PAYING FOR CARE

2020/21

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The Cost of Care

The cost of care can vary greatly and will depend on the type or amount of care needed. It may also differ depending on who is buying the care, for example privately arranged care may cost up to 30% more than if a Local Authority arranges the care. Geographically the cost of care, even within a County can be hugely different. There are other things that may also affect the cost of care – the most recent example being COVID -19 with the additional costs of PPE equipment for providers often being passed on.

Choosing care can be hard enough without discovering later that the cost is not what it seemed, has increased or is not affordable in the longer term. So, where do you start? How do you know how much to pay, or even if you should be paying? The right care starts with the right advice.

Whether making plans to provide for a loved one or yourself, it is important for long term affordability, that you get the right advice before making potentially life changing decisions.

Care fees vary depending on need and location. According to, a report by healthcare specialists in 2019/20, care homes in England average a cost of:

- **£35'500** per year for a residential care home, or
- **£45,000 to £65,000** per year if nursing is required.

How long will you need to pay for care? Without a crystal ball who can say, but what we do know is that one in four of us aged 65+ are likely to need care or support, although most people don't need to go into a care or nursing home.

Less than 15 per cent of people aged 85 and over live in residential care, but of those who do, the average length of stay is 2.3 years in a residential care home or 1.4 years in a nursing home.

The ways to pay for care:

1. **NHS Funding**
2. **Social Care**
3. **Benefits**
4. **Paying for your own care**
   - Property – selling, renting, downsizing, moving, Deferred Payment Agreements
   - Investments
   - Income and savings
   - Third Party payments
   - Financial Products – Equity Release/Annuity

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A Care Funding and Benefit Check can help you to choose and arrange appropriate care, access support services and get the right assessments. It can help you to identify and claim your benefit entitlement and make sure that you aren't paying more than you should be or can afford to for your care and support.

1. NHS Funding

NHS Continuing Healthcare (CHC) is a package of care arranged and funded solely by the Clinical Commissioning Group (NHS in England) for a person who is aged 18 or over and has been found to have a **'primary health need**' that has arisen because of disability, accident or illness. This is regardless of where the care is to be provided and includes: care at home, residential or nursing homes.

NHS-funded nursing care payment (FNC)is a weekly payment of £165.56 per week 2019/20, provided by the NHS to homes providing nursing care, to support the provision of nursing care by a registered nurse. NHS continuing healthcare must be considered, and a decision made prior to any consideration of eligibility for FNC.

See our NHS Continuing Healthcare Guide

2. Social Care

Adult social care refers to a system of support to maintain and promote the independence and well-being of disabled adults and informal carers

If you are not eligible for FREE NHS Continuing Healthcare funding, then you may have to pay for your care and support.

After you've had a care needs assessment from your Local Authority, they will do a financial means test to assess your income, savings and property to work out what will be disregarded and how much (if anything) you have to pay for your care and support. These assessments are FREE.

Currently the upper funding level in England is £23'250, if you have above this then you may be paying for your own care (remember it is an individual's needs being assessed and therefore only their ability to contribute - halve savings held jointly and a property may be disregarded from a means tested financial assessment).

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3. Benefits

The benefit system is a support for those who have experienced difficulties, whether financial or circumstantial. Social Security benefits are split into two main categories and are either means tested, when a full financial assessment will be required or non-means tested, when your finances are not assessed. Some of the non- means tested benefits are dependent on a national insurance contribution record for example State Pension and others are determined by circumstances such as disability and caring benefits.

Attendance Allowance (AA) – 0800 731 0122

Attendance Allowance is a tax free, **non means tested** benefit for someone who suffers from an illness/disability and has care and/or supervision needs. To qualify you must be 65yrs or over old when applying and have had a need for at least 6 months and expect to have needs for at least another 6 months. There are special rules for people with a short life expectancy, when the qualifying period does not apply. Attendance Allowance may be awarded at one of two rates;

- 1) Higher rate £89.60– if the need is through the Day and Night
- 2) Lower rate £60.00 – if the need is through the Day or Night

Disability Living Allowance (DLA) – 0800 121 4600

Disability Living Allowance has been replaced by Personal Independence payment for people aged between 16 and 64 yrs. No new claims for DLA, however someone who was already 65 years old on the 8th April 2013 and in receipt of DLA will continue to receive it (for the length of the award and providing they still meet the qualifying criteria) and it can be upgraded providing the qualifying criteria are met.

Personal Independence Payment (PIP) - Claim line 0800 917 2222

The Welfare Reform Act 2012 introduces Personal Independence Payment (PIP) as part of wider welfare reform. It is non means tested and non-taxable and will replace DLA for eligible claimants aged 16 to 64 from 8th April 2013.

Carers Allowance – 0800 731 0297

A non means tested, taxable benefit payable for those who look after someone receiving a qualifying disability benefit such as Attendance Allowance/DLA Care component at the middle or high rate/ PIP daily living at either rate. You do not have to be related to, or live with, the person that you care for but will be aged 16 or over, spend at least 35 hours a week caring and not earn over £128 (net) per week after deductions. Carers Allowance may affect any means tested benefit that the disabled cared for person receives.

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3. Benefits

Pension Credit – Claim line; 0800 99 12 34

Introduced in 2003, Pension Credit is a means tested, non-taxable benefit for people over the qualifying age which is in line with the Women's State retirement age. Entitlement varies depending on the circumstances. It has no savings/capital upper limit, although over £10'000 will be given an assumed income of £1 for every £500 or part of.

4 out of 10 older people have unclaimed benefit entitlement. Please remember we can check your benefit entitlement, which may change if your circumstances change.

