendance Allowance and following the meeting with the adviser a claim was made straight away. Martha had a difference between her income and total expenses of £25,000 per annum.

In addition to her property Martha had about £100,000 held in a bank deposit bond; it was producing very little interest and wasn't really being utilised to its full potential. Martha used approximately £80,000 of this money to purchase an Immediate Care Plan, which now pays out £25,000 towards her care fees each year. The money is paid directly to the care agency and has an integral 5% annual escalation to help offset the annual increases.

Martha is thrilled that she can stay at home, and her daughter has said: "It is great to see mum so settled and content. The care plan has removed mum's anxiety about moving and the live-in carer has mitigated my worries about mum's safety and independence".

The care plan will continue for the rest of Martha's life and, should circumstances unexpectedly change in the future and Martha has to enter a care home, the care plan will simply move with her.

Can Martha's story help you?

How can we consider a plan?

It is not possible to purchase a plan directly; both the Financial Conduct Authority and the companies providing these types of policies require you to use the services of a suitably qualified adviser.

We would recommend that you discuss the matter with a specially trained and qualified care fees specialist; one that satisfies all your questions, demonstrates real compassion and radiates trust.

The important part of any care fees planning exercise is to establish several key points, making sure that the actual plan (if appropriate), the monthly benefit level, the amount of capital protection and the premium match each individual circumstance.

It is for this reason that Symponia members will always offer you an initial personal face-to-face consultation, without cost or obligation on your part, to ensure that all their current and future recommendations are tailor-made to your own specific requirements.

Even though we accept that these plans are not suitable for every situation, we do believe very firmly that everyone should at least consider them. Dismissing something as unviable is much better than never knowing about it in the first place.

As more than one company provides this type of plan, the only way to obtain accurate and confirmed premiums is to ask each company to undertake full medical underwriting. This is a simple straightforward process and doesn't involve anyone in a medical examination.

Receiving any form of indicative quote, is not advisable and can lead to unrealistic expectations.

It is much more beneficial for those involved if they are basing their calculations and decisions on real figures. Establishing full medical underwriting at the earliest opportunity will give you the best opportunity to plan effectively with reassurance and peace of mind.

Our Top Tips – Part 1

1. Don't be overly rushed

If the person needing care is in hospital, pending discharge into a care environment, don't be rushed by the staff to move them before you have put the necessary steps in place.

It's true that once there is no longer a medical need for them to stay, the medical staff are only doing their job asking the person to leave, but there is also the person's entitlement to be discharged to a suitable environment.

2. Explore all the possibilities

Once you know that the person can no longer live independently, you need to adopt a level of pragmatism.

Would the person be better off in a care home, where they will have the chance to meet other like-minded people and forge new friendships or would they be better staying in their own home with a live-in carer and still enjoy being part of the community?

Sadly, sometimes medical conditions may dictate the care situation.

3. Consider care at home

Most people like living in their own homes, the familiar and comfortable surroundings of home provide the happiest environment, and this does not change as we become older and/or we have a disability.

Would the person be happier if they were in their own home?

Is it possible for them to cope?

Have you located a care agency and had an assessment?

4. Practical hints for moving into a care home

Entering a care home can be the best solution for many people, and in fact around 130,000 people have to do this for the first time each year.

Draw up a shortlist of potential homes and before you settle on a suitable place, take the time to visit each home on your shortlist, preferably unannounced and use a check-list as your guide.

Consider a trial stay, that way the person moving into the care home knows they have choices.

When the person moves into their care home on a permanent basis, treat it as a positive step, send out 'new home' announcements just as they would if they moved to a new house.

If the person is well enough, why not hold a small room warming party? Send invites to existing friends, but also include potential new ones from within the home. This does not need to be over grand or elaborate, coffee and chocolate cake will work just as well as champagne and canapés.

5. Ensure you have the legal authority to act

Drawing up the correct legal authority in advance can be a timely and cost-effective exercise, it could save resources and finance in the future.

It is possible to download the forms, but because of the legality and far-reaching scope of the documentation and authority, it would be wise to use the services of a specialist solicitor.

Should you not already have your own solicitor, your local Symponia member will be pleased to introduce you.

