Care for the elderly

Care (also known as social care) comes in many forms, including:

- informal care carried out by a spouse, relative or friend
- care at home provided by a professional carer, and
- residential care provided in a care home.

The type of care you're looking for usually depends on the reason why you're looking for care. For example:

- if you have a degenerative neurological condition you may want specialist assistance in a residential setting, or
- if you need physical help due to reduced mobility or frailty, care could be provided in your home. This would be once your home has been adapted to make it safe and easy to move around.

Moving into a care home permanently isn't always the most appropriate way to meet someone's care or support needs.
There are services that can help you to carry on living in your own home. These include:

- domiciliary care (also known as 'care at home' and 'home care')
- meals on wheels, and
- home adaptations.

There's also lots of innovations that can help you stay in your home. These include:

- stair lifts
- sensors
- community alarms
- assistive technology, and
- other specialist aids.

Your local authority's adult social services team may be able to arrange appropriate care and support services for you. These can include services like re-enablement – helping you relearn skills you may have lost through being ill or a disability.

Some of these services are free. Others may be subsidised, have vat relief or be means-tested – such as grants for adaptations to a home.

Home care

Given the opportunity, most of us would choose to stay living in our own home for as long as possible. The benefits include staying close to our social and personal support network and retaining a greater degree of independence.

It’s possible to stay in your home if you get the right level of care and support for your needs. This can include making any necessary changes to your home, such as:

- installing a stair lift
- adapting the bathroom
- widening doors to accommodate a wheelchair, or
- moving to a more suitable property.

If you’re staying in your own home, you can arrange nursing home care. You can also consider:

- using a day centre
- attending a lunch club, or
- visiting a dementia café (if appropriate) to help involve you in your local community.

You can also employ somebody directly to help you at home (either as an employee or on a self-employed basis). This will cost money, but it’ll also give you more control over who provides your care for you.

If you’re employing someone to care for you at home, make sure you get proper contracts drawn up. It’s also a good idea to take legal advice before you enter into such an agreement.

While receiving care in your home, you may want to consider using respite care (a short care home stay) to:

- allow your carers to have a holiday or short break, or
- to support your own recovery from an illness, surgery or a hospital stay.

With respite care, you move into a care home for a short stay and then go back home.
If staying in your home isn’t possible, other options include:

- living with family or moving nearer to supportive relatives
- moving to sheltered, retirement, extra care or assisted-living housing, or
- moving to a care home.

Your local authority can offer help and advice regarding:

- minor adaptations to your property
- home aids, or
- organising an occupational therapy assessment or a means-tested grant.

Home Improvement Agencies (HIAs) – also known as ‘care and repair’ or ‘staying put’ agencies – are local not-for-profit organisations. They’re set up to help older or disabled homeowners, as well as private tenants. They can arrange and pay for repairs, improvements and adaptations to people’s private homes.

Many HIAs also offer additional services, such as:

- a handy person
- help with gardening
- checking home security, or
- preparing for coming home from hospital.

The Elderly Accommodation Counsel (EAC) is a national charity supporting older people that has a comprehensive directory of home services .

Sheltered housing – and other special types of accommodation

Sheltered housing allows over-55s to live in self-contained flats or bungalows, helped by support workers and sometimes a warden. It’s a type of accommodation that promotes independent living and provides varying care and support services. It’s also often seen as an alternative to residential care homes.

Sheltered housing often includes communal areas such as a garden, laundry room and lounge. There’s also 24-hour emergency help available. This type of accommodation is designed so residents can keep their independence and enjoy the company of their neighbours.

Sheltered housing can be:

- privately-rented accommodation
- privately-owned property
- shared-ownership property, or
- accommodation with a social housing landlord.

There are also a number of shared lives schemes available, which provide care in a family home. In this scenario, you can live with an approved carer, sharing their family and community life. If you’re looking for more support you can also access something called extra care housing. Extra care housing offers self-contained homes with special design features – for example, special bathroom facilities.

To help residents continue to be independent, extra care housing offers a greater level of care and support such as:

- extra wardens
- full-time carers
- home help, and
- provision of meals.

This type of housing is also known as:

- very sheltered housing
- housing with care
- retirement communities
- retirement villages, or
- assisted living.

