

The cost of caring

Our parents are living longer and we will probably live longer still. So who do you turn to for advice on funding long-term care? *Kent Life* asks the experts

Words by Chris Johnson

If needing care, what local authority support can I expect?

If you have assets valued at more than £22,500 you will not qualify for any assistance. Only when your capital, which includes the family home, falls below £13,500, will you be entitled to full state benefits. Certain assets are excluded from the means test; consult a specialist adviser to help you with this.

Is my home included in the assessment?

There is often confusion over whether the home is included. Exceptions include:

- If a spouse still resides in the property
- If a relative aged over 60 or disabled resides in the property
- If there is a child under 16 who lives in the property
- If the care is only temporary
- The first 12 weeks of needing care

Can I give away my assets, such as my house, to avoid paying care fees?

If the local authority decides any gift is a 'deliberate deprivation', it has the power to recover the sums transferred to fund the care costs. Examples include

- A gift to pay off a debt
- Transferring title deeds
- Putting money into trust
- Reducing capital through extravagant spending

What state benefits may I be entitled to?

Attendance allowance is available at a lower rate of £44.85 for those who need care during the day or at night and a higher rate of £67 for help day and night.

Carer's Allowance is payable if you look after somebody who is disabled, currently £50.55 per week. You may also be entitled to Pension Credit that makes up your income to £124.05 if you are single, £189.35 if you have a partner.

Would I qualify for free nursing care?

If the person needing care remains in their own home, full funding means that the NHS funds all the health and social care the person is assessed as needing. If the person is receiving care in a care home, the NHS makes a contract with the care home and pays for the individual's care and accommodation.

What is Registered Nurse Care Contribution (RNCC)?

Introduced in 2001, this involves the NHS making a contribution toward the cost of the care package to those requiring nursing care. The payment is made directly to the home.

Not all home will reduce their fees by the amount of RNCC, so do check your chosen home's policy. The current rate payable is £101 per week if you have claimed from 1 October 2007.

What happens if I am unable to deal with my own financial affairs?

The old-style Enduring Power of Attorney (EPA) has been replaced with the Lasting Power of Attorney (LPA). There are now two types, one for property and financial affairs and the other deals with personal welfare.

Whereas an EPA can be used without the need to register when a person still has mental capacity, an LPA only become legal once it has been registered the Office of the Public Guardian (OPG).

Should I sell or rent the property?

This is a difficult question at the present time, given the current state of the housing market. If the property is rented, it may not achieve a sufficient rent to cover the shortfall in nursing home fees, and there is no guarantee that you will be able to rent the property. It is possible to



appoint a specialist company, who deals with all aspects of the sale of the property. These companies can advance money against the value of the property, to release funds for the payment of care cost.

I have found an ideal home, but how do I calculate if the fees are affordable?

It is always best to seek professional advice from long-term care qualified financial advisers. However, in order to do an initial calculation, you will need to take into account the total weekly income and expenditure. Your income should include state pension and any benefits together with your company pension and any other guaranteed income.

Are there any other options for funding the care home fees?

It is worth considering an Immediate Care Plan (ICP), which pays a regular income to the care home for the rest of the elderly person's life. The capital could also be used to invest in low risk investments. In both cases, you will need to talk to a specialist independent financial adviser. ■

Profile

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He has more than 20 years experience in financial services, and in recent years has specialised in advising in the retirement markets.



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