6. Seek specialist financial advice

Paying for care can often be more of a tricky subject than choosing it. As such it is important for you to select the right type of adviser. The emphasis of all Symponia member advisers is very much on respect and care, with the fundamental objective of enabling people to choose where they are cared for, with the peace of mind that they will be able to meet rising care costs indefinitely.

6a. Steps in the process

We strongly recommend that you arrange to meet with one of our members; they will be able to guide you through the myriad of legislation, take you through how this will affect you and your family and present you with a comprehensive report detailing all of your options.

Even if your final choice is to do nothing, at least you will have explored all the possibilities, and will have made a truly informed decision, whilst weighing up all the facts. We would much rather you explore all your options and dismiss them as unsuitable, than never know they existed in the first place.

SYMPONIA
CARE-CIERGE

Care-Cierge

Yes, forgive us, we know this is a made up word, but we think it quite apt. Our inspiration came from the hospitality industry where we often turn to the hugely knowledgeable and invaluable services of the Concierge for help.

We have turned this into a personal pull out section for you to complete and either send to your Symponia member using the address on the back page or arrange to meet with them at hand it to them at your first meeting.

If the document is missing from this handbook a copy can be downloaded directly from our website or why not contact your member who will be happy to supply one.

Hand this form to your member

SYMPONIA
CARE-CIERGE

Sadly, we can't promise you elusive musical theatre tickets or dinner reservations but we have tried to look at all things related to the funding of care from your perspective.

We've taken the questions from our own experiences and the garnering of feedback from families in exactly the same position as you are now.

Completing the questionnaire will (we hope) focus your thoughts and help to highlight any gaps and/or confirm the actions you have already taken.

Whatever your answers we would strongly recommend meeting with or at least talking to your Symponia member.

Please complete the following sections | Y=Yes **N**=No **?**=Don't know

Are you the person needing care? Y N

If no, do you have the legal authority to act on behalf of the person in care? Y N

If no, please ask the person needing care to arrange as soon as possible.

If they are unable to give instruction you'll need to contact the Office of the Public Guardian (or regional equivalent).

Where is the person needing care now:

In hospital ☐ In a care home ☐ Still at home ☐ Somewhere else ☐

If care hasn't been decided on yet, do you need any help sourcing the most appropriate care? Y N

Have you considered care at home? Y N

Or, have you located your preferred care home? Y N

Has the person in care got savings above the upper means test threshold? Y N ?

If no, we'd suggest contacting your nearest Adult Social Care department.

If Local authority funding is already being paid, does it cover the full costs of care? Y N ?

If no, would you benefit from advice about how to fund the third party top up? Y N ?

Does the person own a property? Y N ?

What is the estimated value?

Is the property likely to be excluded from the means test? Y N ?

If no, could the universal deferment agreement be of benefit? Y N ?

Have you or the person needing care met with a specialised financial adviser? Y N ?

If yes, have you or the person in care explored all the funding options available? Y N ?

If yes, do you have fully underwritten quotes for an immediate care annuity? Y N ?

Does the person in care have any form of long term care insurance? Y N ?

Has Attendance Allowance been claimed? Y N ?

Has Funded Nursing Care been awarded? Y N ?

Has anyone discussed the eligibility for NHS Continuing Healthcare? Y N ?

Does the person in care have a current and/or valid will? Y N ?

Has the person in care already arranged and/or paid for their funeral? Y N ?

Please turn over

Our Trusted Care Fees Planning Handbook

SYMPONIA
CARE-CIERGE

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Your next steps

- **Detach the form from the handbook**
- **Complete as much of the Care-Cierge as possible**
- **Contact your Symponia member**
  - See their details below or on the outside back page of the handbook
- **Arrange to send or deliver this form to them**

Your details

Name:

Preferred contact details

Telephone (landline/mobile):

Email:

Your member's details

What about the Property?

Our homes are our castles, a traditional saying with a lot of heritage in the United Kingdom.

Sadly, when care fees are needed, a person's property could well be included in the means test, but it isn't all bad news. With a practical approach the money tied up in a house could go a long way to provide the ideal solution to the ongoing funding of care fees.

Can we give the property away?

In an attempt to protect the property, many families have considered or have actually taken steps to gift properties or other assets to try to remove the financial value from future means testing.

As you would expect the Government is wise to this and the specific "deliberate deprivation" rules prevent the giving away of property which in turn, would necessitate the Local Authority contributing to the person's care costs.

