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# The Ultimate Care Fees Planning Handbook

April 2011 – April 2012



We firmly believe that you and your family deserve the best possible financial advice. Symponia was established to fulfil that very statement; we have brought together some of the best and most caring advisers from across the whole of the United Kingdom to form the unified, national professional body known as Symponia. Symponia is very much a family company formed on an overriding foundation of traditional values and the real wish to help people at what can be a very difficult and highly emotional time.

The emphasis of all our Symponia members 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, whether care is needed now, or at an unknown time in the future. Not all advisers have dedicated care fees planning experience, the required knowledge levels, the appropriate qualifications or even the necessary empathy to recognise the emotion associated with placing a family member in a care home.

Symponia members really are different, we can promise you that they will all:

- hold an FSA-recognised long-term care qualification.
- offer a personal face-to-face meeting.
- follow a printed Code of Practice & Conduct.
- present you with a Customer Charter.
- have undergone a current Criminal Records Bureau check.

We fully appreciate that different people will have differing needs and objectives, meaning that the solution for each family will also differ, but whatever the situation, with careful planning, current or future care fees need not be a problem.

However we believe that it is essential that you talk to a recognised specialist. The details of your local member are printed on the back page; alternatively contact us direct using the details below.

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## Foreword

**It's been a difficult year, and although there are now talks about the visible green shoots of recovery, the deep recession and its implications are still very much in evidence.**

The recent Spending Review is bound to have far reaching effects, especially on any aspect of public funding, which sadly, will include Local Authority contributions for elderly care, interestingly the means-tested capital thresholds have been frozen completely in England and Northern Ireland.

The current Government is acutely aware that the ongoing funding of long term care for our elderly citizens is an emotive and hugely sensitive area. This is why they have established a new Commission, instructing Andrew Dilnot to investigate and review the whole issue of adult social care funding.

The Commission will be responsible for considering the options for a sustainable care and support system for adults. It will examine and provide recommendations on:

- The best way to meet care and support costs as a partnership between individuals and the state.
- How an individual's assets are protected against the cost of care.
- How public funding for the care and support system can be best used to meet needs.

It is likely that the findings will culminate in a White Paper, expected in December 2011. This timescale will mean that anyone facing the need for care throughout 2011 and possibly early 2012 will still be required to follow the existing regime and fall in line with current legislation.

Should any changes be brought about before April 2012, these will be posted on [www.symponia.co.uk](http://www.symponia.co.uk) as soon as they occur.



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# 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.

Symponia was formed to bring together a national, unified and professional body 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 Services Authority or the Solicitors Regulatory Authority.

Each one will have already undergone a Criminal Records Bureau check, which automatically investigates for information on the Vulnerable Adults Barred List. This additional process ensures that they can be invited into your home or that of your relatives with complete safety.

The details of your nearest member should be on the very back page of the handbook, or in the letter accompanying the publication. Alternatively, if you are viewing this online, simply use the 'find a local member' section on the left hand side of the website.

# What types of care are there?

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

Sometimes the only known option might not be the best solution. A move into a care home is a huge step, sometimes it will be the better choice for everyone concerned, but for others, staying at home and buying in care will present a more bespoke answer.



# Staying at Home

It is possible that a great number of people moving into care homes are doing so because they don't realise that staying at home is a realistic alternative.

Care provided at home could be as simple as someone coming in to cook and clean, it could involve helping the person to get in and out of bed and/or help with some basic daily tasks such as washing and dressing. This may be provided on an ad-hoc hourly basis or to a more regular and/or formal schedule.

If the person needing care does require a more permanent and tailored arrangement, live-in care could provide the answer.

Live-in care is a service that provides support and assistance by a carer living with the person needing care on an ongoing basis in their home. As the term 'live-in' suggests, the carer lives in the house with the person that they have been asked to look after, they sleep there, so they will need their own room.

Receiving any type of care at home can offer quality, personal one-to-one care in the comfort of the person's own home, bringing peace of mind to all concerned, knowing that the disruption of moving away from familiar surroundings has been avoided, without compromising the level of care and support received.

Carers usually follow a bespoke care plan that will have been created specifically for that individual.

**The chosen carer will be able to support with some or all of the following:**

- Companionship – sometimes just having somebody around, someone to talk to, to enjoy a meal with, could make all the difference
- Personal care – this could encompass assistance with toileting, bathing and/or the overseeing of the correct medication
- Housekeeping – this would normally include help with laundry, shopping, cleaning and cooking

**Some of the reasons care at home can work:**

- People value their independence and want to stay at home
- People want to be surrounded by the comfort and familiarity of their own home
- People don't want to change their routines and have to fit in with others
- The family wants the freedom to visit and call whenever they want to
- People want to select and know the person who is caring for them
- Many people want to stay with their pets

**Reasons care at home can work cont'd:**

- The care provided changes in line with needs
- The costs are comparable with many care homes

**If considering care at home then there are a number of questions to ask when choosing your provider:**

- Is the agency registered with the Care Quality Commission (CQC) or their national equivalent and what was the result of their last inspection?
- Are the carers directly employed by the care agency, if not, how are they to be paid?

