



ROWLEY TURTON (IFA) LIMITED
MODERN WEALTH MANAGEMENT WITH TRADITIONAL VALUES
www.rowleyturton.com

Long Term Care

An introduction for you and your family



6 DOMINUS WAY, MERIDIAN BUSINESS PARK, LEICESTER, LE19 1RP.
TELEPHONE: (0116) 282 2177 FACSIMILE: (0116) 282 2188

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REGISTERED IN ENGLAND NO. 3145431



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Introduction

Meeting the cost of residential and nursing care in old age is a growing issue for many people in the UK.

Despite the current arguments between the various political parties it is surely safe to say that given the current economic problems the country faces the state is not going to pay for your long term care any time soon.

Under current legislation if you have assets, normally including your home, over £23,000 in England then you are regarded as 'self funding' and you generally have to pay for your own care costs.

Whether you are a relative or someone who needs to pay for their own care, the costs involved can be daunting to say the least. The cost of residential care in the UK is now estimated at £24,128 a year. If nursing is also required, this can rise to £34,528 a year (Source - Laing and Buisson, Care of Elderly People, UK Market Survey, 2008).

Faced with costs like this, it is not surprising to learn that more and more elderly people are having to sell their home to help with the funding burden.

Going into care can be an emotional and difficult time. However by providing you with professional and independent financial advice on the range of Long Term Care solutions we hope to take some of the stress out of the process and help more people enjoy their later years.



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Will I qualify for Local Authority assistance?

If your income is sufficient to cover the costs of your care then you do not qualify for local authority assistance.

However, even if your income is insufficient then the assistance is only available by way of a means-test on your capital.

Capital limits for care funding 2009/10

	England	Scotland	Wales	Northern Ireland
Upper limit	£23,000	£22,500	£22,000	£23,000
Lower limit	£14,000	£13,750	£20,750	£14,000

If a person's assets are more than the upper limit, or their income is sufficient to cover the costs of their care, then they must pay for their care in full.

A reducing scale of support applies between the upper and lower limits, and only if a person's assets are less than the lower limit will their care be paid in full by the local authority.

Local authority means-testing will look to include most income, capital and savings held in an individual's name, including: -

- ◆ Bank and building society accounts;
- ◆ National Savings and Premium Bonds;
- ◆ Stocks, shares and investment products;
- ◆ Income from state, personal and occupational pensions;
- ◆ Property and land (less any mortgage). Jointly-held savings and assets will be usually divided by two to calculate an individual's share.

However some assets are disregarded by the means test, including: -

- ◆ Surrender value of life policies / annuities;
- ◆ Some compensation payments held in trust or by the courts;
- ◆ Some investment bonds with a life assurance element;
- ◆ Property that continues to be inhabited by a partner, dependant or certain other parties.



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What if you qualify for local authority assistance and you want a more expensive care home?

Although the local authority will set the maximum budget for a care home for someone with the assessed person's needs, the choice of home remains the assessed person's (or their families).

They can only choose a care home that is more expensive than the agreed maximum local authority funding if a third party (usually a relative or friend) is willing and able to pay the difference. This is called a 'top-up fee',

Note, the person requiring care is not allowed to pay this 'top-up fee' themselves.

This is because the local authority's financial assessment has calculated the maximum that they can afford and any additional expenditure would result in their remaining capital being eroded quicker than anticipated, which would in turn increase the burden on the local authority.

What happens if I am paying for my own care and my capital drops to below £23,000?

You should qualify for local authority financial assistance, however if your existing care home is more expensive than your local council's funding, for a person with your assessed needs, you may be forced to move to a cheaper home or your family may have to make up the difference in cost.

This is covered by the following extract from the Leicester City Council's "Adult Residential or Nursing Care" guide April 2009.

"If you already live in a Care Home and have been funding yourself, you may find that Council will not pay as much for your care as you have been paying.

If the Council agrees to assist you financially, the Council will negotiate the fees with the Care Home. Ultimately, if the Care Home does not agree with what the Council is prepared to pay for the type of care you need, you may have to move to a different Care Home. However, the Council would want to avoid this situation as far as possible and the Council will explore all the options before suggesting that you move."



