Long-Term Care

Planning for long term care (LTC) is a critical aspect of later life financial planning. As people live longer, the need for care in old age increases. Understanding the available options and strategies for funding care can help ensure that you receive the care you need without depleting your savings or burdening your family.

How Things Stand

- **Rising Care Costs**: The average cost of residential care in the UK is around £34,000 per year, and nursing care can exceed £50,000 annually. It's actually far above average in Bristol!
- **Funding Shortfall**: Approximately 40% of people over 65 will need care, but many have not adequately planned for these costs.
- **Local Authority Support**: Only about 16% of individuals over 65 receive local authority funding for their care needs.
- **Home Ownership**: Over 70% of people over 65 in the UK own their home, making property a key consideration in funding care.

Pre-Planning & Protection

Pre-funded Planning: Proactively planning for long term care can mitigate the financial impact. Pre-funded planning involves setting aside funds specifically for future care needs. This can include purchasing long-term care insurance or investing in savings and investment products designed to cover care costs.

Existing LTCI Contracts: If you already have long-term care insurance (LTCI), review your policy to understand the coverage and benefits. LTCI can help cover the costs of care, but policies vary widely in terms of what they cover and under what conditions benefits are paid out.

Deliberate Deprivation: Be aware of the rules surrounding deliberate deprivation. If you give away assets or reduce your wealth intentionally to avoid paying for care, local authorities can assess these assets as if you still owned them. It's crucial to plan legitimately to avoid penalties.

Funding Long-Term Care

There are various funding options available for care, and not all of them will be suitable for everyone. It is advisable to consider this early on to make the approach easier when the time comes.

Local Authority Funding / Capital Disregards

Local authorities provide funding for care based on a means test. If your capital and savings are below a certain threshold (£23,250 in England), you may qualify for support. The value of your home is disregarded if certain conditions apply, such as if your spouse or a dependent lives there.

NHS Continuing Healthcare / Funded Nursing Care

Some individuals may qualify for NHS Continuing Healthcare, a package of care funded by the NHS for those with significant health needs. Alternatively, NHS Funded Nursing Care provides a contribution towards nursing care costs for those in a care home. Achieving this award is known to be quite challenging, but it is definitely worth pursuing if you meet the requirements.

Self-Funding Using Income / Attendance Allowance & Other Benefits

If you do not qualify for local authority or NHS funding, you will need to self-fund your care. This can be done using personal income, savings, or benefits such as Attendance Allowance, which provides financial support for those with care needs.

Retain Property? Sell Property?

Deciding whether to retain or sell your property to fund care is complex. Retaining the property can provide rental income, while selling it can release significant capital. Consider the implications for your estate and beneficiaries.

Immediate Care Plans

These are insurance policies that provide a guaranteed income to cover care fees (usually a shortfall) in exchange for a one-off premium.

Society of Later Life Advisers (SOLLA)

Using accredited advisors from the Society of Later Life Advisers (SOLLA) ensures that you receive expert, unbiased advice tailored to your specific needs. SOLLA advisors are trained in the complexities of later life planning and can help you navigate the financial, legal, and care aspects of long-term care planning.

Contact Us

For more guidance on long-term care planning, or to book a complimentary financial review, please don't hesitate to contact us:

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