You can sometimes own or part-own your extra care accommodation.

Another type of elderly sheltered housing is an almshouse. These are run by charitable trusts, with each charity having a policy on who'll be assisted. (For example, people who've retired from a particular trade or those living in a specific area.)

There are also Abbeyfield societies. These are voluntary organisations that provide a smaller, more family-orientated style of sheltered housing for around eight to 12 residents. Abbeyfield societies aren't appropriate for anyone who wants nursing care. If you want nursing care, you can consider moving into a nursing home.

Residential care homes

Residential care homes are often referred to more simply as 'care homes'. They provide personal care such as help with getting dressed, washing and other day-to-day tasks. In a care home, a number of older people live together and are cared for by care workers. Typically, residents have their own bedroom which may also have an en-suite toilet or shower room.

As well as being registered to provide residential care, some care homes are registered to provide nursing care as well. If you think your care needs might change over time, you can consider care homes with a dual registration.

Sometimes you might want more specific care – like those living with dementia. If this is the case, you have the choice of residential care homes that can deliver your dementia care needs. There are also dedicated dementia care homes. Care homes providing dementia care sometimes refer to their service as EMI (elderly mentally infirm) care.

In some circumstances, you can get help with your care costs.

Nursing homes

If you want medical or nursing care, look for an establishment registered as a care home with nursing. This is also known as a nursing home.

A nursing home has qualified nursing staff on duty 24 hours a day. That's why nursing home fees may be significantly higher than a residential care home (which provides only personal care). If you want specialised nursing care, there are nursing homes with trained staff to deal with specific needs. This includes nursing homes which specialise in caring for residents with dementia.

Again, a nursing home which caters for specific medical needs will involve higher home fees. However, dementia care doesn't necessarily need to be provided in a nursing home – or by nurses.

If you're looking for a nursing home, it's a good idea to:

- Pick one where you won't be spending money on services you don't need.
- Think ahead to make sure your preferred home can provide higher levels of care for you in the future. This is so you can avoid having to move from one home to another. This is especially relevant if your health is rapidly declining.

What are nursing needs?

Examples of nursing needs include:

- dressing an open or closed wound
- artificial feeding
- medicine through injections, and
- intensive rehabilitation resulting from a debilitating disease or surgery.

Your GP (or the doctor discharging you from hospital) will advise you if they think you may need nursing care. They'll also be able to advise you regarding how long you might need it for. Your doctor can advise you if you'll need a recuperative nursing-home stay or a more permanent arrangement.

You can sometimes have to choose a care home or nursing home in a hurry. This can happen after:

- an illness
- a hospital stay, or
- a fall.

This can give you limited time to decide on where to go – and how to pay the care costs. Your choices may also be limited because some care homes have waiting lists. The more time you can spend choosing the right care home for your situation, the better.

Working out your care needs

If you're not sure what level or type of care you need, you can get a free care-needs assessment. You can get this from your local adult social services department.

They'll visit you at home to discuss your situation with you. They'll also be able to work out the type and frequency of care to fit your needs.

You can take a friend or family member to the meeting with you – to help make sure everything's covered.

How much does care cost?

The cost of care depends on:

- the type of care you're receiving
- your location, and
- the care home, home care or sheltered accommodation provider you've chosen.

The cost of home care packages

Home care costs can vary hugely, depending on your location.

There are significant regional variations. Costs will also depend on:

- what sort of care you need
- how many hours of care you need, and
- what time of the day and week you need it.

For example, weekends may cost more – and bank holidays can cost double.

Depending on your circumstances, you may be able to combine formal home care support with informal support from relatives and friends. Having access to respite care (a short stay in a care home), if you need it, is a good option. This is particularly important to consider if your family plays a large part in caring for you.

How much does sheltered accommodation cost?

The cost of living in sheltered housing and extra care accommodation is made up of separate parts. These parts include:

- a service charge for communal services
- rent for your individual property
- heating costs
- costs for housing-related support provided by support workers, and
- costs for care services (where care is received).

Not surprisingly, fees vary by location, provider, the type of services provided and the amount of care the resident receives. To get accurate costs, you can contact the relevant sheltered housing provider.