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Will I have to sell my home to pay for my care costs?

Anyone with assets worth over £23,000 in England (including property - unless excluded as explained below) or income sufficient to cover the cost of their care is expected to meet the cost of care in full. Consequently owning your home is one of the major reasons why people fail to qualify for support with the cost of care in old age.

Selling a much-loved home can be a highly emotional and difficult decision. But it is one that many people face each year to help pay for long-term care.

The authorities are wise to people attempting to rid themselves of property to reduce the value of their assets, and may ask detailed questions about current and past property ownership.

Strategies such as giving a property to children or putting it in trust are likely to be viewed as **deliberate deprivation** (covered overleaf) and as such those assets may still be included in the means test at the local authority's discretion.

When might the property be excluded from the means assessment?

The value of the home might not have to be used to pay for the costs of care if it continues to be the home of someone else, i.e.: -

- ◆ a spouse or partner;
- ◆ a relative who is over 60 or incapacitated;
- ◆ a minor under 16 who is dependent on the person in care;
- ◆ a separated lone partner with responsibility for a minor;
- ◆ in some circumstances, someone who gave up their own home to look after the person now going into care.

In this situation the value of the property would be excluded from the means assessment.

Deferred payments agreement

If someone else lives in the property who doesn't fall into any of the above categories, there may be some scope to come to an arrangement with the local authorities. Under a 'deferred payments agreement' the local authority may agree to help with the cost of care and will look to recoup these costs by way of a charge on the home, repayable when the property is eventually sold.



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The 12-week property disregard

Whether or not a property must be sold to help with the cost of care, homeowners are given a little breathing space.

Provided other assets fall below the upper capital limit (£23,000 in England), the local authority will pay care home fees for up to 12 weeks to allow time to sell the property. Under this arrangement, the authorities will also take into account the individual's pension income, apart from the current Personal Expense Allowance of (£21.90 a week in England).

If the property still isn't sold after 12 weeks, the local authority may move to a deferred payments agreement.

What is Deliberate Deprivation?

It is often tempting to think that you will simply give your house or assets away before needing care so that they are not used to pay for the costs of care; however this is unlikely to work due to the "deliberate deprivation" guidance.

For example, John has £18,000 in a building society. Two weeks before entering the care home, he buys a car for £10,500, which he gives to his son on entering the home. If John knew he was to be admitted permanently to a residential care home at the time he bought the car, it would be reasonable to treat this as deliberate deprivation.

Some actions that could be viewed as deliberate deprivation

- a lump-sum payment to children such as a gift or to pay off a debt
- transferring the title deeds of a property to your children
- selling an asset to friends or family for less than its true value.

Notional Capital

If a person is found to have deliberately deprived themselves of capital they will be treated as having 'notional capital' to the value of the capital disposed of. If the actual capital plus the notional capital comes to more than £23,000, then the local authority may assess them as being able to meet the full cost of their care, even though their actual capital is less than the upper limit.

In simple terms the local authority may refuse to fund their care and if their family are unable or unwilling to pay for the costs of care then they could be in a very difficult position.



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I have assets over £23,000, how can I pay for my care?

If someone does not qualify for local authority support, they will have to find some other means of paying for their care. This could include: -

Their own income

Some people may receive sufficient income from pensions and existing savings and investments or rental income from their home to pay for their care.

A family contribution

In some cases, a person's family may be able to cover the cost of care. However if their family are not able to make a contribution then they will need to raise money either using their savings, investments or selling their home.

Savings accounts

This includes deposit accounts, Cash ISAs and National Savings. These are very low risk but as a result people will have to hope that their interest is sufficient and that their capital isn't eroded too quickly.

Investments

There are many possibilities here from bonds to shares. However, the most profitable are usually higher risk and there is no guarantee that values won't fall.

Long Term Care Annuities

These are specialist long term care plans which, in return for a one-off lump sum payment, pay a guaranteed income for as long as the policyholder lives. If income is paid direct to the care provider, it is free from tax.

