

How to plan for future care needs

Given the average cost of care in a residential home is between £600-£700 a week and more than £900 in a nursing home, it is easy to see how people's assets are quickly exhausted if they spend their twilight years in care. If someone needs care now or is likely to in the near future there are several steps that they and their family can take to pay for care and protect their assets.

1. See if the family member that needs care is entitled to free NHS funded care. To be entitled the person must show they have a "primary" health need. Eligibility for a primary health care need is based on whether the person has an intense, complex, unpredictable and continuous health care need, which will be shown by the quantity and/or quality care given. Key indications for a primary health care need can be argued if the majority part of the care they require is focused on addressing and/or preventing health needs.
2. Look to ways to lawfully deprive yourself of assets that would otherwise be used to pay for care. Deliberate deprivation is unlawful. A large gift which reduces your estate significantly can be challenged by the local authority. However, the council must determine the significant reason for the gift. For example, a gift to avoid inheritance tax is lawful.
3. Entitlement to assistance from Adult Social Services is means tested. Very often the main asset belonging to the person needing care is their home. There are circumstances when the property must be disregarded by the local authority when carrying out a means test. For example, a home occupied by a spouse or partner or child over 60 must be ignored. Even where the home must be assessed its value can be challenged especially where a relative intends to live there after the family member goes into care.
4. If the house must be taken to pay for care, find out if the local authority operates a deferred payment scheme. Some councils offer loans to those needing care so that fewer people are forced to sell their home. The Government proposes that from 2015 it will be mandatory for all local authorities to offer such loans. If the home does not have to be sold, a sale in a depressed market can be avoided and it can be let to generate an income.
5. Get specialist financial advice. The Government plans to introduce a £75,000 cap on care costs in 2017. This may encourage companies to launch new insurance products to help cover costs. For example, those needing care today should look at an immediate needs annuity. For a lump sum, the provider guarantees to pay a fixed sum indefinitely.

Stennett & Stennett Solicitors, Independent Financial Advisers & Estate Agents have for many years advised about asset protection and paying for care. Call Michael Stennett on 020 8920 3190 or attend the free advice clinic at 4 Winchmore Hill Road, Southgate, London, N14 6PT on the first Wednesday in every month.