



The Saga Guide to Paying for Care



Welcome

An active and secure retirement is something we like to think we're all entitled to and we find it hard to imagine a time beyond that, when we may need care from other people. What's more, many people do not realise they may need to fund the care themselves.

In this guide, Saga introduces you to the major issues surrounding long-term care and some of the funding options available.

If you need to fund care yourself, the Saga Care Funding Advice Service, provided by Just Retirement Solutions Limited, can help. They will be able to assess your specific situation and explain your options in detail. They can help you make informed decisions that will ensure a happy and secure future for yourself or a loved one.

I hope you find this guide useful.

M Huggins

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The cost of care in the UK

Long-term care has become increasingly costly over recent years. How much is charged depends on the type of care required and where you live.

The maps on pages 5 and 6 show examples of the average nursing and residential care home fees in different areas of the UK.

Here's a look at different types of care and typical costs. It may surprise you.

Care at home

Many people prefer to stay living in their own homes and Local Authorities aim to make this as practicable as possible. The cost will depend on a number of factors, including the number of care hours received, whether it is domestic or personal care as well as where you live.

Residential care

Broadly speaking there are two main types of residential care home in the UK – those that generally provide help and assistance with personal (or social) care i.e. washing, dressing, feeding, mobility – and those that provide nursing care. Homes that offer 'nursing care' must employ qualified nursing staff. They also provide higher levels of care assistant staff than homes that provide 'social care' only.

The terms have changed recently. Residential homes are now known as "care homes with no nursing" and nursing homes are known as "care homes with nursing". Nonetheless, most readers will be more familiar with the

residential and nursing titles, so we will continue to use those titles for this guide.

Overall, the average weekly fees for older people in private and voluntary care homes (that provide nursing care) across the UK amount to £731 (£38,012 per annum) for nursing care and £531 (£27,612 per annum) for residential care only.* This represents a 1.2% increase in cost since 2012 for nursing care and a 1.3% increase for residential care.

Nursing care fees

The maps on the following pages show that there is a wide variation in the cost of care across the UK. For example, in the most expensive region of the country, the South East, average nursing care fees reach £869 per week (£45,188 per annum) while in the least expensive region, Northern Ireland, they are just £570 per week (£29,640 per annum).