Under current legislation, Local Authorities have the power to recover any sums gifted from the person to whom the asset was transferred, but this power can only be used if the gift occurred within six months of the donor requiring care, or if the person is already in care.

However, if the Local Authority suspects deliberate deprivation, it is important to note that there is no time limit to their investigations, with motivation being the key, i.e. "why was the property gifted away?" and "how old was the person when they made the gift?"

Any such gifting should only be done by using the services of a specialist solicitor, but a vital fact to consider is the implications such a transaction could have on the person doing the gifting; they may find themselves with restricted financial independence and choice of where they receive care in the future.

Should we rent the house out?

When a person moves into a care home there is often a property left empty. Families can feel emotional attachment to the former home and a popular thought is to rent it out rather than to sell, especially during periods of stagnating or reducing property prices.

When choosing the best way forward consideration should always be made as to how the ongoing care fees would be met from the income generated. Bearing in mind that the rent will probably be subject to tax, the net generated income will bear little relation to the amount needed for care fees, nor will it increase at the same rate as the fees each year.

There is no guarantee that the home will be generating rental income throughout the lifetime of the person requiring care. There could be periods of time when tenants move on and further tenants need to be sought.

The home will still need to be maintained and there may be other costs associated with renting out the property.

Should we sell it?

Selling a property could ensure that some or all of the proceeds could be used to purchase an Immediate Care Plan with the remainder invested safely for growth.

According to recent statistics over 40,000 homes are sold each year so that the owners can pay for their private care fees. That said, selling an empty property itself isn't usually the problem; the main issue tends to focus on what can be done with the proceeds to ensure that the money never runs out.

But also during a recession, one of the first things to suffer is the housing market, and despite Estate Agent promises many families have properties stuck on the market.

This means that they are unable to release the money tied up in the property and are either relying on the Local Authority to provide the Deferred Payment Scheme or asking the care home to run up a debt. Some families, especially where the previous two options are not forthcoming, are funding the fees themselves.

Who should we ask to sell it?

If the decision has been made to move into a care home, it may be that selling the property to fund the associated care fees is the only option. Whilst it is a time fraught with emotion and memories, the decision to sell is probably the right one.

But, at such a difficult time, who should you trust to sell the property for you?

Companies do exist that are dedicated to the needs of elderly homeowners moving into care.

These specialist companies can provide a simple tailored service to fit your needs exactly, often realising money prior to the sale or purchasing the house.

They fully understand and appreciate all the emotions associated with selling a home at such a stressful and emotional time and by working differently to standard estate agencies, can usually ensure a smoother chain-free sale at a guaranteed price that involves a much quicker sales process.

Your specialist financial adviser will be able to introduce you to the most appropriate company and liaise with them on your behalf to ensure the best possible solution.

Using Equity Release to pay for care?

If care is being received in the person's own home, the question about what to do with the house may sound academic, but it is just possible that using an Equity Release product could make all the difference to the longevity of the live-in care package.

Equity release is a term used to describe the various ways people can financially benefit from the value of their home. Equity release enables people to raise capital, income or a combination of the two while continuing to live in the property. Borrowers are free to use the monies however they wish, which in the past has included: home improvements, a much longed-for holiday, to help maintain or increase their standard of living in retirement, or to mitigate Inheritance Tax.

However, as more and more people face the need for care, equity release is becoming a popular and realistic way of enabling people to receive formal care in their own homes, delaying or preventing altogether the move into alternative accommodation.

Eric & Alma

Eric and Alma's daughter picked up this handbook in a local care home. Sadly Eric had recently suffered a stroke and was in hospital. Although he was undergoing intensive physiotherapy his care team had reached the conclusion that he wouldn't be able to return home.

Not sure how to react, Eric's family had started to look at care homes. They had found a suitable room, with the quoted weekly care fees in the region of £950, and all were resigned to the fact that the move was inevitable. However, underlying concerns existed on several levels: firstly they were obviously anxious about the future health and welfare of Eric, but just as important was the likely impact his permanent residency in a care home would have on Alma. Eric and Alma had been married for over 65 years and since the end of World War II they had rarely spent a night apart.

During the first meeting, the family was asked a fundamental question, "accepting the fact that you can't change the medical diagnosis, what would you do if you could wave a magic wand?"

