

Make Time Today #4



PAYING FOR CARE  
AND GETTING YOUR  
AFFAIRS IN ORDER



# Paying for care and getting your affairs in order

When all the searching and talking is over, arranging care for your loved one ultimately comes down to financing.

It's a harsh reality but care costs money. This fact alone is enough to dissuade some people from getting the help they actually need. Instead of digging deep into their bank account or asking their local authority for help, a lot of people choose to push on and try to support themselves or their loved ones without available support.



**You might be surprised to learn that financing care isn't as black and white as a lot of people suggest. Yes, excellent care home facilities and services can cost a lot of money, but your loved one may not have to pay every penny of the charges.**

Care home fees don't work like club memberships, where every resident is expected to pay the same amount on a strict monthly basis. Instead, each applicant is treated separately, with a series of assessments determining how much they need to pay towards their care.

Certain organisations can contribute a proportion of the care fees for you, and whilst these financial arrangements can get a bit complicated, the simple equation you need to know is that the more your loved one has in terms of assets, the more they'll be expected to pay. But again, there are mitigating factors – and this guide peels back the layers of care costs to show you what you can expect during this difficult time. The more you know about prices, the likelier you are to be financially organised when your loved one enters care.

We've already looked at what health care entails, and now we're showing you ways in which this care can be funded. Stress and pressure go hand in hand with large bills, and sending your loved ones into care is an anxious enough time without the added weight of finding ways to fund it. This fourth and final #MakeTimeToday guide tells you everything you need to know about paying for care and how to get your affairs in order.

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# Money matters

Most of us will spend our entire lives trying to manage our money. This is something that starts when we leave home as youngsters and continues right up until our final days.

The general rule we've likely all learnt by now is that superior quality means higher costs – and this extends to professional care too.

This chapter of our guide covers the primary cost areas that your loved one may encounter when considering suitable care options, including factors such as who pays for care, how much the charges are, and what type of state assistance is available.

## Who pays?

Before your loved one enters into care, you should develop an understanding of how care home prices are determined. After all, it could be you who will need to raise the necessary capital.

A medical assessment conducted by a team of professionals can determine the health status of an individual. Once this is complete, you'll have a better idea of the type of care that's needed, guiding your loved one towards the right facility.

Something known as a "means test" is then performed to determine how the care costs are covered. These tests are conducted by a local authority and assess how much your loved one's assets are worth.

Benefits and pensions are usually excluded from the final figure – which places further importance on claiming every possible benefit your loved one is entitled to. If they hold a joint account that they share with someone else, this will be split and divided equally between both account owners.

## How much can care cost?

The cost of care will be influenced by multiple factors, including the type of care your loved one is looking for, the status and location of the care facility, and their own finances.

Anyone entering into a care home will also have their own Personal Expenses Allowance – which ensures they will never be left with less than £24.90 a week. This may not seem like much, but this is entirely for their own personal use, and won't need to be put towards food and other household bills provided by the care home.

The means test evaluates your loved one's capital and explores the worth of their assets, with three main income brackets used to determine how much is needed to contribute towards care. In each of the three brackets, the means test will look at capital and income (including savings and investments, and property).

### Assets more than £23,250

If your loved one is deemed to have assets worth more than £23,250 by the means test, **they will be expected to pay full fees** and are unlikely to be entitled to any financial support from the NHS or government. This is known as self-funding.

### Assets between £14,250 and £23,250

For those who fall within the middle bracket, **some financial assistance is likely to be available** from the local authority.

### Assets less than £14,250

If the accumulative total of your loved one's assets is less than £14,250 (with eligible income taken into account), the **local authority is likely to fund most** (if not all) of their care fees.

## What state assistance is available?

Professional care is rarely a short-term thing. More often than not, care is concerned with looking after somebody for the rest of their lives – which can be years or even decades.

There's a wide range of state support available for people heading into care for the foreseeable future, including government subsidies, benefits and even services provided by the NHS.

