

**JUST.**

**Care planning and funding**

# LEARNING OBJECTIVES

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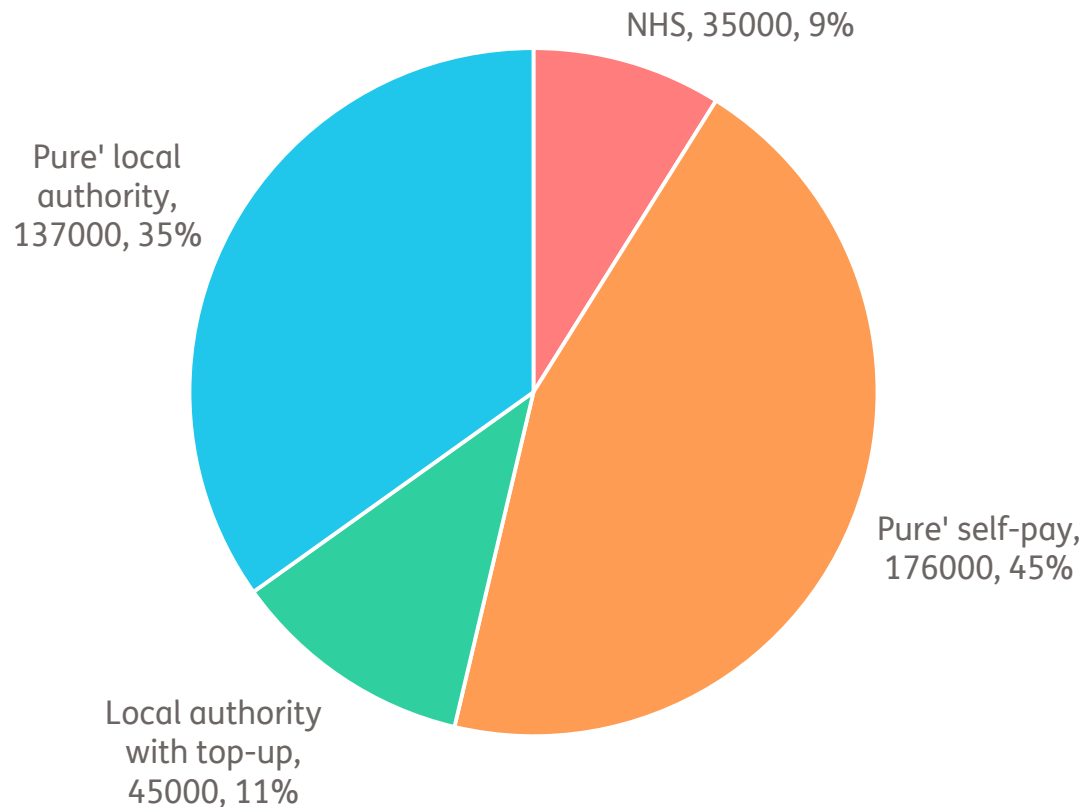
- Assess the size and potential for advice in the care market
- Analyse the longevity and demographic issues in the UK
- Evaluate the government position and options for dealing with health and social care
- Evaluate the issues of possible deliberate deprivation of assets
- Outline the state and privately funded options for care funding
- Understand the difference between health care and social care
- Evaluate suitability of options to fund care privately
- Understand what is required and benefits of the SOLLA accreditation

