

Long-term later-life care costs

Understanding the options that could alleviate this burden and help you feel more in control

Planning for later-life care is a sensitive and profoundly personal matter that many individuals prefer to avoid. However, life's unpredictability means these situations can arise unexpectedly, necessitating swift and thoughtful decision-making. Without preparation, the emotional and financial pressure can feel overwhelming. Taking the time to consider options in advance could alleviate this burden and help you feel more in control.

In this article, we look at the complexities of long-term care costs and highlight the key factors to consider when planning for the future. Although the specifics can sometimes seem unclear or overwhelming, possessing the proper knowledge and a solid plan can offer peace of mind and a more straightforward navigation of these challenges.

COMMON MISCONCEPTIONS ABOUT CARE FUNDING

One of the largest misconceptions about later life care is that the NHS will cover the expenses. The reality is considerably more intricate. The NHS only finances care in specific situations where you have considerable medical needs. This system, referred to as NHS Continuing Healthcare (CHC), can either fully fund the costs or offer some limited support in the form of NHS-funded nursing care.

However, obtaining CHC is not straightforward. Many people assume that conditions such as dementia will easily qualify, but this type of care is often classified as 'social care' rather than 'health care'. Unfortunately, if you require social care, you will likely need to fund it yourself, subject to a financial assessment.

UNDERSTANDING FINANCIAL ASSESSMENTS

The cost of social care can vary significantly depending on your location in the UK. Taking England as an example, if your current assets exceed £23,250, you will usually need to cover the entire cost of care yourself. For assets between

£14,250 and £23,250, your local authority will contribute towards some of the expenses, leaving the remainder as your responsibility. If your total assets are below £14,250, the local authority typically assumes full financial responsibility for your care, although you may be required to make a contribution from your income.

A common concern is whether you will need to sell your home to fund care. This largely depends on individual circumstances. If a spouse, registered civil partner or close relative continues to live in your home, it will not be included in your financial assessment. However, if you move into a care home and leave your property unoccupied, its value may be taken into account in the calculations.

GIFTING ASSETS AND THE RISKS INVOLVED

Some individuals view gifting their home or assets to family members, or placing them in a trust, as a way to reduce means-tested costs. However, it is crucial to approach this with caution. Local authorities may interpret this as 'deliberate deprivation of assets' if they believe the intention was to avoid care costs. Such gifts might still be factored into your financial assessment, resulting in further complications.

Even when the intentions behind gifting assets appear reasonable, there are financial and personal risks involved. For instance, the recipient of the gift may face unexpected circumstances, such as divorce or financial difficulties, which could lead to losses. Gifting should only entail assets that you are certain you won't need in the future to avoid financial strain later.

VALUE OF EARLY PLANNING

None of us knows if or when we might require long-term care. Similarly, we cannot predict the associated costs or the duration of support needed. Given these uncertainties, it is prudent to plan early, identify possible scenarios and ensure that your financial footing remains secure.

Future government policies regarding care costs remain uncertain. At present, it's prudent to assume that existing regulations will remain unchanged, but establishing a robust financial strategy can help you adapt to any alterations. Staying informed about updates is essential, as care-related policies may change over time.

TOOLS AND SOLUTIONS FOR MANAGING CARE COSTS

Preparing for care expenses need not be daunting. Tools such as cash flow modelling can help you 'stress test' various financial scenarios, providing a clearer understanding of how well equipped you are for potential care costs. This approach assesses your personal circumstances in detail, helping you comprehend how different factors, such as timing and expenses, may influence your situation.

Tailored solutions, including long-term care annuities and specialist financial products, are also available to support care funding. We can assist you in exploring these options and recommending a strategy tailored to meet your specific needs and goals.

OPEN CONVERSATIONS AND PROFESSIONAL ADVICE

Discussing your preferences for later-life care with family members is always prudent before the need

arises. Such conversations ensure that everyone understands your wishes and can plan accordingly. Professional support can also be invaluable in this regard. We can assist with family discussions and meet in person or virtually to explore your options.

Moreover, if you are considering gifting assets, it is highly advisable to consult a family solicitor or seek professional financial advice from us. Early guidance can help you avoid pitfalls and ensure that your approach aligns with your long-term plans. ■

ARE YOU UNSURE ABOUT YOUR OPTIONS OR WOULD LIKE TAILORED ADVICE?

Navigating the cost of long-term care can be one of life's most challenging and complex decisions, but preparing in advance can alleviate stress later. If you're unsure about your options or would like tailored advice, we are here to help. Contact us today to arrange a consultation. Whether it's organising a family meeting, advising on asset planning or exploring financial solutions, we'll work with you to create a clear and practical plan for the future.

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