SEVENTYSEVEN WEALTH MANAGEMENT: SHOULD YOU BE CONCERNED ABOUT LONG-TERM CARE?

MORE AND MORE PEOPLE ARE FACING A FINANCIAL DILEMMA AS THEY GROW OLDER. MANY PEOPLE WOULD LIKE TO MAKE MONETARY GIFTS TO PROVIDE IMMEDIATE BENEFIT TO LOVED ONES AS SOON AS POSSIBLE. BUT THERE IS A GROWING FEAR THAT MONEY COULD RUN OUT, LEAVING THEM UNABLE TO MAINTAIN A STANDARD OF LIVING LATER IN LIFE, ESPECIALLY IF LONG-TERM CARE IS REQUIRED.

The cost of care can vary considerably across the country and will be dependent upon the type of care and level of support you will require. This will often be determined through a care needs assessment. However, with the average annual cost of residential care around £31,200, rising to over £43,732 for nursing care, the spectre of having to sell your property to meet care costs looms large for many (Laing & Buisson Care of Older People UK Market Report 2016/17).

Even if people choose to remain in their own homes and receive care there, the cost is significant. And, on top of all this, there is the threat of Inheritance Tax (IHT) which can have a serious impact on people's estates. IHT used to be the preserve of the very wealthy, but escalating property values in the last ten years have put paid to that, with more and more people affected every year.

For single people, Inheritance Tax applies at the top rate of 40 per cent to assets worth over £325,000 – this threshold is known as the nil rate band. For married couples and those in civil partnerships, the threshold is £650,000, though it is important to note that this higher limit only applies if the nil rate band remains unused on first death and the full allowance is passed to the surviving spouse or registered civil partner.

But there are also other financial implications to consider, particularly if you are a widow, widower or divorcee. The team at SeventySeven Wealth Management is concerned that most people do not consider the big picture when planning for later life, often not taking the time to understand the impact that care fees or IHT could have on their wealth. It's clear that people are confused by IHT policy and many mistakenly believe they are unlikely to be affected by this or the need for care in later life.

The good news is there are solutions to help safeguard your wealth in later life. Simply understanding what you can gift to loved ones now, or place in trust for later, can give you access to the income you need today and also help mitigate any future exposure. Any planning advice will always need to consider your personal circumstances, but even ensuring your Will is up to date could reduce the risk of your estate being severely reduced through IHT and the high cost of long term care.

The best action anyone concerned about these issues can take is to seek professional advice and establish how you can protect your hard-earned assets.

The writing of a Will involves the referral to a service that is separate and distinct to those offered by St. James's Place. Wills are not regulated by the Financial Conduct Authority. If you would like further information on this or any other financial matter, please contact David Summers of SeventySeven Wealth Management. David can be contacted by phone on 01892 770077, or by email on David.summers@sjpp.co.uk. David is a fully accredited SOLLA Adviser (Society of Later Life Advisers) and is qualified as a Chartered Financial Planner through the Chartered Insurance Institute (CII).

*The Partner Practice represents only St. James's Place Wealth Management plc (which is authorised and regulated by the Financial Conduct Authority) for the purpose of advising solely on the group's wealth management products and services, more details of which are set out in the group's website **www.sjp.co.uk/products**. The title 'Partner Practice' is the marketing term used to describe St. James's Place representatives.*

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SHOULD YOU BE CONCERNED ABOUT LONG-TERM CARE?

Q&A DAVID SUMMERS, CHARTERED FINANCIAL PLANNER OF SEVENTYSEVEN WEALTH MANAGEMENT

Why is it important that a medical assessment is carried out when my loved one leaves hospital and can't return to our family home?

The medical assessment determines how much, if anything, the NHS will contribute towards the cost of the care. In some cases the NHS will take on the whole of the cost of the care. This is known as 'continuing care' and is a tax free, non-means-tested benefit.

In other cases, the NHS will pay a weekly sum towards the nursing home costs. This is known as 'funded nursing care' and is a tax free, non-means-tested benefit.

If the NHS will not agree to continuing care or funded nursing care, the person in care will be responsible for the costs of care. If they approach Social Services for help with funding the care, a means test of their assets and income will be undertaken. If they have assets above the means test limit, they will not be helped with the cost of Care until their assets fall to this limit.

Are my assets taken into account when my spouse's capacity to pay for care is assessed?

No, only the assets of the person going into care are included in the means test assessment.

Will I be required to make a third party contribution towards the cost of my spouse's care?

There is no legal requirement for you to contribute towards the cost of your spouse's care, but you may be asked to do so by your local authority if there is a shortfall between their income and the cost of the care. If you or your family agree to make such third party payments, you may be asked to sign a legally binding contract to pay for the rest of your spouse's life in care.

Will the value of my house be included in the means test assessment for care?

This depends upon how you receive the care. If you move into a care home – if you live alone, i.e. you are single, divorced or widowed, the house value will be taken into account in the means test assessment. If you live with your spouse (or in some cases with a dependent relative), the value of the house will be completely excluded from the means test assessment. If your circumstances change the situation could be reassessed.

If you receive your Care in your own home – i.e. carers come in each day to help you, the value of the house will be excluded from the means test assessment.

The subject of long-term care will be addressed at our forthcoming introductory events. Please see our website for more details, or alternatively contact Clare de Jersey-Lowney on 01892 770077, or via email at clare.dejersey-lowney@sjpp.co.uk.

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