**NUMBERS IN CARE HOMES**

**GETTING ADVICE?**



# CARE HOME FUNDING BY PAYER TYPE



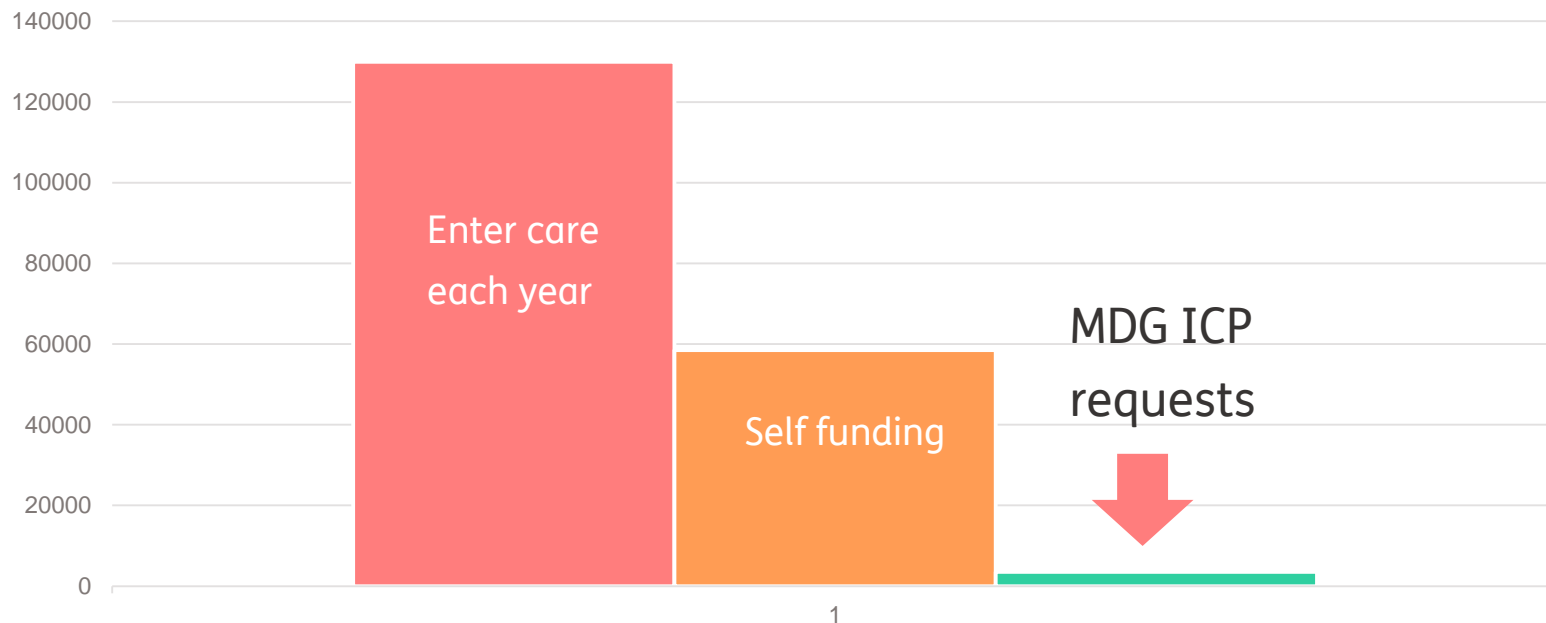
Source: Laing and Buisson Care Homes for Older People 29<sup>th</sup> edition. 2018

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# WHERE WE ARE AT FOR ADVICE

The numbers



Source: Laing and Buisson Care Homes for Older People, 29<sup>th</sup> edition (2018)

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# CONCLUSION?

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**Around 50,000 self-funders entering a care home are not considering terms for an ICP!**



The ICP will not suit everyone and there will be others getting advice but not applying for an ICP

**WE HAVE TO REACH MORE PEOPLE ABOUT THEIR CARE FUNDING**

# **THE DEMOGRAPHICS AND LONGEVITY ISSUES**



## SETTING THE SCENE

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**“With the number of UK citizens aged over 75 doubling to 10 million by 2040 and with 1.3 million people already receiving social care services in England alone, the demand for long-term care is expected to increase significantly in coming decades.”**

**Baroness Greengross OBE, Chief Executive of the International Longevity Centre – UK (ILC-UK)**

<https://ilcuk.org.uk/means-testing-social-care-in-england/>

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# THE NUMBER OF OLDER PEOPLE IS GROWING!