- What training is provided for the carers?
- How often is there a change of carer?
- What happens when a carer is unwell?
- Before care begins, will an assessment take place and a care plan/visiting schedule be produced?
- What happens if the condition of the person receiving care changes?



# Sheltered Accommodation

If staying at home is a realistic option, but the house is just that little too big, too isolated, or not near enough to family and friends, then sheltered housing might appeal, especially as it still presents the ability to live independently with live-in care if needed, but usually in a smaller, purpose-built and easier-to-manage home.

Most developments will consist of self-contained apartments with:

- a laundry
- a communal sitting room
- communal gardens
- security & safety systems
- a house manager or warden
- 24-hour assistance via an alarm.

## Close Care

If staying at home isn't possible, for whatever reason, but moving into a care home just doesn't feel right at the moment, then Close Care (also known as Extra Care and Assisted Living) could provide another ideal solution.

Like sheltered houses, close care homes are self contained, they have their own front door granting coveted privacy, but with the added reassurance of being within the grounds of an existing care home should an unexpected emergency arise at any time of the day.

A further benefit is the availability to select from a menu of services, which usually includes help with household chores, catering, laundry, social and personal care.



# Moving into a Care Home

If moving into a care home is the only real solution, then there are things that you can do to ensure the chosen care home matches expectations.

Don't feel rushed into this decision; take time to visit several homes so you have the ability to compare facilities and costs. In the main you should apply the same criteria and preferences you would if you were purchasing a property; after all the chosen care home will become a permanent home for the person needing care.

If you are in any doubt or can't make up your mind, ask to see the home's inspection report, these are usually also available online.

Compile a check-list before you go which could help with some much-needed pointers. Our list is intended to act as a guide, the points covered are not exhaustive, and of course some of the questions won't apply if your loved one is very poorly or confused.



# Check List

## What to look for?

- Does it feel like a care home?
- Does it smell clean and fresh?
- Are fresh flowers provided?
- Do the residents appear content?
- Can we arrange a stay for a week or so before we commit?
- Do we need to book an appointment before arriving/if you do, why is that?
- Is there a garden?
- Is there a car park?

## Should it be purpose-built or a conversion?

- Some people prefer modern homes, whilst others will want old, more historic properties
- Modern purpose-built homes can appear more spacious
- Older homes may have strangely shaped corridors that you will either love or hate

## Antique or modern furniture?

- This will be down to personal taste, but if antique furniture is preferred, will the person be happy with modern lines?

## Town or country?

- Location will always play a big part in choices. If the person is used to living in a town centre, will they feel lost in the country?
- If it is in the country, does the home have transport?
- If located in a town centre, will it be too noisy at night?

## Rooms/facilities

- Are they large enough?
- What sort of views do they have?
- Are there en-suite facilities? If not, how many people share a bathroom?
- Can we bring in our own furniture?
- Are televisions provided or can we bring our own?
- Are telephones and/or phone lines in the room?
- Will the person be encouraged and/or taught how to use a computer?
- If yes, does the home have broadband and a Wi-Fi connection?
- Does a hairdresser visit the home?
- Is there a laundry service and/or dry cleaning service?

# Check List ...continued

## Sitting rooms

- Is there a choice of sitting room?
- Does the furniture look comfortable?
- Does the room get overcrowded?
- Can residents stay up as long as they like?
- Is there a residents' piano?
- Is there a separate TV lounge?
- Is there a DVD player? Are movies shown on a regular basis?

## Dining rooms

- Does the home have a separate dining room?
- Are all meals served at the table?
- Is there a choice of dining room?
- Can meals be eaten in residents' rooms (if preferred)?

## Meals and drinks

- Is there a choice of food at each meal?
- Are special diets/religions catered for?
- Can we come for a lunch before we decide?
- Can family members come along for meals?
- Can the resident host private lunches/dinners?
- What happens on special occasions like Christmas and Easter?
- Are warm drinks served outside meal times?
- Could residents make their own drinks?
- Can residents still enjoy their favourite tippie?

## Pets

- Does the home have any pets?
- Can residents bring their own pets?
- If residents don't like animals, can they get away from them?

## Visitors

- Is there a limit on the number of visitors?
- Can they come at any (reasonable) time?
- Are there overnight facilities for relatives travelling long distances?
- Is it ok to bring the baby?

## Activities

- Does the home have an activities coordinator?
- Do they organise trips out?
- Does the home arrange entertainment?
- What about bingo?
- Is opting out of activities ok?