Care home fees

The average cost of a residential care home in the UK, in 2017/18, was £32,344 a year. This rose to over £44,512 a year when nursing care was included.

Our table below shows how care costs can vary hugely across the country. In addition, the costs of staying in a care home can vary considerably between care homes. For example, the more specialised the care (such as dementia care) the higher the care home fees. You'll also pay higher care home fees for places with more comfortable surroundings and better-quality facilities. Care home fees are made up of:

- Hotel costs: accommodation, laundry, meals, heating and lighting.
- Care costs: residential care, nursing care, dementia care.

Care homes provide care 24 hours a day, 365 days of the year. This gives an average cost per hour of £3.70 for residential care and £5.09 for nursing care.

You may be eligible for local authority funding for your care costs. To find out if you are, your local authority will need to prepare a support and care plan. This will be based on your care needs. Once they've done this, your local authority will do a financial assessment to determine your ability to pay.

It's vital you get professional and expert financial advice about funding long-term care – independently or from your local authority. Doing this as soon as possible will help you determine the best way of covering the cost of your care fees.

	Average weekly UK care home fees			
	Residential care		Nursing care	
	Frail older	Dementia	Frail older	Dementia
North East	£563	£575	£674	£697
North West	£519	£530	£792	£820
Yorkshire and the Humber	£561	£572	£761	£787
East Midlands	£589	£601	£754	£780
West Midlands	£577	£589	£854	£883
East of England	£670	£684	£980	£1,014
London	£721	£736	£922	£954
South East	£732	£747	£1,017	£1,052
South West	£662	£676	£955	£988
Wales	£574	£586	£767	£794
Scotland	£674	£689	£823	£851
Northern Ireland	£519	£530	£669	£692
UK	617	£630	£844	£873

Source: LaingBuisson Care of Older People UK Market Report 29th edition 2018

Help with care fees from your local authority

Local authorities in England are legally obliged to carry out a care needs assessment to establish the type and amount of care you need. But you'll also have to undertake a means test to decide who pays your care fees.

To meet their legal obligations, your local authority must:

- conduct a needs assessment to establish your eligible needs
- complete a financial assessment to find out what level of support they'll provide, and
- provide information and advice on how your care needs can be met.

There are similar arrangements that apply for Wales, Scotland and Northern Ireland. And, in Northern Ireland, it's the local health and social care trust that will carry out your social care needs assessment.

Every local authority now provides an information and advice service about care and support for adults and support for carers. You can use this resource for free – and it can help you create your own care funding plan. Local authorities also have a responsibility to consider whether they should signpost you to independent information and advice. And if they do signpost you, they should also explain why independent financial advice may be beneficial for you.

Your care needs assessment

You can start by asking your local authority to assess your care needs. They'll then carry out an assessment to determine:

- the level and type of care you need
- what your care package should be, and
- where the most appropriate place for receiving your care is.

You can receive care either in your own home or in a residential setting. This residential care could be in sheltered accommodation or a care home.

Your local authority must involve you and listen to you throughout the planning process. They must also give you information in a way that's meaningful for you – so that you understand it. And they have to give you time to consider all your options.
It's a good idea to have a family member or friend with you for your care needs assessment. And it's also good if they can support you through this planning process.
You may need help to plan and make decisions but have no family or friends who can help. If this is the case, your local authority will provide an independent advocate for you.

This advocate will be a person who can help make sure the right decisions are made for you. As part of the planning process, you and your local authority will look at:

- your care needs
- what you want to achieve
- what you can do by yourself, and
- what you need support with.

The resulting plan will be an agreement between you and your local authority regarding the support you'll get from them. Your care plan will also include details of the support you'll get from family, friends and your local community.

Make sure a family member, a friend or your advocate is there to share what's discussed during your assessment. When it comes to planning care for the elderly, it's vital this extra support is in place throughout the process.

Means testing

Your local authority will carry out a financial assessment - also known as a means test – when they've:

- completed your care needs assessment, and
- identified the care you need.

If you want to receive help towards the cost of your care fees, you have to have this means test. They'll use the same process to work out how much you'll need to pay whether you're receiving your care:

- at home
- in a residential care setting, such as sheltered accommodation
- in a nursing home, or
- in a care home.