The main benefit of annuities is that they provide payments for life, however this must be balanced against the risk that when the person needing the care dies the capital used to purchase the annuity may not be returned (unless additional capital protection has been purchased).



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What is a Power of Attorney?

Even if you are good health today, it is always best to plan for the future so that a trusted family member or friend has the power to make decisions on your behalf, if and when needed.

Setting up a Lasting Power of Attorney (LPA) gives someone authority to handle another person's affairs if they are mentally or physically unable to do so themselves and a LPA should be arranged well before it is required as you must still be capable of being fully involved in the decision. It is advisable for you to appoint at least two people over 18 to hold LPAs on your behalf.

There are two types of LPA:

Property & Affairs LPA

This enables the appointee to make decisions about how the person's money is spent and their property and affairs are handled.

Personal Welfare LPA

This covers healthcare and welfare, including medical treatment and where a person lives.

An LPA can be set up with the help of a solicitor.

To be valid, it needs to be registered with the Office of the Public Guardian, which will involve a fee (currently £150 for each type of LPA) but this can be done later, when the LPA is required.

You may already have an existing Enduring Powers of Attorney (EPA) in place and if so the key difference between the two is that EPAs are not registered and did not cover personal welfare. It is still possible to register an EPA, provided it was signed before 1 October 2007 and to set up a Personal Welfare LPA to run alongside it.

What if there's no Power of Attorney?

If a person is suddenly mentally incapacitated and an LPA is not in place, they will be registered with the Court of Protection. A receiver will be appointed by the Court with sole power to make welfare and financial decisions on their behalf, including release of funds from bank accounts. It is possible for relatives to apply to the Court of Protection to become the receiver but this can take time and money and powers may still be restricted.



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How do I choose a Care Home?

The care assessment

If you feel you or a family member needs some form of care, you should first contact the Adult Services department of your/ their local authority for a care assessment. This will usually involve a home visit and perhaps a talk with your GP. The assessor will then draw up a report on your care needs and the type of care which would best suit you, including any specialist requirements. All further discussions about care and funding will be based on these 'assessed needs'.

Researching homes

Care homes broadly fall into two categories - those with nursing care and those without. You can obtain a list of care homes in your area from your Adult Services department.

The Care Quality Commission has a useful online search tool to find homes by location, services and quality rating. You can also download the CQC's inspection reports from their website www.csci.org.uk.

Once you have a shortlist of homes, arrange a visit. It's advisable to visit each home a couple of times at different times of day and take along someone else for a second opinion.

Many organisations can provide an extensive checklist of factors to consider when visiting a home. Issues to consider include:

- Are the staff welcoming and happy to answer all your questions?**
- Are rooms clean and private?**
- Are there communal areas and gardens?**
- Is there a choice of meals and mealtimes?**
- What activities, services and events are provided for residents?**
- Do residents appear happy and well cared for?**
- Do staff genuinely seem interested in the residents?**
- Is each resident allocated a primary staff member?**
- Would you receive regular care assessments?**
- Can it meet your specific care needs?**



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Agreeing the contract

Once you have selected a home, a legal contract needs to be drawn up.

If you are paying for your own care, the contract and fees can be agreed between you and the care home. If your local authority is paying, the home must agree the contract and fees with them. You will normally be asked to sign an agreement and receive a statement of terms and conditions.

Take time to check the agreement carefully and don't be worried about raising anything you don't understand with the home or local authority. Issues to consider include:

- What are the fees and what do they cover?**
- What services will be charged on top of the fees?**
- Is a deposit required - how much?**
- How is the NHS Funded Nursing Care contribution accounted for in the fees?**
- What notice is given for fee increases?**
- How are temporary absences, such as hospital stays, charged for?**
- What charges are made after a resident's death?**

It is often possible to have a trial stay in a home before you commit to a longer-term arrangement - or agree with the home that the first few weeks are a trial and you can leave at, say, a week's notice.



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Do I need independent financial advice?

If you answer yes to any of the following questions then you need professional independent financial advice.

I have assets of more than £23,000?

I wish to ensure that I can afford the care home of my choice for the whole of my life?