In UK in 2018, there were:

**11.8 million**

people aged  
over 65

**1.6 million**

people aged  
over 85

**14,570**

people aged  
over 100

## The projections

In next 17 years,

**16 million**

people aged  
over 65

In next 23 years,

**3.4 million**

people aged  
over 85

**1 in 5**

will live to see their  
100th birthday



Fastest growth is the **post 85 age** cohort

Source: Age UK Later Life in the United Kingdom April 2018 Report

# THE LONGEVITY CHALLENGE – THE LONGER WE LIVE.....

Age:

85



90



95

Male:

+6.6 years = 91.6

Female:

+7.6 years = 92.6

+4.4 yrs = 94.4

+5.0 yrs = 95.0

+2.9 yrs = 97.9

+3.3 yrs = 98.3

Source: Office for National Statistics. Projected expectations of life from the 2014-based national population projections, principal projection for the UK; cohort life expectancy, for males and females, at the ages shown in 2017; published 11 December 2015.

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# LEGISLATION UPDATE



# LATEST TIMELINE

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A floor of £100,000  
House included for dom care  
DPA for dom care  
No mention of cap  
Means test winter fuel payments

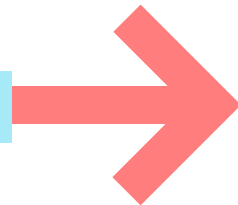
Green paper still awaited  
Cap/floor?  
Now early 2019?

Conservatives manifesto

Mid 2017

Green paper 2018 - ?

Green paper due



# GREEN PAPER - YET ANOTHER DELAY



The screenshot shows the PublicFinance website header with the logo and tagline 'NEWS & INSIGHT FOR PUBLIC FINANCE PROFESSIONALS'. A navigation bar includes categories like Local Government, Central Government (highlighted), Pay & Pensions, Health, and Education. Below this is a secondary navigation bar with topics such as Business & industry, Economy, Europe, Infrastructure & utilities, Taxation, and Jobs. The article title 'Social care green paper delayed again' is prominently displayed, followed by the author 'Dominic Brady' and the date '5 Apr 19'. The introductory paragraph states: 'Social care professionals have expressed disappointment after the publication of a green paper has been delayed again.'

**PublicFinance**  
NEWS & INSIGHT FOR PUBLIC FINANCE PROFESSIONALS

Local Government Central Government Pay & Pensions Health Education  
Business & industry Economy Europe Infrastructure & utilities Taxation Jobs

News | Care, Central government, Health

## Social care green paper delayed again

By: [Dominic Brady](#) | 5 Apr 19

Social care professionals have expressed disappointment after the publication of a green paper has been delayed again.

Glen Garrod, president of the Association of Directors of Adult Social Services, said:

**“By now there should have been a published green paper, a national debate over several months and, as a result, a government response indicating the direction of travel for adult social care.”**

# SUMMARY OF REQUIREMENTS BY 2024/25

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Funding existing requirements = £7.16bn

Introduce cap and floor = £4.70bn

**Total= £11.86bn**

Funding existing requirements = £7.16bn

Free personal care = £6.00bn

**Total = £13.16bn**

# RAISING THE MONEY FOR SOCIAL CARE SOLUTIONS

---

**Increasing Income Tax 1p on the basic rate**



**£4.4 billion**

**Increase National Insurance by 1p**



**£10.4 billion**

**Means test universal benefits**



**£1.9 billion**

**Council tax increase of 1%**



**£285 million**

# BUDGET 2018

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- Re-stated to commitment to £20.5bn extra for NHS England by 2023/24 –
  - a 3.4% increase per year on average
  - does not include Department of Health and Social Care (DHSC)
- £240m had already been committed for local authorities and social care
- A further £240m “winter pressures” money available in 2019/20
- Alongside this £410m in additional social care funds will be available for 2019/20
  - But includes children’s and working age adults social care
- Falls far short of requirements to cover unmet need and increased payments for care providers