The response was unanimous, they wanted Eric to go back home. How then could this happen? Eric needed specialist personal care and Alma was unable to do this. As a potential solution, the family were asked to consider a live-in-carer.

Eric and Alma arranged a meeting with an agency; an assessment was carried out both physically on Eric whilst he was in hospital, but also at the house so that the carers could get a sense, not just for the type of care needed but, where it would be delivered.

Following this the agency was able to deliver a weekly fee structure. For £700 per week, a qualified and vetted carer would live in one of the spare rooms at Eric and Alma's home.

The remaining focus and objective now centred around how the care could/should be funded. Had Eric entered the care home, their house would have been excluded from the means test whilst Alma lived in it. This situation would be replicated now that the care was being received at home, but as Eric had other savings in excess of the current threshold, he would receive no other funding from the Local Authority.

Eric had a private pension and over £200,000 invested; Alma also had a similar amount held in her own name, but as these investments contributed a high proportion of

their income, neither partner wanted to alter the investments in any way.

They then talked through the option of Equity Release, not just with Eric and Alma, but, with their permission, the whole family became involved in the discussions.

Moving to a different, smaller property to realise funds was a non-starter; if the property was to be sold in the lifetime of Eric and Alma, Eric might just as well have moved into his care home.

Neither of them were entitled to any means-tested state benefits so the release of capital wouldn't have a negative effect on their current income levels. The adviser did, however, make sure that Eric put in a claim for Attendance Allowance.

The next decision was how much money should be released? Did the family just take enough for one year and continue to draw down each subsequent year until the maximum sum had been exhausted?

Eric was uneasy about this, as he could see a finite and therefore limited number of years involved in the plan.

To help the family gain additional peace of mind, the adviser suggested that they explore the possibility of an Immediate Care Plan; they calculated the income, which could now include Attendance Allowance and compared that to the expenses, which had to take account not only of the household costs (which largely remained unaltered) but the care costs of £700 each week.

This bespoke calculation left a deficit/shortfall of just under £15,000 and it was this amount that was submitted to the underwriters for consideration.

After assessing Eric's health and mortality the cost of the Immediate Care Plan with a built-in automatic 5% annual escalation was £67,000.

As their property was valued at over £500,000 the release of equity was less than 14% of the total value. The family also consulted with a solicitor with expertise in equity release who ensured that they understood all the implications of the transaction.

Current legislation

If someone needs to move into a care home what Government support can they expect? If an individual has capital over the upper threshold level they will not qualify for financial assistance from the Local Authority until such a time as their capital falls below the stated amount.

In the meantime, private care fees will have to be met from existing capital and income.

Ask your adviser for the appropriate thresholds

Most savings and assets are included in the means test, but some confusion has surrounded the subject of whether or not a person's home is included.

To help clarify the situation, a person's home is not included in the means test if:

- the spouse or partner still resides at the home.
- a relative aged 60 or over lives at the house.
- a disabled relative lives at the house.
- a dependent child aged 18 or under.
- the person is in the first twelve weeks of needing permanent care.
- the care is being provided on a temporary basis.

Have a look at our flow charts

The 12-week Property Disregard

As mentioned above, a person's property is excluded from the means test for the first twelve weeks following admission to a care home and once a permanent contract is established. This means that if their remaining capital falls inside the current threshold then the Local Authority should assist with the payment of the care fees.

It is worth noting that they will in most cases only pay up to their published limits, which could leave a person with a deficit and what is known as a 'top up' situation. It will be up to the individual themselves to cover any difference in actual care fees and the Local Authority contribution during this 12-week period and after this period the difference may only be met by a third-party such as a relative or friend.

The money paid out by the Local Authority during the first twelve weeks is not repayable.

Deferred Payment Agreement

If, after the first twelve weeks the property has not been sold and/or the care recipient doesn't want to sell, then assuming it is the only capital asset, the Local Authority will continue to pay towards the care fees, under a 'deferred payment agreement'.

Councils can now make an administrative charge to set this up and unlike the previous agreement interest will be applied to the loan from the start.

The money owing will need to be paid back 1) upon the death of the homeowner or 2) the sale of the property whichever happens sooner.

Local Authority Agreements & Self Funders

Sometimes, for varying reasons and in different locations throughout the country, people who have capital above the stated thresholds, are being asked to enter into funding agreements with the Local Authority. These people are still classed as self funding residents, but may find that they are paying their care fees directly to the Local Authority and not the care home.