I do not want the local authority to decide where I spend my later years?

I wish to preserve some of my family's inheritance?

Long Term Care funding is a very difficult and complex area, not one for a DIY approach, which is why the financial services authority has insisted that financial advisers working in this field must hold specialist qualifications.

Scott Gallacher of Rowley Turton is a qualified long term care funding specialist and if you or a family member are concerned about the costs of current or future care you should call Scott on 0116 282 2177 as soon as possible.

Remember, it is never too soon to speak to us and delay could be costing you and your family money, for example: -

- ◆ You could miss out on establishing specialist Will trusts that, in the event of your death, aim to keep your capital out of your partner's estate for future long term care fees.
- ◆ If you are already paying for care then your capital could already be eroding due to the care costs and it is important to act before it is too late.
- ◆ The government could change the rules at any time and close the planning opportunities currently available.

Call Scott now on 0116 282 2177 or return the enclosed information request form, and remember, **Initial consultations are available without cost or obligation.**



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Useful Leicester / Leicestershire / Rutland Contacts

Local Adult Social Care Services Offices

- **www.leicester.gov.uk (Leicester)**
- **www.leics.gov.uk (Leicestershire)**
- **www.rutland.gov.uk (Rutland)**

To arrange a Community Care Assessment and obtain a copy of the Directory of Registered Care Homes or advice regarding any aspect of residential care and charging.

Leicester City Council, Adults and Housing Department, 1 Grey Friars, Leicester LE1 5PH, Telephone 0116 253 1191

27 Upper Bond Street Hinckley, LE10 1RH. Telephone 01455 636964

3 High Street, Coalville, LE67 3EA. Telephone 01530 275200

County Buildings, Leicester Road, Melton Mowbray, LE13 0DA.
 Telephone 01664 564698

Bassett Street, South Wigston, LE18 4PE. Telephone 0116 2787111

Brooklands Northampton Road, Market Harborough, LE16 9HN.
 Telephone 01858 465331

Pennine House, 2 Lemyngton Street, Loughborough, LE11 1XA.
 Telephone 01509 266641

Rutland County Council, Adult Care Duty Team, Catmose, Oakham, Rutland LE15 6HP. Telephone 01572 722577

Your Adult Social Care Services Worker can also refer you to a Residential Care Advisor if you need advice about benefits or about deferred payment arrangements.

Commission for Social Care Inspection

For general information regarding care homes (but not funding issues), including copies of inspection reports about specific care homes.

The Pavillions, 5 Smith Way, Grove Park, Enderby, Leicester, LE19 1SX.
 Telephone: 0116 2815900, Website: www.csci.org.uk,
 e-mail:- enquiries@csci.gsi.gov.uk



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Further information request

If you would like further information regarding your own specific requirements please complete and return the following form to Scott Gallacher at Rowley Turton (IFA) Ltd, 6 Dominus Way, Meridian Business Park, Leicester LE19 1RP.

Please answer as many questions as you can.

Person requiring care	
Date of Birth	
Marital Status	
Address (Home or Care Home)	
Telephone number	
Weekly cost of care home	
Date of admission	

Do you receive any of the following benefits?	YES	NO	WEEKLY AMOUNT
State Retirement Pension			£
Pension Credit			£
Income Support			£
Attendance Allowance			£
Disability Living Allowance			£
Occupation or Private Pension			£

Do you own / have any of the following?	YES	NO	VALUE
Own home*			£
Other property / land			£
Bank / Building Society savings			£
National Savings			£
Stock & Shares			£
Other Investments			£

*Does anyone else live in your property?

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Please complete this section if you would like all future correspondence to be sent to a relative or representative.

Representative's Name	
Relationship to person requiring care	
Does your representative hold a Power of Attorney for you?	
Representative's Address	
Representative's Telephone Number	

I authorise the Rowley Turton to contact me and/or my representative regarding my long term care funding options.

Signed:

Name:

Date:

Please return the completed questionnaire to Scott Gallacher at Rowley Turton (IFA) Ltd, 6 Dominus Way, Meridian Business Park, Leicester LE19 1RP.