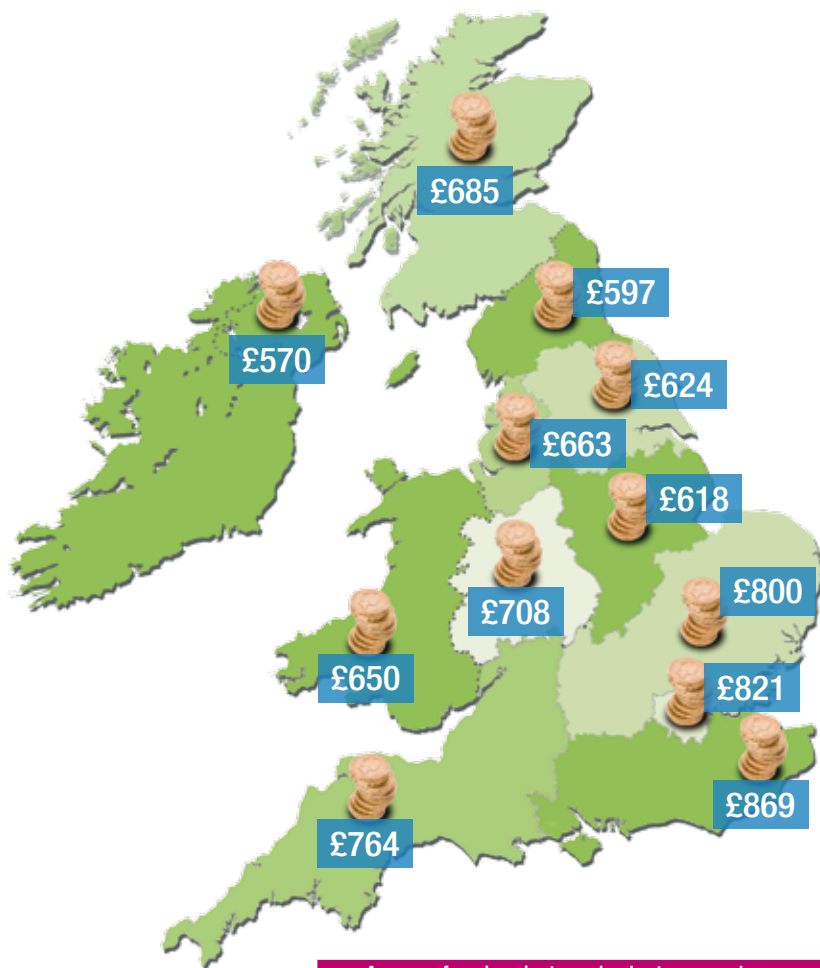
Residential care fees

Residential care fees are at their highest in London, at an average of £598 per week, and at their lowest in Northern Ireland, at £466 per week.*



*Cost of care data source: Laing & Buisson Care of Elderly People UK Market Survey 2012-13.

Nursing care home fees

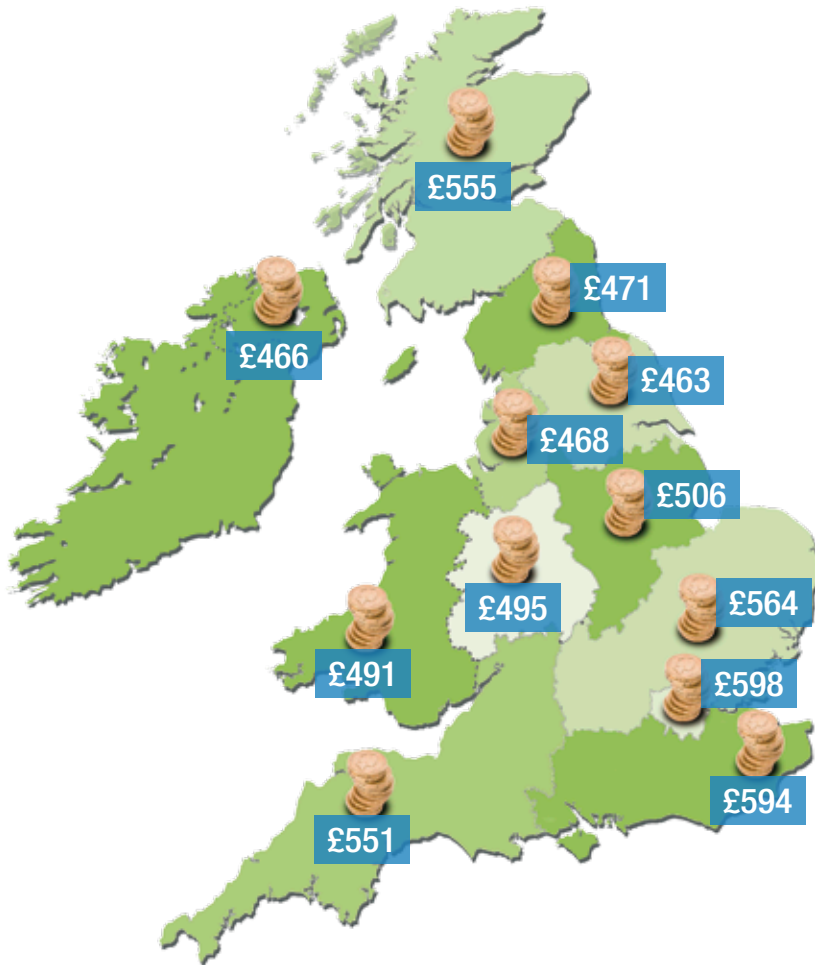


Average fees in private and voluntary care homes
£ per week 2012/13*

England	£750
Wales	£650
Scotland	£685
Northern Ireland	£570
UNITED KINGDOM TOTAL	£731

*Source Laing & Buisson Care of Elderly People UK Market Survey 2012/13. All figures are weighted average (single and sharing) fees.