Your local authority will want to know how much money you have access to. This will help them work out if you need financial help. The means test is only used to determine the financial contribution your local authority will have to make.

Local authorities must still help you make decisions about how you want your care needs to be met. They also have to prepare a care and support plan for you, irrespective of whether they're providing financial support.

First, your local authority will work out the reasonable cost for your care.
Then they'll look at your ability to pay for, or contribute to, the care cost. They'll do this by assessing your income as well as the value of your financial assets, such as your:

- property
- savings, and
- investments.

They usually divide jointly-held assets equally – and only your share will be considered. You'll generally be expected to use your income to contribute towards the cost of your care. Before any care fee payments are made, you're entitled to keep a personal expense allowance. And, if you're receiving home care there's a minimum income guarantee to cover your residential living costs.

If you don't have enough income to cover the cost of your care, they'll look at the value of your savings and assets to complete the assessment. You can choose not to have a means test.

However, it’s worthwhile doing it, in case you run out of money – or your future care needs increase. Also, you won’t be considered for any local authority funding unless you’ve had a care needs assessment and means test. There are three possibilities that will result from your means test.

1. You’re entitled to local authority funding for care and support free of charge.
2. You have to pay something towards your care costs.
3. You have to pay for all of your care costs yourself.

Savings and assets held in your name

Means testing involves looking at most savings and assets held in your name, including:

- bank and building society accounts
- National Savings and premium bonds
- stocks, shares, bonds and investment products
- income from state, personal and occupational pensions
- business interests, and
- property and land (less any mortgages).

If you have jointly held savings and assets, say with your spouse, their value will usually be divided by two. This will be done to calculate your share for your means test.

Assets not included in the means test

Some of your assets won’t be included in your means test, such as:

- the surrender value of existing life policies/annuities
- some compensation payments held in trust or by the courts
- some investment bonds with a life assurance element (you should check with your provider), and
- property you own that your partner, dependant or certain other parties still live in.

Income disregarded from the means test

Some forms of income are disregarded from the means test, including:

- War Widow’s special payments
- the mobility component of the Disability Living Allowance, and
- spouse or dependant payments from a private or occupational pension (within certain limits).

Some people try to avoid paying for care themselves by giving away their property and savings. Doing this to avoid care home fees – and other care costs – is also known as deliberate deprivation of assets. However, local authorities are increasingly clamping down on this behaviour.

Means test thresholds

The Care and Support Statutory (CASS) guidance was published in October 2014. This determines how local authorities assess your ability to pay for your social care costs. You're unlikely to receive local authority funding for the cost of your care if you have combined assets worth over:

- £23,250 in England and Northern Ireland
- £27,250 in Scotland, or
- £40,000 in Wales.

If your assets fall below the regional upper threshold in the future, your situation can be reassessed. However, you'll need to ask for this reassessment from your local authority.

The means test also uses lower thresholds to determine when your local authority will pay for your social care. They'll pay your social care costs (up to your personal-budget level) when the value of your assets falls below:

- £14,250 in England and Northern Ireland
- £17,000 in Scotland, and
- £40,000 in Wales.

If you're living in Wales and receiving care at home the thresholds are reduced to £24,000.

The value of your assets may fall between the upper and lower thresholds. If it does, you'll have to contribute £1 for each £250 of assets above the lower level. As the upper and lower thresholds are the same in Wales, this doesn't apply to those receiving care in Wales.

Personal budgets (or local authority funding care fee limits)

Your local authority may not cover all of your care costs. This might still be the case if the value of your assets is below the lower threshold. There are two instances where this can happen.

1. You're paying more for your eligible care needs than your local authority would pay for that care (personal budget). Your eligible care needs will be stated in your care and support plan. In this scenario, a third party such as a relative or friend could be expected to make up the difference.
2. The care package arranged for you is more extensive than what's outlined in your care and support plan. In this case, the additional cost (independent personal budget) will need to be met by a third party.

When is my home excluded from the means test?

Owning your home is one of the major reasons you may fail to qualify for support towards your care costs. However, there are circumstances when the value of your home is excluded from your means test. Your home will be excluded from your means test if it continues to be the main home for:

- you (if you're the person who needs care)
- your husband, wife, partner, former partner or civil partner – except where you're estranged
- a close relative aged 60 or over – or incapacitated
- a close relative under the age of 18 who you're legally liable to support
- your ex-husband, ex-wife, ex-civil partner or ex-partner – if they're a single parent responsible for a minor, or
- someone who gave up their own home to look after the person going into care (depending on the circumstances).

