MESSENGER FINANCIAL MANAGEMENT

PROTECTING YOUR LEGACY

PAYING FOR CARE

As you get older or your needs increase, you may find it more difficult to cope in your own home.

Living in a Care Home can be very expensive and the costs involved in moving into a Care Home can literally wipe out your entire savings and your home may have to be sold to pay for Care Fees.

IN DETAIL

When someone enters Care they are automatically "means tested" and ALL of their assets, including the family home are taken into account.

If you **own more than the Upper limit**, (which includes your property, any cash, savings and stocks and shares etc) you will be expected to fund the full cost of your Care Fees. You would not be able to receive any financial help from your local council until your savings (assets) have been reduced to the Upper limit.

Care residents **with capital between the Upper and Lower limits** are expected to make some contribution from their capital as well as income.

If you have **assets below the Lower limit**, then any contribution you may be required to make towards the cost of your Care, will be based solely on your income and your assets disregarded.

Every Local Council's social services department must follow the Government's rules from the **'Charging for Residential Accommodation Guide' (CRAG)** to work out how much you will need to pay towards your Care Home Fees.

Long Term Care Capital Thresholds 2012/13

You will be required to pay for all of your own Care if your assets are greater than:
England: £23,250
Wales: £23,250
Scotland: £24,750
N. Ireland: £23,250

You will be required to pay for some of your Care if your assets are between:
England: £14,250 - £23,250
Wales: £23,250 - £23,250 (The Upper and Lower limits are the same)
Scotland: £15,250 - £24,750
N. Ireland: £14,250 - £23,250

The Council will ask you to complete and sign a financial assessment form. If you refuse to complete the form, the Council may charge you the full cost of the Care Home Fees, but they cannot refuse to provide the care, if it is assessed that you need this Care.

The Council will need to know how much you have in savings and capital (including your beneficial interest in any property), as well as your weekly income.

In most cases, if you are entitled to financial assistance from the Local Council towards the cost of the Care Home Fees, you have to use all of your income, including Pension Guarantee Credit if you receive it, as a contribution towards the fees. However, some types of income are not included in the council calculation.

These include:

- The mobility component of Disability Living Allowance.
- The War Pension Scheme mobility supplement.
- War Widows Special Allowance (also referred to as War Widows Special Payments).
- Some Charitable Payments.
- Pension Savings Disregard.

If you receive financial assistance towards the fees from your Local Council, your Attendance Allowance or Disability Living Allowance care component will stop after you have been in the care home for 28 days. You will be allowed to keep a Personal Expenses Allowance of £22.60 per week, which you can spend as you wish.

Capital in bonds

Currently when your Local Council assesses your finances, they are allowed to take into account any income you receive from bonds, with or without a Life Assurance. Councils must disregard the capital asset of an investment bond which contains one or more Life Insurance Policies with cashing-in rights for total or partial surrender. The surrender value of an investment bond without Life Assurance is taken into account.

Tariff income

Any actual income you receive from capital, such as interest, is not counted as 'income' but is added to and treated as capital. For savings between £14,250 and £23,250, with every £250 or part of £250 you have, you will be assumed to have a £1 a week 'Tariff' income. This amount will be added to the assessment of your weekly income. Therefore, you will need to take this weekly amount toward your fees from your capital savings.

Occupational and Private Pensions

During your financial assessment, the Council must ignore 50 per cent of your occupational pension as long as you use the whole of that half to support your husband or wife at home. The same rule applies if you receive income from a retirement annuity. This rule only applies to married couples and civil partnerships. If you are not married or have a civil partnership and you would like to use some of your pension to support your partner at home, you have to ask for your Personal Expenses allowance to be increased under the discretionary rules.

Insurance Policies

Any form of income from an Insurance Policy is generally taken into account in full. The only exception is income from a Mortgage Protection Policy.

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SA9 / 01.2014