# **IN THE MEDIA SPOTLIGHT - DELIBERATE DEPRIVATION**



# HAVE LOCAL AUTHORITIES GONE TOO FAR?

---

## Take care, Grandpa, this gift could backfire

Some older people facing hefty care bills try to offload their assets so the government will pay. But this tactic is against the law



MAY 7 2017



<https://www.thetimes.co.uk/article/take-care-grandpa-this-gift-could-backfire-f908mlkfj>

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## ANNEX E – DEPRIVATION OF ASSETS

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### INCLUDES:

Deprivation of capital in order to avoid or reduce care and support charges

Deprivation of income in order to avoid or reduce care and support charges

### The statutory guidance to the Act states:

“People should be treated with dignity and respect and be able to spend the money they have saved as they wish – it is their money after all. “

# WHAT IS MEANT BY DEPRIVATION OF ASSETS

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“Deprivation of assets means where a person has intentionally deprived or decreased their overall assets in order to reduce the amount they are charged towards their care. This means that they must have known that they needed care and support and have reduced their assets in order to reduce the contribution they are asked to make towards the cost of that care and support.”

# HOW DO COUNCILS DECIDE?

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When deciding if deprivation was 'deliberate' the local authority might look at the following:

**Motive/intention:** when disposing of assets, was the main reason to avoid care charges?

**Timing:** there is no set time limit, although local authorities are unlikely to investigate too far back. Most importantly, they will look at the time between the person realising that they needed care and the disposing of assets.

**Amount:** was the gift a significant amount that would make a difference to a relative's capital limit? The asset would have to be worth a significant amount for the local authority to pursue this course of action. Giving away a £300,000 property, for example, would significantly affect the individual's total capital whereas smaller 'gifts' - such as giving a £300 ring to a granddaughter - are unlikely to prompt further investigation.

# WAYS THAT CARE MAY BE FUNDED



# WAYS THAT CARE MAY BE FUNDED

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- **Funded by local authority**
- **Funded by NHS Continuing Health Care/Section 117 aftercare under MHA 1983**
- **Fund out of income**

## **Retaining property**

- **Deferred payment arrangement**
- **Rent out property**
- **Equity release.**

## **Sell property**

- **Use cash**
- **Use investments**
- **Purchase an Immediate Care Plan (ICP)**
- **Combination of all above.**

# HEALTH CARE OR MEDICAL CARE?

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## MEDICAL CARE

- Provided or funded by NHS
- Registered nurse
- Hospital, care home, own home ...
- Respite care
- Palliative care
- Rehabilitation care

## SOCIAL CARE

- Non-medical
- Local authority social services
- Home help, meals on wheels, respite care....
- Equipment e.g. zimmer frames
- Eligibility requirements
- If intermediate care – free



# NATIONAL VARIATIONS 2019/2020

	England	Wales	Scotland	Northern Ireland
Nursing care*	£165.56 NHS	£149.67** Local Health Board	£80 Local authority	£100 Health and Social Care Trust
Personal care*	Self pay/means tested	Self pay/means tested	LA may pay up to £177 Over 65's	Self pay/means tested
Accommodation costs	Self pay/means tested	Self pay/means tested	Self pay/means tested	Self pay/means tested
Personal expenses allowance*	£24.90***	£29.50	£27.75***	£26.33
Upper threshold	£23,250	£50,000	£28,000	£23,250
Lower threshold	£14,250	£50,000 ^	£17,500	£14,250

7/2/2019 \* Based on assessed need \*\* paid by Local Health Board \*\*\* LA has discretion to pay above this ^ Wales £24,000 for home care

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# ATTENDANCE ALLOWANCE

**It is not taxable**

**It is not means tested**


Stops if go into a home funded by a local authority

**2019/20 rates:**

Higher rate:     £87.65

Lower rate:     £58.70

<https://www.gov.uk/attendance-allowance>



Department  
for Work &  
Pensions

Attendance Allowance  
for people aged 65 or over

Notes

This booklet provides help and information to fill  
in the Attendance Allowance claim form.

