Long term care planning

A guide to planning for long term care

Expert financial advice

Long term care planning means taking steps in advance to ensure you are informed and financially prepared for any services or support you may need in the future.

Adroit's independent financial planning experts offer a tailored service to suit all your needs. Not only can they ensure that any compensation award together with any entitlement to means-tested benefits are protected, but can also offer expert financial and investment advice to increase the real value of the award to provide long-term financial security.

What type of care might I need?

Care needs range widely and can change over time. Initially, to maintain independence, sheltered accommodation or assisted living may be suitable. Individuals will typically benefit from limited support from a warden and help on hand in an emergency.

If domestic support is the primary need, domiciliary care can also be arranged at home to involve assistance with daily activities such as getting dressed or washing. Beyond this, a care home may be more appropriate. Care homes may offer residential care, nursing care or both. Sometimes care is needed in the short term only, this is called intermediate or reablement care and the aim is to restore the ability to live independently.

Where a diagnosis is terminal, palliative or end of life care is available.

Who will pay for it?

NHS

Continuing Healthcare (NHS CHC)

The first thing to consider is whether or not care should be funded by the NHS. NHS CHC applies to individuals where care needs are predominantly medical rather than social.

The funding is needs tested but not financially means tested. The assessment process is strict and can be complex because there's no clear cut list of who will and won't qualify. If awarded the funding, the NHS can arrange the care for you or you can opt to receive direct payments and arrange care yourself. It can be provided at home, in a hospital, nursing home or hospice.

Funded Nursing Care

If care from a registered nurse or doctor is required but no funding is granted via NHS CHC there may instead be an entitlement to NHS Funded Nursing Care. NHS Funded Nursing Care is available where you're self-funding all or part of your nursing home fees to a registered provider. It's tax free and non-means tested, however it's subject to an NHS CHC assessment deeming you to be in need of nursing care.

Unlike NHS CHC, Funded Nursing Care is only paid directly to the care home and you're unable to receive a reduction in relation to any care received in your own home. The rate at which NHS Funded Nursing Care is paid varies across the UK.

Local Authority

Local Authority funding is available to those needing care at home or within a residential setting. However, it's both needs and means tested. The council are legally obliged to carry out a care needs assessment if requested and this will be judged against the nationally agreed criteria. Should care needs be identified, they'll carry out a financial assessment.

In England, in order to qualify for full funding, savings must not exceed £14,250. However, some assistance will also be given to those with savings under £23,250. Savings are not limited to cash and investments, they include any property owned by the individual requiring care although there are some circumstances that will allow this to be excluded.

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Mental Health Act 1983 (Section 117)

You're entitled to non-means tested, free aftercare if you're detained:

- For treatment under Section 3
- Under a Section 37 hospital order
- Following a prison transfer under Section 47 and 48
- Under Section 45A hospital direction

This includes both health and social care as well as supported accommodation. There's no time limit to this entitlement and assistance should be provided as long as you require it.

Benefits

There are a number of benefits available to help support individuals who need care in their own home or in a residential setting, as well as for those providing gratuitous care.

Personal Independence Payment (PIP) / Disability Living Allowance (DLA)

Personal Independence Payment (PIP) has replaced Disability Living Allowance (DLA) for those aged between 16 and 64. Both are split into two components, one relating to care and one relating to mobility, and are payable to those who find it difficult completing everyday tasks subject to an assessment.

If awarded, it's paid tax free and isn't means tested. You may also get a discount on your council tax but this will be dependent on the rate and components of your PIP.

Attendance Allowance

Attendance Allowance is paid to those who've reached state pension age who need assistance with personal care or those with a disability requiring support to care for themselves.

In order to qualify you must be terminally ill or in need of care for a period of at least six months. There is a lower and higher rate dependent on the time care is needed. Similarly to PIP and DLA, Attendance Allowance is tax free and is unaffected by any capital or income you may have.

State Pension and Pension Credit

The State Pension is payable at state pension age and is based on the National Insurance contributions you've made throughout your working life. To get the full amount of new State Pension you'll need 35 years of National Insurance credits. The lower amount of credits you have accrued, the lower the State Pension amount will be payable, and those with less than 10 years are unlikely to receive anything.

If you're not eligible for the full State Pension, you may be eligible for Pension Credit. Pension Credit is split into two variants, Guarantee Credit for those on a low income and Savings Credit for those who have made provision towards their retirement outside of the State Pension.

Self-Fund

Where all the above options have been exhausted, you'll be expected to self-fund all or part of your care costs. This may be from your income or capital savings.

What are my options if I have to self-fund?

Savings

If your income doesn't cover the cost of your care you may need to drawdown on savings or investments to fund the shortfall. Where there are concerns about the longevity of savings, you may wish to consider an Immediate Needs Annuity. This is a type of insurance policy that provides a regular income in return for a lump sum payment upfront.

There are both advantages and disadvantages to this so further advice from a specialist financial adviser who holds the CF8 qualification or equivalent is recommended.

Property

If capital is tied up in property, the aforementioned solutions may not be possible unless the property is sold. Where it's not possible or desirable to sell the property entirely there are a number of other options available.

Where care is provided at home, equity release can provide capital or if an individual has moved permanently to a care home, the property could be rented to achieve additional income. It's also possible to arrange a Deferred Payment Scheme with the Local Authority. If eligible, the council will assist with care home fees in return for a charge on the property that's repayable on death or once the property is sold.

Again, further advice from a specialist financial adviser should be sought before proceeding with any course of action involving your home.

About Adroit

Our team of financial planning experts offer a truly holistic and personal financial planning service.

As we're independent financial planners, we're able to provide completely unbiased advice when recommending solutions to all your financial needs.

Should you need financial advice, please contact us.

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