These are just a few of the many benefits often left unclaimed;

- **Council Tax reduction scheme/Council Tax exemption**
- Funeral Payments
- Employment Support Allowance
- Health Related Costs
- Industrial Injuries Disablement Benefit

Please contact us for a full benefit check:

- Telephone; 0800 999 25 27
- Email; admin@careadvisernetwork.co.uk

If you would like advice or support the Care Adviser Network may be able to help, please find an adviser or contact us. There will be a charge for these advice services.

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3. Paying for your own care

If you are not eligible for NHS Continuing Healthcare funding and have over the Local Authority Charging upper funding level of £23,250 then you may be paying for your own care using one or any combination of these things:

- Savings/Investments/Income
- Property
- Care Fee Plan/Annuity
- Third Parties

Property Options

Moving, Renting, Selling, Downsizing… While it is your main and only home or the home of those closest to you, your property will often not be taken into account during a means test and if the NHS is responsible for your care costs it will not be considered an asset either.

Before making potentially life changing decisions with what may be your main or only asset a Funding Care Check can ensure that the ways to pay have been fully considered and if you are using your own funds to pay for care, whether it is for you or a loved one, advice is really important to make sure you aren't paying more than you can afford or should be for the support you receive to avoid a move later on.

Selling your home

Often when people move into a care home they believe that they will have to sell their home or be 'forced' to sell. Selling your home may seem very final and it is your choice. Take your time and seek advice before making any hasty, ill informed decisions as there may be options for example a Deferred Payment Agreement with the Local Authority or renting your property.

Moving

Care Navigators may be able to find support enabling you to stay at home but if a move has been decided then it may be worth considering other options which may include moving in with family, a home share scheme or shared lives agreement, down-sizing, moving in with family or to a more appropriate type of property.

Renting

Renting may be your preferred option but often there are questions about how the rental income will be taken into account for a means test or how a shortfall between your income and cost of care could be met or what are the tax implications…

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Equity Release

If you are responsible for your own care costs or have chosen more care, a preference of accommodation or luxury services with a 'top up' requirement then you may be considering using the equity in your home to pay for it. While you are living at home and over a certain age there may be two main types of product available to you

Home Reversion – you sell part or all of your home in return for a lump sum or regular payments.

Lifetime Mortgage – a mortgage is secured on your property but you retain ownership.

If you are moving into permanent care there may be other financial products available.

We would advise asking us to do a 'Funding Care Check' before making potentially life changing decisions with what may be your main or only asset as releasing equity may affect means-tested benefit entitlement and there may be other options available.

Deferred Payment Agreements

A Deferred payment agreement (DPA's) with a Local Authority enables a person to defer or delay paying some or all of the cost of their care until a later date. It is a way to prevent people from having to sell their home in their lifetime to meet the cost of their care.

Care Fee Annuity

An immediate needs annuity, care fee annuity or care fee plan is an insurance product designed to cover the shortfall between your income and the cost of your care for the rest of your life. Paid to a care provider it can have tax benefits and can be arranged to begin with immediate effect or be deferred for an agreed period.

Third Parties

You may wish to contribute towards a loved one's care, a 'top up' of a Local Authority agreed amount or 'up front' payments recovered later. A shortfall between an amount agreed by a Local Authority or NHS may not cover your preferred care cost but there are rules that a Local Authority and the NHS must follow and choice of accommodation is a legal requirement. Seek further advice before offering or agreeing to make a 'top up' of either your own care or care for a loved one

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Financial Advice

Some financial advice can only be given by advisers who are regulated by the Financial Conduct Authority (FCA), this is called regulated financial advice.

Helping people to understand the financial implications of having care and support needs might include unregulated financial information and advice such as help with completing benefit applications, providing debt advice and money management/budgeting services but it may also require regulated financial advice for example considering property options, paying for care, providing for loved ones and wealth/tax management.

SOLLA
SOCIETY OF LATER LIFE ADVISERS

The Society of Later Life Advisers was founded in 2008 as a not for profit organisation, to meet the need of consumers, advisers and those who provide financial products and services to the later life market. Their aim is to ensure that consumers are better informed about the financial issues of later life and can find fully accredited adviser quickly and easily.

Please contact us if you would like to request a 'Funding Care Check' before making potentially life changing decisions to ensure you are claiming your benefit entitlement, accessing the right support and have help to find good care

We work with Care Adviser Network Professional members who are specialist care fee experts and SOLLA accredited if further regulated advice is required.

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People paying for their own care often make decisions with little time or previous knowledge of a complex 'system'.

A few of the common questions are: Can I keep the house? Can I move or give my spouse or children my house or savings? What choices do I have? Should I be paying, is there any help? What if my money runs out?

If you still have questions our other guides may help but if you would like to ask us a question or request Care Advice please contact us:

Tel; 0800 999 25 27 I 01280 818 784

Email; admin@careadvisernetwork.co.uk

Website; www.careadvisernetwork.co.uk

Other Guides by Care Adviser Network:

- Top Ten Tips on Paying for Care
- Continuing Healthcare
- Choosing Good Care
- Making and changing a Power of Attorney
- Avoiding Care Fee
- Will the Council pay

If you would like advice or support the Care Adviser Network may be able to help, please find an adviser or contact us for a care funding and benefit check. There will be a charge for these advice services.

Written using English law and guidance. April 2021 – 2022. Correct at time of printing, reasonable care and skill has been taken but no responsibility accepted for individual interpretations or decisions made based on the information or for any loss occasioned by a person acting or refraining from acting based on this information. Revised April 2021. Care Adviser Network is a registered social enterprise in England and Wales. Company number; 9757905. 2011 – 2021 © All rights reserved.