If you want help filling in the claim form

- phone us on 0345 605 6055. We can also arrange interpreters if you phone or visit us.
- textphone 0345 604 5312 if you have speech or hearing difficulties. Our textphone service does not receive messages from mobile phones.

Or you can contact an organisation like Citizens Advice.

This booklet is available in large print or braille. Please phone 0345 605 6055.

**CONSIDER SOME  
OF THE ISSUES ARISING**



# SELF FUND VERSUS LOCAL AUTHORITY

Nation/region	Average LA fee per week per resident	Average LA fee per week per self-funder	Average fee differential*	Average fee differential
England	£610	£851	£245	43%
East Midlands	£586	£781	£195	35%
East of England	£584	£856	£274	50%
Greater London	£733	£1,051	£325	49%
North East	£568	£669	£121	23%
North West	£544	£776	£232	45%
South East	£710	£1,063	£348	52%
South West	£657	£876	£226	37%
West Midlands	£605	£829	£242	45%
Yorks & Humber	£533	£722	£191	37%
Scotland	£640	£880	£240	38%
Wales	£602	£800	£199	36%
UK	£621	£846	£236	41%

\*The average fee differential may not be the difference between the average self-funder and average LA fee. A care home that did not specify the number of LA-funded residents was excluded from this table.

Source: Laing and Buisson Care Homes for Older People Report, 29<sup>th</sup> edition

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# WHICH? REPORT ON CARE COSTS

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More than half of the population seriously underestimate cost of care

On average, by the equivalent of £12,000 a year

One in ten even underestimated the true cost by £737 a week - £39,000

<https://www.which.co.uk/news/2018/10/millions-underestimating-the-true-cost-of-care/>

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# IMMEDIATE CARE PLAN

---

## FOR:

- Helps to cap cost of care**
- Helps protect remaining capital**
- Invest balance for estate regeneration**
- Tax free income**
- IHT deductible**
- No investment risk**

## AGAINST:

- Risk to capital in event of early death if no CP selected**
- May not match fee increases**
- May not cover cost of increased care need**

# IMMEDIATE NEEDS PLANS AND IHT

---

## The Telegraph

16<sup>th</sup> May 2019

**“Cut care fees and avoid inheritance tax? The fix only few know”**

“Older savers and their families who pick a little-known pension option can cut the cost of later life care by completely avoiding inheritance tax (IHT), but experts say many are missing out.”

“Not all financial advisers are qualified to sell them, though, leaving their clients in the dark.”

“Figures compiled for *Telegraph Money*, show how the immediate needs annuity can double as an IHT planning tool. Buying one...could save...a tax bill of £148,000, effectively cutting the cost of...care by 40pc.”

“Where the children...attorneys... they can...show they acted in the best interest of the donor...as funding care costs clearly came first.”

<https://www.telegraph.co.uk/tax/inheritance/cut-care-fees-avoid-inheritance-tax-fix-know/>

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# DEALING WITH POWERS OF ATTORNEY