The 12-week property disregard

For the first 12 weeks of your residential care, your local authority will pay for your care home fees. After that, they'll consider the value of your home to assess how much you should contribute to your care home fees. This is known as 'the 12-week property disregard'.

This 12-week property disregard can give you breathing space to decide whether you want to stay in care permanently. It can also relieve you of the pressure of having to sell up straightaway to fund your care home fees.

Who's eligible for the 12-week property disregard?

The 12-week property disregard scheme is for homeowners without enough savings, income or assets to cover their full care costs.

If your assets are valued as higher than the upper threshold, you're not entitled to go on the disregard scheme. You're also only eligible when you've had a care needs assessment by your local authority.

How does the 12-week property disregard work?

You can only be on the scheme for a total of 12 weeks in any 52-week period.
Example:

You move into a care home, leave residential care after six weeks but return within a year. This means you can only go back on the scheme for another six weeks.

Your stay in the care home may have been temporary to begin with. If this is the case, the 12 weeks run from the date it was decided that your care is permanent.

You may have initially paid your care home fees without help from the authority. In this case, the 12-week disregard applies from the date you subsequently qualified for financial assistance. This will only apply if your property hasn't been sold. You'll have to pay the full cost of your care home fees straightaway if:

- your property is sold within the three-month period, and
- the value of your assets now totals more than the upper threshold.

In this case, your local authority will cancel its contract with you, and you'll have to make a private arrangement.

What happens when the 12-week disregard period ends?

After 12 weeks, the value of your home is included in your means test. At this point, your contribution towards your care home fees will be recalculated. It's likely that you'll then have to pay the full cost of your care home fees. However, the increase may be treated as a deferred payment.

If you're eligible for a deferred payment, your local authority will make up any shortfall until your property is sold. When your property is sold, you'll repay the balance in full.
People who can help. Consider taking independent care fees advice before making your final decision on how you're paying for care.

Universal Deferred Payment Agreements for your care costs

A Deferred Payment Agreement delays paying your care home fees until you either sell your home or pass away – using your property as collateral.

You can consider this option if you live in residential care. And you can choose this regardless of whether you're paying all or part of your care home fees. A Deferred Payment Agreement helps you fund the cost of your care home fees without having to sell your home.

Instead of paying your care home fees as you receive the care, your local authority defers payment until you die. When you die, your home is sold. The balance of the care home fees (plus interest) is then repaid from the proceeds.

Who’s eligible for a Deferred Payment Agreement?

To qualify for a care home fees Deferred Payment Agreement you must:

- have eligible care and support needs
- be living, or planning to live permanently , in a residential care home
- hold assets, excluding your main residence, that are worth less than the upper threshold for the means-test, and
- own a property that’s included in your means test.

A deferred payment agreement can’t be used to pay for short stays (also known as respite) in a care home or nursing home.

Local authority obligations

Your local authority has to offer you a Deferred Payment Agreement when:

- you’ve been assessed as having eligible needs that need to be met in a care home or nursing home
- the value of your assets, excluding your home, is under (or equal to) the means test’s upper threshold, and
- your home isn’t disregarded from the means test.

Your local authority must also tell you about the scheme and how it works if:

- you ask for information about it, or
- they identify you as someone who may benefit from, or be eligible for, a Deferred Payment Agreement.

Who else can get a Deferred Payment Agreement?

Local authorities are encouraged to offer the scheme to anyone they think would benefit who doesn’t fully meet the criteria. For example, your local authority is encouraged to offer you a Deferred Payment Agreement, if:

- you have assets worth more than the upper funding level for your area, and
- your care and support are provided in supported living accommodation.

In principle, you should be able to defer your full care home fees, including any top-ups. However, to make sure the deferral’s sustainable, local authorities have discretion over the amount people are permitted to top up. Local authorities should accept any top-up deemed to be reasonable – once they’ve considered affordability, sustainability and available equity.

