

Care Home Financial Planning Security for Your Future

Care home financial planning can be the last thing on your mind when you are enjoying the present but having the right plans in place today can help you and your family in the future.

We all hope to live long and healthy lives in the comfort of our own home. Thanks to healthier lifestyles and advances in medicine, there is an increase in life expectancy and an increasing need for care as we get older.

The financial impact of care is often overlooked. However, if you require residential or nursing care in later life it can often result in your assets being used to pay for that care. Suddenly the assets you have worked so hard to secure for your loved ones diminishes.

Through effective planning, and by taking the right legal advice, you can help to ensure that your assets are left to those you intended.

The following information will guide you through the complexities of care home planning, helping you to make informed decisions about securing your future and that of your loved ones.

Care Home Fees

Asset Value of £23,250 and above

If you have assets, including property, bank accounts and other investments, with a value of in excess of £23,250, then currently you will be required to pay for your residential and nursing care in full. There can be exemptions to this rule. The NHS assesses your requirements and depending upon the nursing element of your care, may fund it. Assessment is on a case by case basis.

Asset Value of £14,250 - £23,250

If the assets you hold are between £14,250 and £23,250, the Local Authority will conduct a financial assessment which, on the basis of your capital and income, will determine how much you need to contribute towards your residential and nursing care. Again, there could be some contribution made by the NHS towards your nursing care depending upon circumstances.

Asset Value £14,250 and below

If your assets are below the £14,250 threshold then you will not be required to contribute towards your care. That is unless you have chosen a residence which is not supported by the Local Authority, in that case, your family may be asked to pay a 'top up' fee to the care home in order that you may remain resident in your place of choice.

Property Protection

An asset includes any property you own and will be considered in the assessment of care home funding. However, there are circumstances when the value of your property may be disregarded for the purpose of the Local Authorities' financial assessment. These can include:

- ✓ A husband, wife, or civil partner, or a partner whom you lived with as though you were married still resides in the property;
- ✓ A relative who is 60 years old, or over, or a younger relative who is incapacitated still resides in the property;
- ✓ A former partner who is divorced or estranged from you, but who is a lone parent; or
- ✓ A child under 18 years who you are liable to maintain still resides in the property.



The transfer of property to your children, or other chosen beneficiaries, is often promoted as an option to protect assets. However this can result in far reaching complexities and is not a course of action we would advise. There are many reasons as to why this poses such risk for you and your loved ones, including:

Ownership - You will no longer be the legal owner of your property. If you wanted to make alterations or even sell the property, you would require the permission of the new owners.

Animosity - Families can, and sometimes do, fall out. Consider the difficulties this would bring should a dispute arise between you and the owners of the property.

Divorce - If your children divorce from their partners in the future, the property could potentially fall into the 'pot' of assets available for distribution on divorce. You would have no control over this and could lose your home.

Capital Gains Tax - There could be consequences when your children come to sell the property after your death. Any tax liability would fall upon them to discharge.

Local Authority Investigation - Local Authorities do challenge these types of transfers. If the transfer was done for no other reason but to avoid care fees then you could be held by the Local Authority to hold what is known as 'notional capital' to the value of the property. The consequence of this would result in you having to pay a proportion, if not all, of your care fees.

Helping You to Protect what Matters

With the right legal and financial advice there are effective ways to help protect your assets and your future security. There are various options for you to consider, including:

Wills & Life Interest Trusts

By incorporating Life Interest Trusts into your Wills you have the option to split ownership of your property so that you and your spouse each own a 50% share.

Should one of you pass away, the deceased's share of the property would be placed into a Life Interest Trust, rather than passing outright to your living partner. They would now be the primary beneficiary of the trust, meaning that they could reside in, or sell, the property if they wish.

As they do not own the property outright, should they require care in the future, the Local Authority can only assess them as owning their share of the property.

Lease for Life

A Lease for Life can be incorporated when transferring the property to your chosen beneficiaries. Whilst you will not own the property outright, the Lease for Life will ensure you have an interest in the property for the rest of your life.

Lifetime Trusts

A transfer of property to your chosen Trustees, with yourself and other beneficiaries of your choice being named as the beneficiaries, can be effective. If the Local Authority is required to conduct an assessment of your assets the value of the property should not be taken into account as you do not effectively own it.

Let Kirwans Guide You on Your Legal Journey

Depending upon your circumstances there are various legal options available to you when considering care home planning. It is important to seek expert legal advice from the outset to help ensure you are not left in an unwanted situation.

Preparing your loved ones for a time when you are no longer with them, or in the event you lose mental capacity, can be difficult. Our team of leading Private Client law specialists will guide you through, providing the expert advice you need to ensure that your affairs are effectively managed.

Contact Us

For all your Private Client needs, contact our team today
t: 0800 525 035 www.kirwans.co.uk e: info@kirwans.co.uk



Liverpool

Il Palazzo,
7 Water Street,
Liverpool L2 0RD
Tel: 0151 229 1899
Fax: 0151 229 1822

Prenton

363 Woodchurch Road,
Prenton,
Wirral CH42 8PE
Tel: 0151 608 9078
Fax: 0151 609 0030

Moreton

236-238 Hoylake Road,
Moreton,
Wirral CH46 6AD
Tel: 0151 677 3433
Fax: 0151 641 8509

Southport

23 Houghton Street,
Southport,
PR9 0NS
Tel: 01704 515 270
Fax: 01704 515 271