## ADVISORY PROCESS – VULNERABLE CLIENT

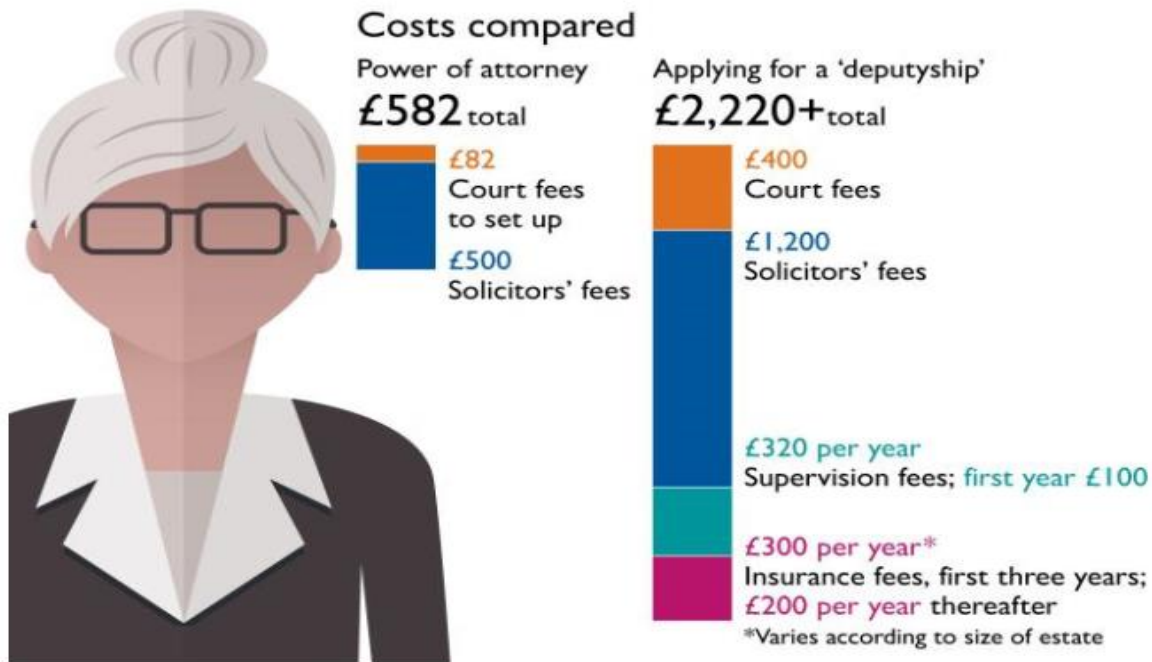
Involving family?

- power of attorney required
- If no power of attorney – Court of Protection

Conflicts of interest?

- Maximise income for elderly person and ensure good care for life  
Or
- Maximise the value of estate for inheritance

# POA VS COURT OF PROTECTION



Source: <https://www.thetimes.co.uk/article/power-of-attorney-isnt-perfect-just-the-best-option-wg8r9lq8b>

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# DUTIES OR POWERS OF ATTORNEY

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Must follow code of practice set out in Mental Capacity Act

General obligation to act in best interests of the donor.

Specifically attorneys have a duty:

- Of care
  - To carry out donors instructions
  - Not to take advantage of their position
  - Of good faith
  - Keep the donors money and property separate from their own
- 
- Financial advisers must have regard to the Code of Practice

# ICP PRODUCT AND OPTIONS



# UNDERWRITING AND QUOTE PRODUCTION

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- All aspects considered by Underwriters
  - Age (not gender anymore!)
  - Health conditions
  - Activities of daily living and ability to perform them
- Assessment of life expectancy
  - Different providers – different views!
- Aim to turn around offer terms within 48 hours

# PRODUCT RIDERS

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- Short term capital protection – Money back guarantee
  - 6 months money back guarantee
    - A return in the event of death in the first 6 months
    - Month 1 = 100% return
    - Months 2 and 3 = 50% return
    - Months 4, 5 or 6 = 25% return
    - Note % return - after deducting what has been paid
- Additional capital protection available up to 75%
  - Decreasing term assurance
  - Reduces in line with benefits paid to care provider each month

## DEFERRED CARE PLAN

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- Defer start date of benefit payments for between 1 and 5 years
  - No capital protection available (at the moment)
  - BUT 6 month MBG does apply
- Reduces upfront cost of ICP
- Use as fall back option?
- Covers longevity risk – and protects you

# SUGGESTED STRUCTURE FOR YOUR CARE FUNDING OPTIONS REPORT

---

Funding strategy one - PAYG

Funding strategy two – Buy an immediate care annuity

Funding strategy three – Buy a deferred care annuity

Make your recommendation

Points to note/important information

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# SUGGESTED STRUCTURE FOR A CARE FUNDING OPTIONS REPORT

---

Brief summary of personal circumstances

Summary of financial situation and shortfall calculation

A page about means-tested support

A page about NHS funding

A page about changes to the system

# **SOLLA – WHAT'S INVOLVED AND WHY BOTHER?**



# SOCIETY OF LATER LIFE ADVISERS – SOLLA



Search



AA

About the society

Contact us

Find an adviser

Accreditation

Membership

Training



Members area



## Peace of mind for you and your family

Financial advice can be daunting at the best of times and even more so when it comes to planning in later life. By choosing an accredited member of the Society you can be assured of someone with the expertise to best understand your needs to provide advice that is right for you and your family. **Learn more >**

Find an adviser near you...

