HARGREAVES LANSDOWN

HOW TO FUND LONG-TERM CARE

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The average cost of a residential care home comes in at over £33,000, and over £46,000 when including nursing care.

WHO PAYS FOR IT?

This depends on the amount of savings and assets you have and where you live. If you live in England or Northern Ireland and have savings and assets of more than £23,250 you won't normally be eligible for local authority help and must pay for your own care, although it's worth contacting your local authority in the first instance. However in Scotland the threshold is £28,750, and in Wales it's £50,000 (£24,000 for non-residential care).

If you have to self-fund care, here are six ways to do so:

1 Deferred Payment Scheme

The local authority pays the care fees by creating a debt on the main property, they can also charge legal and admin fees. This scheme might be an option if it's likely you'll need to permanently move into a care home, as temporary stays aren't eligible.

2 Rent your property out

Renting your home out lets you take an income from your property without having to sell it. When calculating rental returns don't forget to take off costs such as; tax, insurance, repairs and management fees. You'll also need to factor in temporary losses in income if the property becomes vacant.

3 Equity release

There are different types of equity release schemes.

One of the main types is a Lifetime Mortgage. With a Lifetime Mortgage the equity release provider loans you money against the value of your property to pay for care. This option keeps the property for now so loved ones can still benefit from any future growth in the house price. However the loan will have to be repaid when the property is sold, upon death or on permanently going into a care home.

Another type of equity release scheme is a home reversion plan. This involves the equity release company buying all or part of your property from you at below market value and allowing you to live there rentfree. The equity release provider then gets a proportion, or all, of the sale proceeds when it's sold.

Equity release schemes are high-risk products, so make sure you get specialist advice before going ahead with anything.

The next three options could involve selling property and then using the proceeds to provide extra income:

4 Keep the money in the bank

Cash will earn interest, but if you are getting a rate that is less than the rate of inflation you'll be losing spending power over time.

Everyone should have some easily accessible cash set aside for emergencies, but for known future costs like care home fees, fixed term savings could be the answer. Fixed term savings usually pay a better interest rate than easy access savings – generally the longer you fix for, the better the rate. Please remember, fixed term products generally only allow access to funds at maturity.

Find out more about how the HL Active Savings service can help you make more of your savings **www. hl.co.uk/savings**

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5 Invest the money

Investing gives you the chance to make more income than cash, so it could go further towards meeting care home fees. It also has the potential to grow over time, which should help to protect against inflation.

But this option involves taking investment risk – income or growth aren't guaranteed. Unlike the security offered by cash, the value of investments falls as well as rises, so you could get back less than you invest.

6 Use money to 'buy' an income through an immediate needs annuity

An immediate needs annuity secures you a guaranteed lifetime income to fill any gaps in income.

Unlike the other options, which are open-ended, an immediate needs annuity tells you at the start how much of the capital is required to cover the income shortfall. Dedicating this amount to cover the shortfall can help you manage the rest of your capital. Once set up, annuities can't usually be changed, so please consider your options carefully.

All the support you need. Nothing more, nothing less.

If this factsheet has got you thinking, it might be worth talking to an expert. Whether it's for yourself or a loved one, we can help.

Our advisory team includes a number of specialists in long-term care planning.

Our approach means we can offer an advice service and level of engagement that is suited to you. We'll help make sure you're getting all the local authority support you're entitled to, identify if you have a shortfall to pay for care and work out a plan to meet it.

Do I need advice?

Our Bristol-based helpdesk is your first port of call. They will be able to explain the services we offer. We are open five days a week to learn about your situation.
You might find out you don't need advice, if that's the case we'll support you with free information to help you get on track. If you decide to proceed with advice, charges will apply.

Book your call with us today
www.hl.co.uk/speak-to-an-adviser

Or call us directly on **0117 317 1690**