Debt recovery

The Care Act also outlines a framework for recovering any debts that result from paying for care. These are debts that may have resulted from your local authority paying for your eligible care and support needs.

In the first instance, your local authority should offer you a Deferred Payment Agreement, where possible. If you reject this, they can make a claim to the County Court for a judgment to recover a debt.

Right to refuse

Your local authority may refuse to enter into a Deferred Payment Agreement despite you being eligible, if:

- it can’t secure a first charge on your property
- you’re seeking to pay a top-up
- you don’t agree to the terms and conditions of the agreement
- you don’t have the mental capacity to agree to a Deferred Payment Agreement, or
- your legally appointed attorney or deputy isn’t willing to agree to the agreement.

Equity limit

The equity limit is the amount that can be deferred and will depend on the value of your property. Local authorities must instruct a valuation of the property and the cost of this valuation may be passed to you to pay. You can have your own valuation carried out as well. If the two valuations are significantly different, you’ll need to agree a value before going ahead with the Deferred Payment Agreement. The equity limit is calculated by:

- taking your property’s current market value (CMV)
- less 10% of the CMV
- minus the lower means test threshold, and
- take away the amount of any charge(s) secured on your property.

The equity limit provides a cushion against falls in house prices and accrued interest charges (see below).

Reviewing the Deferred Payment Agreement

As your debt reaches 70% of your equity limit, the local authority should revisit your situation.

- Review your care costs.
- Identify whether you might qualify for any means tested benefits.

- If you pay top ups, discuss the implications of these payments.
- Discuss with you whether the Deferred Payment Agreement is still the best way to meet your care fees.

Interest rates

Since 1 April 2015, local authorities can charge interest from the start of the agreement. However, the interest rate mustn't exceed the maximum amount specified in regulations.

The maximum interest rate charged is based on the gilt rate plus 0.15%. The gilt rates are published by the Office of Budget Responsibility (OBR). This is reviewed twice a year. It applies from 1 January to 30 June and from 1 July to 31 December each year.
Interest is added on a compound basis. It then accrues on the amount deferred, even if the equity limit is reached. Interest still applies during breaks in care - and after the person who has the deferred agreement dies. The interest will carry on being added until the deferred amount is fully repaid.

Repaying a debt

You can repay a deferred payment at any time. You can also make partial repayments. When you die, the executor of your estate should arrange repayment of the money owed to the local authority. This should usually be done within 90 days.
Interest will carry on being added to the debt until the deferred amount is fully repaid.

Regulated financial advice

Before you choose a Deferred Payment Agreement to pay your care fees, your local authority should mention regulated financial advice. They should also be able to help you find independent financial advisers who are qualified and accredited. A financial adviser can help you consider whether equity release or another care fees funding solution would be better for you.

Invest for income

Few people can pay for long-term care purely out of their pension and other regular income. That's why some people consider investments as a way to generate income for paying for care.

As a first step, you can see if you can arrange your assets to produce a steady stream of income. This way of paying care fees can involve either new or existing investments. These investments can generate investment income, investment growth – or both.

For many, this offers a flexible way to cover the cost of their care fees.
If you're moving into a care home and live alone, you can sell your home. You can then invest the money from the sale in assets such as:

- government bonds
- shares, or
- unit and investment trusts.

These investments can pay out regular returns to help pay for your care fees. It's a good idea to consult a specialist financial adviser to help you decide on suitable investments.

Advantages on investing for income

- By taking on more risk, you should be able to create more income than savings would. However, your investments may not perform as expected.
- You may be able to retain your capital and only use the returns it generates to pay your care fees. This can allow you to save your capital to pass on to children or other beneficiaries.
- If you didn't need to sell your home to raise moneyto invest, you should be able to keep your property and pass it on to the next generation.

Get specialist advice

It's a good idea to get specialist advice from a qualified and experienced financial adviser. A specialist care fees adviser will:

- be able to discuss the best ways to protect your assets
- look at how to make sure your money lasts for as long as is needed, and
- let you know about products specifically designed to help with paying care costs.

Buy a care annuity to cover your care fees for life

You could consider securing a guaranteed income with a care funding plan to pay for your care fees. This is also known as a 'long-term care annuity' or 'immediate needs annuity'.