In this situation, the aforementioned Immediate Care Plans can still present an ideal solution. As with classic self funders (i.e. those paying the care home direct), it is still recommended and advisable to seek the services of a specialist adviser.

Current legislation

Top Ups

When people qualify for Local Authority funding, the vast majority of Local Authorities will only contribute up to their published weekly funding figures.

However, there are occasions when a person is being funded by the Local Authority (not as a self funder), but the preferred care home costs more than the Local Authority is able to contribute.

In these situations, close family members may be asked to pay additional sums to bring the combined weekly payments in line with the actual fee structure of the care home.

These payments are known as “top ups”. As each Local Authority has a duty of care to ensure that these additional disbursements are sustainable, an Immediate Care Plan could also provide a longer-term solution to a top up liability.

NHS & State Benefits

Most state benefits are means-tested, however, Attendance Allowance is a non-means tested, tax-free state benefit, payable to all individuals over the age of 65 who have needed care (defined as help with essential daily tasks, such as washing and dressing) for longer than six consecutive months, regardless of whether or not they are in a care home.

Attendance Allowance is available at two rates: a lower rate, for those who need help during the day or the night and a higher rate, for those needing care during both the day and night.

Claim forms can be obtained from larger Post Offices, Citizens’ Advice Bureau, Age Concern Shops, the Benefits Agency themselves or downloaded directly from direct.gov.uk.

Individuals needing care under the age of 65 will still qualify for an allowance, but this is paid in the form of Disability Living Allowance (full details can be supplied on request). During the coming year this benefit is changing to become the Personal Independence Payment (PIP).

NHS funded Nursing Care?

Following the implementation of the Health & Social Care Act 2001, individuals assessed as needing nursing care in a home with nursing, are entitled to receive an additional nursing care allowance. This allowance is non-means tested and tax-free, although how much is paid will depend on where you live.

Alternatively, a person may qualify for NHS fully-funded Continuing Healthcare, where the cost of care is paid by the NHS (but to qualify for this benefit, patients must be unstable and/or unpredictable and need constant 24-hour specialist/acute nursing care).

The local Clinical Commissioning Group will carry out a NHS Continuing Healthcare assessment on request (see separate section).

What about Personal Care?

Personal Care is only available in Scotland. Should a resident living in Scotland qualify for Personal Care they are no longer eligible to receive Attendance Allowance.

Ask your adviser for the current amounts

SIMPLY CARING

NHS Continuing Healthcare

If a person's medical condition is unstable and/or unpredictable and necessitates the need for constant 24-hour specialist/acute nursing care, they may be eligible to receive NHS Continuing Healthcare.

Sadly, during recent years the system has been slightly flawed with many families complaining to the Health Service Ombudsman. In an attempt to end the perceived postcode disparity, a new National Framework was implemented in October 2007 (revised in November 2012) which established a much clearer national eligibility criteria.

The National Framework document sets out the processes for establishing eligibility for Continuing Healthcare and should be read in conjunction with the support tools that assist with the decision making. These include the Checklist, Decision Support Tool and the Fast Track (used when the person is considered to have a rapidly deteriorating condition which may be entering a terminal phase). All of these documents can be downloaded from the Department of Health website.

The National Framework sets out to make the assessment process more person centred and transparent.

Opportunities for assessing as to whether someone may qualify for Continuing Healthcare are often missed, for example when a person is placed in a care home setting having been discharged from hospital. A social worker may be appointed and an appropriate placement found, but if the person has assets in excess of the capital threshold, social services will deem them as self funding residents and will then close their files. No further assessments will be carried out until the resident's assets fall under the capital threshold.

This should not happen as under "Section 47 of the National Health Service and Community Care Act 1990", the Local Authority should, through Social Services, continue to monitor a person who has been brought to their attention as being in need and the person should therefore be visited on at least a yearly basis and a care needs assessment carried out. At each assessment there would then be an opportunity to review the needs of that person and to refer them over to the local Clinical Commissioning Group if a healthcare need is identified so that a full healthcare needs assessment can be carried out.

There are literally thousands of cases where NHS Continuing Healthcare would have been awarded if only it had been considered in the first instance. Anyone can ask for a healthcare needs assessment so that their individual needs can be considered for NHS Continuing Healthcare.