<b>Carer's Allowance</b>	Carer's Allowance is financial assistance for carers looking after someone for 35 hours a week or more. This currently stands at £62.70 per week. For more information on Carer's Allowance, check out the <a href="#">GOV.UK website</a> .
<b>Personal Independence Payment</b>	Personal Independence Payments are for those aged between 16 and 64 who suffer from a long-term disability or illness. This assistance scheme offers an amount of money which is calculated by taking the individual's personal condition into account. This might be something that should be considered if an ageing friend or family member's condition deteriorates prior to their 65th birthday. More information can be found at <a href="#">GOV.UK's Personal Independence Payment page</a> .
<b>Attendance Allowance</b>	Perhaps the most relevant benefit for your loved one will be Attendance Allowance – a payment scheme for those aged 65 and over who are suffering from a long-term illness.

## Top-up fees – what are they?

The rising numbers of elderly people in need of care means that there's fierce competition for care home spots today – especially at the finer facilities. The sooner you register your loved one for a place in a care facility, the better chance they will have of being accepted.

If an application isn't completed by contacting the facility directly, a care home residence can be allocated on a case-by-case basis by the council. Following a needs assessment and means test, the local authority will know exactly which facility is right for your loved one and how much financial support they'll receive. However, if your loved one is looking to live in one of

the premium locations, their place can be secured by paying what is known as a topup fee or third-party top-up.

These fees must be paid by a third party (i.e. not by the ageing person in question or the council) and will only be required when choosing a higher-priced care home than the local authority allocates.

# Looking further ahead

It's never too soon to look ahead to the future – especially in terms of care.

In our penultimate chapter, we discuss matters that become increasingly relevant as the need for long-term health care becomes apparent. This includes issues such as asset allocation, will writing, and the importance of a lasting power of attorney.

## How to protect assets and the home from care costs

In some cases, your loved one's assets can be removed from the means test consideration – resulting in higher funding for care.

It is important to note that a financial advisor will be needed here. These experts can perform all the necessary calculations and ensure that you are making appropriate exclusions, preventing you from unknowingly providing false information to the authorities.

If the council believes your loved one is deliberately manipulating finances to avoid paying care fees, they may still take into account any assets that are given away (this is known as deprivation of assets). It's tricky territory and, ideally, you need an expert for financial support. A financial advisor will guarantee everything is in order before you kick your plans into action.

## Some of the most popular and effective asset protection/payment methods include:

<p><b>Deferred payment schemes</b></p>	<p>Deferred payment schemes are services provided by local authorities that let people delay paying their fees for a reasonable amount of time. These schemes are designed to make covering care costs more manageable, with payment often due when your loved one leaves the care home or passes away during residency.</p> <p>Only certain people are eligible for deferred payment schemes, with this option usually best suited to those within the lower financial brackets.</p>
<p><b>Equity release</b></p>	<p>Homeowners over the age of 55 in possession of properties valued at £70,000 or more may be eligible for equity release. This lets your loved one release some money from their house to use for the purposes of care costs.</p> <p>It's always best to have a financial expert on hand when considering this option, as there are a lot of factors involved.</p>
<p><b>Care annuity</b></p>	<p>Care annuity lets people pass their savings onto a third party – with this organisation ensuring their care costs are covered for life.</p> <p>Care annuity is commonly available in the form of insurance policies, with specially designed contribution systems set up to guarantee all costs are completely taken care of.</p> <p>Naturally, care annuity is best suited to those thinking ahead rather than those requiring immediate care, as your loved one will need time to set up the scheme and make contributions.</p>
<p><b>Renting property</b></p>	<p>If your loved one owns property and they are moving into a care home, a logical way to provide funding for their new care facility is by renting out their old house to a tenant. This generates a steady income, although it does require someone to perform the role of a landlord.</p> <p>Anyone in care cannot be expected to take up this role, and you may be too busy yourself, so a property manager may need to be hired to take care of and respond to tenants.</p> <p>Whichever funding option you decide to go for, it's important to remember that the earlier your loved one prepares, the better placed they'll be to receive funding from relevant bodies for their future care.</p>

## Preparing a will

As your loved one enters care, they may begin to reflect deeply on the final chapter of their life and discuss death more openly.