With these, you use a lump sum to buy an insurance policy that provides a regular lifetime income. This income is to help fund your care fees for as long as you live.
There are two options when it comes to care annuities. The main difference is whether you need:

- care funding now (immediate funding), or
- care funding in the future (deferred funding).

You used to be able to buy prefunded plans that allowed you to save for care fees. However, these proved unpopular and are now largely discontinued. The main problem with pre-funded plans was that you didn't get any money back if you didn't need care.

Immediate needs annuity

An immediate needs annuity is an insurance policy that pays a regular lifetime income towards your care fees. You buy the policy upfront, with a single payment. The cost depends on factors such as:

- your age
- your health, and
- the expected level of current and future care fees.

If your health isn't good, you're likely to pay a lower price for this product than someone in good health. Paying for care using an immediate needs annuity may be suitable if you:

- have health issues
- are receiving care either at home or in a care home – or you're about to start
- want reassurance that your care fees will be paid in the future, and/or
- don't want to take any financial risks.

It's not a good option if you:

- only need care for a short time
- might want your money back in the future, and/or
- are likely to be entitled to NHS continuing healthcare funding, which is free.

Advantages of an immediate needs annuity

- Immediate needs annuity and deferred annuity are currently the only plans that guarantee to pay an agreed lifetime income to help fund care fees.
- Having one of these plans can help you negotiate a cap on your annual care home fee increases. This is because the care home knows the fees will be privately-funded and losing you as a resident is unlikely. You should be able to stay in your chosen care home for the rest of your life if you can:
- agree the annual fee increases with the care home, and
- build these into your plan.
- If your plan pays out directly to the care home or home care provider, the payments will be tax-free. This means your personal tax allowance won't be affected. To qualify the care provider must be registered with the local regulatory body. In England, your care provider must be registered with the Care Quality Commission and in Scotland with the Scottish Care Inspectorate. For Northern Ireland they should be registered with the Regulation and Quality Improvement Authority and in Wales the Care Inspectorate Wales.
- Your plan can be set up to increase each year at a fixed level, or in line with inflation.

- These plans are underwritten. If you have health issues, the cost will be lower than for someone with no health issues.
- For an extra one-off payment, you can buy built-in protection in case you pass away earlier than expected. This death benefit is paid to your estate and may be subject to inheritance tax.
- You can transfer your policy from one care provider to another, if you want to.
- If you no longer need care, or your fees reduce, you can receive part or all of the annuity as income. This income will be subject to income tax at your marginal rate.
- The annuity is protected by the Financial Services Compensation Scheme (FSCS) if the policy provider can't meet its liabilities.
- Under current tax rules, if you buy an immediate needs annuity, its cost is deductible from your estate's future value. This can help you manage inheritance tax liability. This means you can benefit twice if you have a large estate to pass on.
- You get a 30-day cooling off period.

Deferred annuity

A deferred annuity is similar to an immediate needs annuity but the income doesn't start immediately. Instead you select when you want the income, either one, two, three, four or five years in the future. The longer the deferred period, the lower the cost of the plan. However, you'll need to be able to pay your care fees until the deferred annuity income starts.

Advantages of a deferred annuity

- Deferred annuitiy and immediate needs annuity are the only plans that guarantee to pay an agreed lifetime income to help fund care fees.
- If your plan pays out directly to the care home or home care provider, the payments will be tax-free. This means your personal tax allowance won't be affected. Your care provider must be registered with the local regulatory body to qualify. In England that's the Care Quality Commission, in Scotland the Scottish Care Inspectorate, in Northern Ireland it's the Regulation and Quality Improvement Authority and in Wales the Care Inspectorate Wales.
- Your plan can be set up to increase each year, at a fixed level or in line with inflation.
- These plans are underwritten. This means that if you have health issues the cost will be lower than for someone with no health issues.
- For an extra one-off payment, you may be able to add death protection. This can protect you in case you die sooner than expected. Death benefits are paid to the estate and may be subject to inheritance tax.
- The policy can be transferred from one care provider to another, if required.
- If you no longer need care, or become eligible for NHS continuing healthcare funding, you'll receive the annuity payments as income. This income will be subject to income tax at your marginal rate.

