

**LONG TERM CARE: THE FINANCIAL QUAGMIRE**

Did you know that it now costs more to keep a relative in an average care home for a year than it does to educate a child at Eton?

Financial Help for those needing long term care is limited, as Local Authorities not only assess an individual's health needs but also their ability to pay. With Councils short of cash, help is often restricted to those on the lowest incomes with the most severe health needs.

In what has been described as "the meanest of Means Tests", those with assets of more than £23,000 – which in most cases will include the value of their home – are given no help at all with care costs.

A place in a Nursing Home now costs an average of £36,000 per year. It is not surprising that many thousands of elderly people are forced to sell the family home to meet those care costs. One of the main problems facing families caught in this position, is where can they get proper advice on the options and help available? For most people their first port of call is the Local Authority or NHS Trust. Neither have a particularly good record of providing clear information on the complex care system. To make matters worse, many families find they are trying to wade through a financial and legal quagmire at the same time as dealing with a serious family illness and emotional upheaval. As a result, many fail to claim the help to which they are entitled. However, there are steps that many families can take to protect their assets and secure the best care for a loved one.

The following information should provide a good starting point::

## **SEEK ADVICE**

Arm yourself with information at an early stage, so that you can fully consider all options. Elderly people all too often have to make a major life decision at very short notice following a crisis, such as a bad fall or a stay in hospital. Where possible, seek help from a qualified advisor who can weigh up the pros and cons of the various options outlined below and evaluate your individual circumstance.

## **SOCIAL SERVICES ASSESSMENT**

Elderly people are entitled to an assessment. You might not qualify for help after the assessment, but it will still give you the chance to discuss ongoing health needs with an expert. Having an assessment does not mean that you will end up in a care home. Alternatives are often arranged which could involve making adaptations to your current property, receiving help in the home or moving to more sheltered accommodation, rather than full time nursing care. People retain the right to have their needs re-assessed at any point should their condition change.

## **AVOID THE COUNCIL'S CLUTCHES**

Although those with assets of more than £23,000 are expected to meet their care costs in full, there are certain situations in which the value of the home will be disregarded. If you fall in to one of these categories, make sure the Council is assessing your ability to pay properly. The value of your home should not be taken into account if a surviving spouse or partner lives there, or another relative aged 60 or over, so if a daughter or sister has moved in as a carer this could help reduce future care costs. In addition, the value of your home should also be disregarded if care needs are classified as "temporary". If the value of your other assets, apart from your home, are worth less than £23,000 then you should not have to pay for care costs for the first 12 weeks.

Many couples buy a property as "joint tenants" which means that on the death of either, their share is automatically transferred to the other. However, for a small fee, your solicitor should be able to arrange to change the ownership to "Tenants in Common" whereby it is possible that all or part of the value of the home may be disregarded should

the surviving spouse need nursing care at a later stage. Current guidelines state that Councils are supposed to look at the market value of the home. It could be argued that this is Nil if half is owned by a third party who is unwilling or unable to buy out the other owner and has no wish to sell their stake. However, these are guidelines only, and there is no guarantee that the Local Authority will interpret the rule this way. Even if this failed to take the home completely out of the equation, it is still possible that just half its value will be taken into consideration when assessing your ability to pay.

You need to be careful when considering giving your home away to your children. The Local Authority has the right to disregard gifts of assets that have been deliberately disposed of to avoid paying care fees.

### **DEFERRED PAYMENT PLAN**

If your assets, excluding your property, are worth less than £23,000, the Local Authority cannot force you to sell your home. Instead, you can request that a Charge is put on the property to be repaid on your death. This then allows the property to be rented which might help subsidise care costs. It also allows your Estate to benefit from any future property rises. This can give some families more flexibility. Your dependents could then take out a mortgage on the property after your death to pay the charges if they want to keep the home, or they could pay the bill from other assets.

### **IMMEDIATE NEEDS ANNUITY**

Rather than simply sell the home and use the proceeds to pay care fees, it is worth investigating whether this money should be used to buy an annuity which pays a fixed income for life. This can provide a degree of certainty for those moving into care, as they know their fees will be guaranteed to be paid for life; their money will not run out and they will not have to move into a Local Authority run home later. There is also the reassurance that whatever is left from the sale of the home, once the annuity has been bought, can be left to the next generation. Of course, the down side is that if the person dies shortly after going in to nursing care, this is likely to be a more costly option than simply paying the fees direct. However, many families are willing to take this risk for the

piece of mind of knowing that care fees will be met indefinitely. Figures indicate that 1 in 10 people in a Nursing Home live for more than 8 years.

There are a number of specialist providers which offer these annuities and I would suggest that you take appropriate advice from an independent financial advisor.

### **CLAIM THE CORRECT BENEFITS**

Even those who have to pay towards their care costs should still be entitled to increased state benefits. Make sure any relative in care is claiming Attendance Allowance. This is not means tested. If you are receiving care in a nursing home, you may also be eligible for the Registered Nursing Care Contribution, paid at £108.70 a week in England. This is paid direct to the home and offsets the costs of your care.

### **ASK FOR NHS CARE**

If care needs are overwhelmingly medical and deemed “complex and unstable” you may qualify for NHS funded continuing care, which means that all bills are met in full, including residential costs. The strict eligibility criteria mean that few people qualify and even those who do are re-assessed regularly. If their condition stabilises, care costs will revert to Local Authority control, which means patients will be assessed for an ability to pay again. If their condition worsens, you should ask for a re-assessment for continuing care.

### **ACTION**

If you need help on any of the issues discussed in this article, call me on **01288 35 9000** and arrange to see me. Home visits can be arranged.

**SHARON PIPER  
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