<https://societyoflaterlifeadvisers.co.uk/>

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# THE LATER LIFE ADVISER ACCREDITATION STANDARDS

## Advisers must attain all 4 LLAA Standards

These were developed by 'The Industry' and endorsed by Government body

The Financial and Legal Skills Partnership (FLSP)

### They include:

#### Standard 1

Having specific qualifications

#### Standard 2

Undertaking a 'Viva'

#### Standard 3

Demonstrating and evidencing relevant professional development

#### Standard 4

Maintaining a supportive working environment

### Ongoing – Accredited advisers:

Re-licenced annually

Re-accredited every 5 years

May apply for SOLLA membership

# WHY BOTHER WITH SOLLA?

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Because it's worth it!

## Facing up to Solla's version of Alan Sugar

By **Mel Kenny** | 3<sup>rd</sup> November 2017 10:45 am



“The accreditation process is one way to garner the high level of trust that the most vulnerable in society deserve”

“Certainly this has begun to resonate with private client solicitors and trusted bodies such as Which?”

# FCA OCCASIONAL PAPER 31

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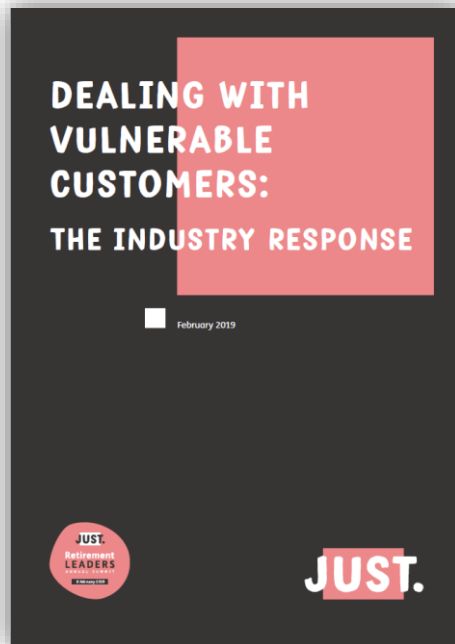
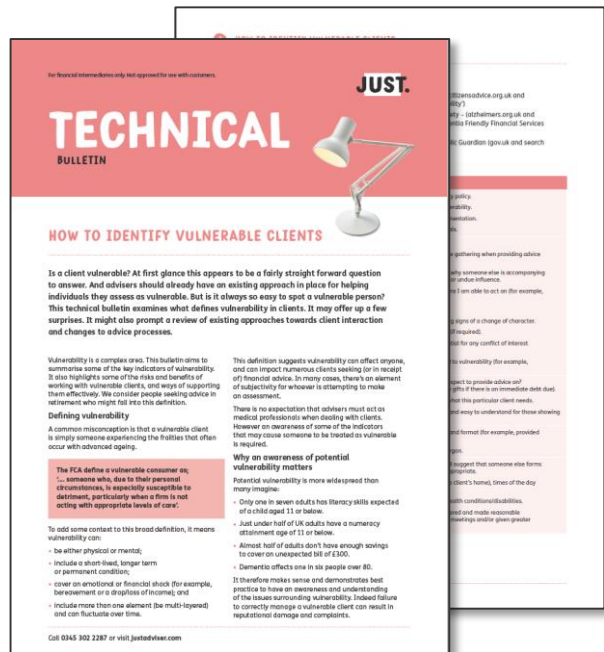
“We welcome the role organisations like the Society of Later Life Advisers can play in helping consumers find trusted accredited financial advisers who specialise in financial needs in later life.”