# Associated Governance

The care sector in the United Kingdom is governed by dedicated regulatory bodies, and they exist to impose, monitor and improve the standards of care delivered by the relevant care providers from live-in care agencies to care homes with nursing.

Country	Regulatory Body
England	Care Quality Commission
Scotland	Care Commission Scotland
Wales	Care & Social Services Inspectorate
Northern Ireland	Regulation & Quality Improvement Authority

Each has published their own mission statements and objectives on their respective websites, also on these sites you should be able to access the latest inspection reports for the care provider(s) you are considering, which could just help you with that all important decision.



# 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.

## 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.



# Funding Care

If a person's capital and savings and/or income push them outside the means test thresholds (see page 36) 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, health and gender.

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.

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 Services Authority (FSA) 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.



# 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, gender, 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 total £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.

# 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 and 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; 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.

# How can we consider a plan?

It is not possible to purchase a plan directly; both the Financial Services 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.

# 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.



## What Mrs Adams did

Mrs Adams moved into a nursing home costing £600 per week, which she initially funded from savings.

After several detailed meetings with Mrs Adams and her family (acting as her attorneys), her financial adviser recommended that she should purchase an Immediate Care Plan.

This action would ensure that her care fees would be funded for the rest of her life without worry about what would happen if the money ran out.

Mrs Adams was also pleased that the legacies in her will would be able to be met.

However, as most of her capital was tied up in her previous home the family was unable to proceed, and as the property had been on the market for some time the family was becoming worried and anxious.

The adviser introduced the family to a specialist company who, after assessing the property and meeting with the family, purchased the property without protracted communications and at a mutually agreed/guaranteed price. In turn the process enabled the family to purchase the much valued Immediate Care Plan.

# Using Equity Release to pay for care?

If care is being received at 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 and 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 the 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.

# 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. Financial thresholds vary from country to country:

England	upper £23,250	lower £14,250
Scotland	upper £23,500	lower £14,500
Wales	upper £22,500	lower £22,500
Northern Ireland	upper £23,250	lower £14,250

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

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 under 18 lives at the house.
- the person is in the first twelve weeks of needing permanent care.
- the care is being provided on a temporary basis.

## 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, the Local Authority can continue to pay towards the care fees, under the 'deferred payment agreement'.

The money is repayable once the property has sold or the resident dies (called the event), but for the most part the loan is interest free, providing the money owed is paid back within 56 days of the event. (If more than 56 days elapse, the Local Authority will start to charge interest on the loan).

## 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.

The current weekly figures are £49.30 lower rate and £73.60 for the higher rate.

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](http://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).



## NHS funded Nursing Care?

Following the implementation of the Health & Social Care Act 2001, individuals assessed, as needing nursing care at home or in a nursing home, 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.

England	£108.70
Scotland	£72
Wales	Determined by Local Health Boards
Northern Ireland	£100

In addition to the above 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 Primary Care Trust will carry out a NHS Continuing Care assessment on request (see separate section).

## What about Personal Care?

Personal Care is only available in Scotland and is currently paid at £159 per week. Should a resident living in Scotland qualify for Personal Care, they are no longer eligible to receive Attendance Allowance.

# 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 post-code disparity, a new National Framework was implemented in October 2007 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.

Although the National Framework sets out to make the assessment process more person centred and transparent,

experience has shown that the whole process is still unduly complicated with different Primary Care Trusts using their own definitions of eligibility within the tools that are used Nationally to assess eligibility and therefore it is arguable that the 'postcode disparity' still exists.

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 residents 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 Primary Care Trust 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.





# Our Top Ten Tips

## 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 we 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 100,000 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 such as ours 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.

## 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. 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, currently frozen at £325,000, 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.

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.

We firmly believe that you and your family deserve the best possible financial advice. Symponia was established to fulfil that very statement; we have brought together some of the best and most caring advisers from across the whole of the United Kingdom to form the unified, national professional body known as Symponia. Symponia is very much a family company formed on an overriding foundation of traditional values and the real wish to help people at what can be a very difficult and highly emotional time.

The emphasis of all our Symponia members 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, whether care is needed now, or at an unknown time in the future. Not all advisers have dedicated care fees planning experience, the required knowledge levels, the appropriate qualifications or even the necessary empathy to recognise the emotion associated with placing a family member in a care home.

Symponia members really are different, we can promise you that they will all:

- hold an FSA-recognised long-term care qualification.
- offer a personal face-to-face meeting.
- follow a printed Code of Practice & Conduct.
- present you with a Customer Charter.
- have undergone a current Criminal Records Bureau check.

We fully appreciate that different people will have differing needs and objectives, meaning that the solution for each family will also differ, but whatever the situation, with careful planning, current or future care fees need not be a problem.

However we believe that it is essential that you talk to a recognised specialist. The details of your local member are printed on the back page; alternatively contact us direct using the details below.

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