Residential care home fees



Average fees in private and voluntary care homes £ per week 2012/13*	
England	£532
Wales	£491
Scotland	£555
Northern Ireland	£466
UNITED KINGDOM TOTAL	£531

*Source Laing & Buisson Care of Elderly People UK Market Survey 2012-13. All figures are weighted average (single and sharing) fees.

When do you qualify for financial help?

Do you have more than £23,250 in assets or savings?

'Assets' may include the value of your home and any savings. (Do not include your home if it is lived in by your partner; a relative who is over 60 or incapacitated; or a dependent child under 16.)

NO

Ask your Local Authority's Social Services department for an assessment of your care needs.

The Local Authority should pay towards your care costs as long as the care home you choose is able to meet your assessed needs and does not cost more than they would normally pay for such care.

However you are still likely to be expected to contribute from your income. You can opt for a more expensive care home if there is a third party who can top-up the Local Authority's funding on a long-term basis. You are not allowed to pay the difference yourself if your assets are below £23,250.

Seek specialist advice. To make sure you get all the financial help you are entitled to, it is important to take specialist advice.

Visit saga.co.uk/ltc to download our factsheets containing lots of useful information.

YES

Ask your Local Authority's Social Services department for an assessment of your care needs.

The Local Authority can help you with the first twelve weeks' care costs if you are assessed as needing care in a care home and your assets, minus your home, are less than £23,250.

Claim Attendance Allowance, a non-means tested benefit that pays differing amounts depending on whether you need care during the day or night, or both day and night.

Claim NHS Nursing Care Contribution if you are moving into a nursing home. The contribution is paid direct to the home.

Seek advice. To make sure you get all the financial help you are entitled to and to find out the best way to pay for your care, it is important to take specialist advice. **Call the Saga Care Funding Advice Service, provided by Just Retirement Solutions Limited, on 0800 015 0991.**

When do you have to pay for care?

Many people do not realise that care, in most cases, is not provided free of charge – whether you receive it in your own home or in a care home, one way or another it has to be paid for. With residential care homes often costing in excess of £27,612 a year, and those that provide nursing care being even more expensive at an average of £38,012 a year*, how to pay for care can be a major concern for most people.

Once the fact that you need care has been identified, the question of who should pay for it becomes the next issue. With certain limited exceptions you are now required to pay all or part of the cost of residential care, and even for care at home. Local Authorities are empowered to assess your financial situation with a means test and to make you pay towards the cost.

The means test

Means testing involves assessing the value of your assets, that is your capital, your investments, and your property too (except under certain circumstances, such as your partner still living in it). It is worth taking expert advice if you are told that your property will be included in the means test.

If you are able to pay for your care initially but your money reduces to the means test limit in the future, the Local Authority should start to assist with your fees but they will only pay these up to a certain limit and will expect you

to contribute from your income. If your fees are higher and you or a third party are unable to make up any difference, you may not be able to stay in the home of your choice.

Qualifying for financial help

If the total value of your assets exceeds the means test limit, you will usually be required to pay the cost of care yourself. If the value of your assets is below the means test limit, you may be entitled to some financial help from the State towards the cost of your care. For the current means test limit and more information on when the means test may not apply, download a copy of our state support factsheet at saga.co.uk/ltc or call **0800 015 0991**.

The means test for care at home

Most Local Authorities charge for 'care at home' services, but when you are living in your own property its value cannot be included in the means test. They can also be arbitrary in their decisions and charge what they like, but at least this gives them a degree of flexibility regarding individual situations. Ultimately though, they are not allowed to use a charging structure that is more restrictive or stringent than the one used for residential care.

The means test and gifted assets

If you gift some of your assets away and then claim state assistance, even some time afterwards, the Local Authority may well interpret this as deliberate 'self deprivation of assets' and conduct the means test as if you still owned them.

*Cost of care data source: Laing & Buisson Care of Elderly People UK Market Survey 2012-13

Private funding – how much money do you need and for how long?

Using the 'Additional income calculator' below, firstly calculate your annual income and the annual cost of the care you need. The difference between the two is the additional income you need to generate.