This isn't something you should ever deter them from doing as it's such a challenging topic for anyone to broach, let alone if you're in the situation yourself. If they're talking openly they may be coming to terms with the thought of getting some further support and the importance of doing so. As part of them making arrangements for the end, they may start to think about a will.

Preparing a will is by far one of the most important things your loved one will ever do. It outlines their wishes for funeral arrangements and how their body or ashes will be handled, as well as instructing where their assets should be allocated. By writing their will as soon as possible, your loved one can relax knowing everything is taken care of – but it is important not to let your loved one feel rushed into finalising it.

If you write a will yourself, the process is often absolutely free. We recommend that the final document is checked by a solicitor to ensure it is accurate and legally binding, but it's an affordable and easy process – which means there's nothing stopping your loved one from getting started. A solicitor can also write the will on their behalf for a fee.

Allocating the estate into portions is a process that requires some serious thought, and whilst it's good for your loved one to get their will completed, this part should never be hurried.

There should also be specific instructions included in terms of how they prefer to be laid to rest, guardianship and passing along any pets.

After completing a will, it's crucial to keep it in a safe place. There are lots of services that provide a full legal evaluation of your will on top of storage solutions.



## Designating a lasting power of attorney

If your loved one's health declines to the point where they cannot make their own decisions regarding their own wellbeing, lasting power of attorney comes into play to ensure they are looked after.

Like a will, this is another crucial document for anyone in the twilight of their lifetime. A lasting power of attorney agreement essentially lets your loved one choose appropriate people to make decisions on their behalf. If neurological disorders like dementia or Alzheimer's start to present themselves, these specially selected parties will then be trusted to make decisions on care and money.

Your loved one must be in a healthy mental state in order to legally sign a lasting power of attorney agreement, with an attorney and witness present during the signing process. Bear in mind it can take ten weeks to register a lasting power of attorney agreement with the Office of the Public Guardian, and there's usually a charge involved (typically £82).

Again, it all comes down to being proactive. Step in to start the care conversation when the moment is right, and you can make sure all the essential measures are in place with plenty of time to spare.



## Before you or your loved one write off further care as an exorbitant expense, understand that help is available.

Navigating these financial support systems – and determining your loved one's eligibility – can be confusing. This is unfamiliar territory, after all, and you shouldn't be expected to handle it all by yourself.

Money might make the world go around, but there's much more to life than attempting to keep your bank balance at the highest possible number. Treasure the precious moments with your loved one and let us help you with the rest.

Your loved one will be taken care of. It's just a matter of reaching out to the right people for help...

## Thank you for reading our guide: Make Time Today #4 paying for care and getting your affairs in order

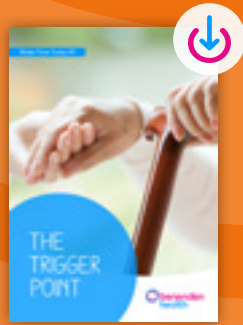
We hope you found the final edition of our #MakeTimeToday Care Guide series informative. After reading all four issues, you should now understand when to seek care, how to talk about it, how to find the best facilities, and what costs are involved along the way.

Our #MakeTimeToday guides have been created alongside our specialist partner [Grace Consulting](#), an independent care advice service that helps people make the best possible care decisions.

There's a lot to know about the health care system and paying for the necessary support, and our experts can break everything down into comprehensible language.

Benenden Health offers a wide range of personal healthcare and insurance services for you and your family. From health assessments and independent living aids to travel and home insurance, Benenden Health can ensure greater peace of mind through in-depth health evaluations and appropriate levels of cover for you and your loved ones.

If you missed any of our previous #MakeTimeToday guides, covering a range of topics, they are available to download here:



#1  
The trigger points for elderly care





#2  
How to approach the care conversation



#3  
Choosing the best care options and providers

If you have any questions about these services or would like to know more about elderly health care in general, remember that our supportive team are always here to help.

Give us a call on **0800 414 8205** or send a message via our [online contact form](#). We'll happily assist with any enquiry you may have.

 0800 414 8205  
 [www.benenden.co.uk](http://www.benenden.co.uk)

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