If you know someone who you think should have been awarded NHS Continuing Healthcare and would benefit from some expert advice please speak to your Symponia member.

Always request an assessment

Our Top Tips – Part 2

7. Ensure all state benefits are being claimed

Working with your adviser will ensure that all the relevant benefits are being claimed. Even if someone is paying their own care fees, they will still be entitled to receive certain non-means tested benefits, such as:

- Attendance Allowance
- Disability Living Allowance (if the person is under 65)
- Nursing Care Allowance
- Personal Care Allowance (Scotland only)
- Other benefits such as Pension Credit and Carers Allowance may be claimable

8. Review or write a will?

Having an up-to-date will is the only way a person can be sure that their estate (i.e. hard earned money) is distributed in accordance with their wishes.

If a will is not in place, or incorrectly drawn up, then the fairly strict rules of intestacy will apply to the whole of the estate. These can be considered harsh and could be completely at odds with a person's real wishes.

The need for care provides an ideal time as any to make sure that the person's will is still current.

9. Consider Inheritance Tax

More and more people are finding themselves with an Inheritance Tax liability, and whilst scope does exist for some mitigation it is wise to seek the expert knowledge of a specialist before embarking on a mitigation project.

Inheritance Tax is divided into two parts. Firstly, the nil-rate band refers to an amount up to a pre-set limit (a threshold), and this means that no tax is due if the value of a person's estate is less than the threshold.

However, if the estate value is over the threshold tax becomes payable, and anything over the limit is taxed at 40% (regardless of person's nominal rate during their lifetime).

Recent changes mean that couples (married and civil partners) can pass their nil rate band (in full or the unused portion) onto the surviving spouse or partner.

Further changes in April 2017 created an extra allowance, which only applies when the main residence is passed onto children (which includes step & fostered). Implemented as follows:

- £100,000 in 2017
- £125,000 in 2018
- £150,000 in 2019
- £175,000 in 2020

Our experience has shown that immediate or future care fees planning can be an effective way to help reduce or mitigate this tax.

10. Consider funeral planning

Often known as the last taboo, our thoughts about dying will vary from person to person and generally it is still considered a very sensitive and sometimes no-go subject. But as death will happen to each and every one of us, nothing in our lives is more certain.

It is not such a macabre thought when looked at practically. A funeral provides peace, comfort and offers family and friends that chance for a formal 'goodbye'.

Some people wish to plan their own funerals a long time in advance while they are still relatively healthy and put in place pre-paid funeral plans, whilst others find the thought just too morbid and don't want to think about it at all.

Should you want to put some steps in place, planning ahead doesn't just mean selecting the coffin, but could go as far reaching as choosing the hymns and/or selecting the venue and catering for the wake.

Should you or any members of your family wish to do this, again, your local Symponia member will be able to steer you in the right direction.

11. Plan Ahead

If you are sorting out the finances of a relative, friend or attorney, you are probably feeling a little fraught. But, when the exercise is completed and the person in care is settled, why not give some thought to your future and what might happen if you, yourself, need to face a similar situation?

The luxury of time is probably something you haven't had much of lately, as arranging care and sorting out the associated funding is usually managed in a bit of a crisis, with looming deadlines and time restrictions.

To negate your family and/or friends having to overcome the same hurdles you have faced, perhaps it might be sensible and pragmatic to invest in an hour or so of your Symponia members' time, exploring how the rules and legislation will apply to you and your possible future choice of care.

It might not seem like the brightest of subject matters, but conducting such an exercise now, in advance, and having a working document to refer to, as and when needed, ensures that you stay in control of both your finances and care choices, even if you are unable to at the time.