Financial Conduct Authority  
Occasional Paper 31

September 2017



# HOW CAN WE HELP?



Contact your dedicated Account Manager at Just for more details

# WHAT CAN JUST DO TO HELP YOU?

Knowledgeable dedicated telephone team

Can help you through the processes

Training on all aspects of LTC advice

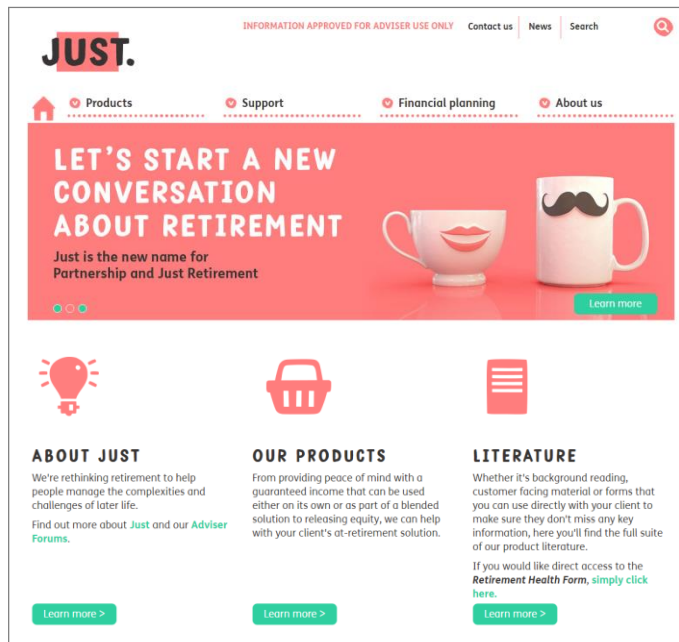
Qualification training for new entrants

Business development for qualified advisers

Help with Solla accreditation

Technical and business development material at:

[www.justadviser.com](http://www.justadviser.com)



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# LEARNING OBJECTIVES

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- **Assess the size and potential for advice in the care market**
- **Analyse the longevity and demographic issues in the UK**
- **Evaluate the government position and options for dealing with health and social care**
- **Evaluate the issues of possible deliberate deprivation of assets**
- **Outline the state and privately funded options for care funding**
- **Understand the difference between health care and social care**
- **Evaluate suitability of options to fund care privately**
- **Understand what is required and benefits of the SOLLA accreditation**

# IMPORTANT INFORMATION

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It is our intention that the information contained within this presentation is accurate. We have taken all reasonable steps to ensure that it is up-to-date and, where relevant, reflects the current views of our experts. However, we do not accept any liability for errors or omissions in the information supplied and if you require clarification on anything, our recommendation is that you contact us at the address below for verification, or call 0345 302 2287.

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## **Our registered address:**

Just Group plc  
Vale House, Roebuck Close,  
Bancroft Road,  
Reigate,  
Surrey RH2 7RU

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**@Just\_Adviser**

Follow the updates on us on twitter

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## **Regulatory information:**

Just is a trading name of Just Retirement Limited (“JRL”), Just Retirement Money Limited (“JRML”), Partnership Life Assurance Company Limited (“PLACL”) and Partnership Home Loans Limited (“PHLL”) which are subsidiary companies of Just Group plc. JRL is registered in England and Wales, with company number 05017193.

JRML is registered in England and Wales, with company number 09415215. The registered office for both JRL and JRML is Vale House, Roebuck Close, Bancroft Road, Reigate, Surrey, RH2 7RU.

PLACL is registered in England and Wales, with company number 05465261. PHLL is registered in England and Wales, with company number 05108846. The registered office for both PLACL and PHLL is 5th floor, 110 Bishopsgate, London EC2N 4AY. JRL and PLACL are authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

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