Next look at your assets, including your savings and investments, and the equity in your home if it is included in the means test. The challenge you face is how best to use those assets to generate the extra income you need for as long as it is required – and

how to do so whilst trying to protect as much of the capital as possible at the same time.

Just as everyone's situation is different, there is no 'one-size-fits-all' solution. What is important is to know what the possibilities are, so you can identify those that might be appropriate for you. The Saga Care Funding Advice Service has a team of specialist care funding advisers who would be able to explain the issues in full and discuss the most appropriate options to suit your individual needs.

By completing the form below, you can use it as an 'at a glance' guide to the potential additional income required, should you need to speak to an adviser.

Additional income calculator

	Example	Your details
Annual cost of care	£37,544	£
Personal spending	£2,600	
Total spending	£40,144	
Annual income	£20,000	£
Additional income required (shortfall) (Total spending minus Annual income)	£20,144	£
Assets		
Savings/Investments	£15,000	£
Equity in your home	£85,000	£
Total assets	£100,000	£

Your options for paying for care

1. Secure a guaranteed income for life

One of the major problems of funding your own care is that you have no idea for how many years you will have to pay the fees and how much this will ultimately cost. It is possible to remove some of this worry by purchasing a guaranteed income for life via a **Care Fee Annuity**. A Care Fee Annuity can also help to make up the difference if there is a gap between your existing income and the cost of care.

Example:

■ Cost of care	£36,000p.a.
■ Existing income (e.g. total of state pension, attendance allowance and work pension)	£17,000p.a.
■ The gap between cost of care and existing income, therefore	£19,000p.a.
■ Lump sum for Care Fee Annuity purchase	£85,500
■ Guaranteed income for life	£19,000p.a.

In exchange for a lump sum payment, a Care Fee Annuity pays an agreed amount each month for the rest of your life. The income can be paid tax-free directly to your care provider, and may be set at a fixed level or increase each year to help combat any future rise in fees.

A Care Fee Annuity can provide peace of mind that income can be secured for life and any remaining capital may be protected for inheritance. There are risks, however. For example, if you were to die early with no protection included, there would be little return.

So how much would a Care Fee Annuity cost? Each plan is individually underwritten and the cost depends on your age and health at the outset, so the next step is to establish exactly how much it would cost in your circumstances.

Further Help

The Saga Care Funding Advice Service can discuss this with you without any cost or commitment. Contact the team today to see how suitable this may be in your circumstances, and to begin the process of getting a personalised quotation.

2. Invest for income

If you are fortunate enough to have a relatively large amount of capital compared to your fee requirements, you may be able to invest it for the long term with the aim of receiving returns above that available from a bank.

If the returns produced are the same or more than the amount required, you will not only have found the necessary funds but retained the original capital as well. If the returns do not cover the amount required, the capital will need to be used, which will lead to an erosion of capital over time.

This method of funding requires careful structuring, which must aim to give you the best chance of realising the returns you need whilst not exposing you to undue risk and volatility. Investments of this nature are intended to be held for the long-term, by which we mean at least 5 years. You should always remember that the value of investments, and the income from them, can fall as well as rise.

3. Deferred Payment Scheme

If the value of your other assets, excluding your property, is less than the means test

threshold and you do not want to sell your home to pay for care, your local Social Services department may allow you to defer your payments. Under a Deferred Payment Scheme they would effectively give you an interest-free loan towards the cost of your fees, but would take a charge (i.e. a debt) over your property. This would enable them to claim back what they are owed from the proceeds of its sale after your lifetime, unless it has been paid back by some other means.

Local Authorities operate a Deferred Payment Scheme at their discretion, so it may not be available in your area, and even if it is, your request could be refused.

4. Raise capital from your home through an equity release scheme

If you own your home, it may well be that it represents your single largest asset – in which case you could consider using some of its value to raise capital or generate an income. Raising some money through an equity release scheme could be an option if you need to make improvements or adaptations to your home to enable you to remain there longer.



Equity release may involve a lifetime mortgage or a home reversion plan. To understand the features and risks, ask for a personalised illustration. Equity release is not right for everyone. It may affect your entitlement to state benefits and will reduce the value of your estate.