SIMPLY REASSURING

Our flow charts

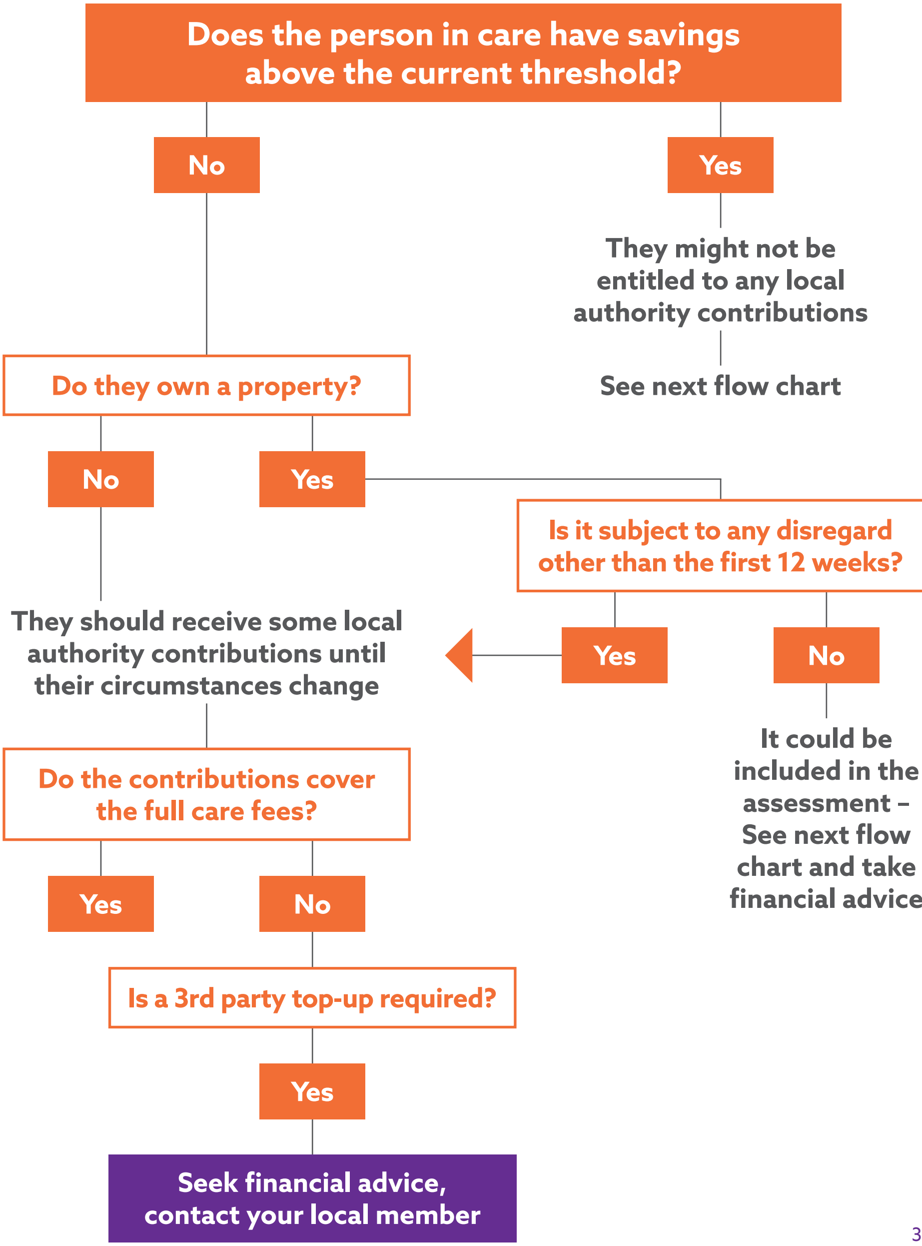
We fully appreciate that the legislation and terminology may be difficult to get your head round so we've produced two easy to follow flow charts that should help to simplify the necessary steps in terms of funding.

They aren't meant to be exhaustive and your situation may well prove to be more complicated than those shown, but they should at least provide some answers within a navigable pathway.

We do know that our flow charts make no mention of NHS Continuing Healthcare, this isn't a mistake and for simplicity they assume that it hasn't been awarded. That said, it is vitally important that you speak to the relevant professionals about whether or not the person in care qualifies for this payment. Your local Symponia member will be able to guide you.

In all honesty, our message to you is that if you find yourself having to fund private care fees make sure that you don't leave anything to chance, specialist financial advice exists, please take it.

Local authority funding flow chart



Private funding flow chart

Does the person in care have savings above the current threshold?

- **Yes** → **Do they own a property?**
  - **Yes** → **Is it subject to any disregard other than the first 12 weeks?**
    - **Yes** → See previous flow chart
    - **No** → It is likely that they will be responsible for funding their care fees
  - **No** → It is likely that they will be responsible for funding their care fees
- **No** → See previous flow chart

It is likely that they will be responsible for funding their care fees

Seek financial advice as soon as possible, contact your local member

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