As equity release is a serious decision, taking professional advice and discussing your options with those close to you is essential. Visit saga.co.uk/equityrelease for more information.

5. Paying from your own cash savings

A simple option is to pay for your care directly from your cash savings until your assets fall within the means test limit, at which point the Local Authority should help to meet your costs. However, this may not cover the cost of your current care home, and unless a third party can be found to meet the difference, it may be necessary to find a different care home, which is affordable on the Local Authority contributions.

6. Letting your property

If you are not receiving care in your own home, letting your property would generate income that could be put towards meeting care costs. Rental income varies widely depending on size and type of property, geographical location, condition, appeal and overall marketability.

Some options may involve an element of risk and could affect your tax status, however all of these options will be explained by your adviser.



The Saga Care Funding Advice Service can help

Just Retirement Solutions' specialist care funding advisers can explain the options and make appropriate financial recommendations that meet your individual circumstances and long-term care funding requirements.

Care in Scotland

In Scotland long-term care is funded differently, and personal and nursing care is paid for by the State up to a set limit. Personal care allowance is available to everyone aged 65 and over who needs it, and an allowance for nursing care is available to everyone irrespective of age.

However, you would still be responsible for funding accommodation costs (which are likely to be substantial) and these are subject to a means test.

State benefits

There are a number of State benefits that you may be entitled to including:

- Attendance Allowance
- Disability Living Allowance
- Registered Nursing Care Contribution
- Twelve week property disregard.
- NHS continuing health care.

For more information download our free factsheet on State support (see saga.co.uk/ltc) or call for a copy on 0800 015 0991.

The Saga Care Funding Advice Service can help

Just Retirement Solutions' care funding advisers can explain all the benefits and allowances you might qualify for and how you can apply for them.

Taking control of the future

There are more than enough issues and worries to concern you when you are making decisions about your care or how you will fund it – so putting your affairs in order for the future may not seem like a high priority. However, if you want to make sure that your financial affairs are managed properly and there is money left for those you want to have it, now is the time to act.

Questions to consider include:

- Do you need to appoint a 'Lasting Power of Attorney'?
- Have you made a Will?
- Have you planned to reduce any potential inheritance tax liability?



If you want to know more...

Care in later life – whether for yourself or for someone else – can appear a complex issue, with many options to consider and concerns to address. The Saga Care Funding Advice Service, provided by Just Retirement Solutions Limited, can help you in the following ways:

- **Highly qualified specialists** – dedicated to providing expert care funding advice.
- **Expert advice** – the solution offered will be in your best interest.
- **Free initial consultation** – you only pay for the service if you proceed with a particular recommended solution.
- **No pressure** – ultimately the decisions are all yours, based on informed advice.
- **Ongoing support and advice** – The Saga Care Funding Advice Service will help for as long as you need them.

Contacting the Saga Care Funding Advice Service

- Call the customer service team on **0800 015 0991** to arrange to speak to an adviser; or
- Complete the enclosed Care Enquiry Form, send it back in the envelope provided and the Saga Care Funding Advice Service will then contact you.

More help from Saga

Free factsheets on long term care

Saga Personal Finance has produced some useful factsheets that address three important aspects of choosing care.

Essential Facts 1. Choosing the right type of care

Essential Facts 2. Finding the right care home

Essential Facts 3. State support when funding care.

Simply download them from our website at saga.co.uk/ltc or call 0800 015 0991 to request them by post.

SOS personal alarms

Easy to install and use, Saga's personal alarm will summon rapid assistance day or night, 365 days a year at the touch of a button. This will help you to live independently at home, and provides reassurance for you and those who care about you.

For more information on SOS personal alarms, please call 0800 068 5059 stating reference XS1114

The Saga SOS personal alarm is not regulated by the Financial Conduct Authority.



What to do next

To arrange to speak to a specialist
care funding adviser with no obligation

call today on **0800 015 0991**

Lines are open 8.30am-6.30pm Monday to Friday
and 9am-1pm Saturday.

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