- The annuity is protected by the Financial Services Compensation Scheme (FSCS) if the policy provider can't meet its liabilities.
- Under current tax rules, if you buy a deferred annuity, its cost is deductible from your estate's future value. This can help manage inheritance-tax liability. This means you can benefit twice if you have a large estate to pass on.
- You get a 30-day cooling off period.

Find a financial adviser

If you're paying for care yourself, you should get specialist care fees advice from an Independent Financial Adviser They'll be able to:

- discuss the best ways to protect your assets
- look at how to ensure that your money lasts for as long as is needed, and
- let you know whether a care funding plan (immediate needs annuity or a deferred annuity) could be right for you.

Rent out your home or other property

You can rent out your property and use all or part of the rental income to fund your care fees. This can be a good option if:

- your family is keen to keep the property, or
- if a quick sale would make it difficult to realise the property's full value.

In some cases, renting out your property may cover the full cost of your care. In others, it can at least contribute towards it. Once you have this rental income to go towards paying for care, you can top it up using:

- savings
- pensions, and
- other sources of income or realisable assets.

If you're renting out your property, you should allow for 'void' periods – when the property is empty. Make sure you allow for this when you're calculating how much income you'll generate from renting the property out.

You should also factor in ongoing costs such as redecorating, replacements and repairs. You'll also need to set aside money for your increased tax bill as rental income is taxable.

Advantages of letting your property

- It can deliver a continuous stream of income for an infinite period. This can eliminate any worry about running out of funds to pay for care fees.
- It keeps your property in your estate – and your home remains occupied.
- Your tenants will pay utility bills and council tax for the property.
- You'll benefit from any potential increases in the property's value.
- It can prevent the need to sell your home when house prices are falling.
- Letting your property can help your family to keep the property.

Getting help to rent your property

A professional agent can manage the property rental process for you.
If you do hire an agent, look for one registered with ARLA Propertymark. Their members have to meet higher standards than the current legislation. A good property agent will:

- know the right rental level to set
- advise on what modifications are needed
- vet tenants for you
- manage rental payments, and
- organise ongoing repairs on your property.

It's also worth getting advice from an experienced and qualified care fees adviser before deciding to rent your property out. They'll look at your finances with you and plan how you can cover your care fees. They know how the care system works and the sources of care fee funding you could be entitled to. You can use our care fees adviser directory to find a financial adviser local to you.

The emotional impact of ageing and care

As we grow older, we deal with a different set of emotional challenges. Thinking about this can be daunting – especially because no one knows what lies ahead. That's why it's a good idea to plan ahead and consider the emotional impact getting older may have.

Planning ahead for care can help reduce any anxiety you may have about getting older. It can also give you peace of mind about how you'll manage your care needs in the future.

Anticipating major life changes

Many of us look forward to retirement. Stopping working can sound great – it's what many of us can't wait for. However, if your career or working life is important to you, you might not want it to wind down. And the social aspect of work is something that many people miss when they retire. When you retire, it's not uncommon to feel:

- a loss of identity. This can happen when you stop working – even if you're spending more time looking after grandchildren, for example.
- isolated. Many people don't have family around as they get older and they may find they have fewer friends around too.
- insecure. Life changes can be scary and may lead to loss of self-worth.

Major life changes aren't always single, landmark events such as retirement. They can also be gradual changes. As you get older, your general health and fitness may deteriorate. You may also find that your mobility is affected – so you can't do as much as you used to.

Whatever changes we experience in later life, socialising and maintaining relationships becomes very important. And having meaningful connections is vital to our wellbeing.
Getting older and retiring can also give you a fresh start. If you've stopped working, you may have more time on your hands. You can use this extra time to focus on exploring new interests and making new friends.

If you're thinking about trying something new, you could ask yourself the following questions:

- Is it time for me to learn something new – maybe a new language or skill?
- What have I done in the past that I'd like to do again now that I have time?
- What about volunteering? Would doing something to help others be something I'd like?
- Is there something I've never done that I'd like to try?
- Would taking up a new activity with someone else help? Do I know someone with a similar interest to me?

Keeping your brain active

There are things you can do to help improve your memory and boost your brain function. Staying mentally active can be as simple as doing crosswords – or reading books and newspapers. Here are some other ways you can look after your memory and brain:

- socialise regularly
- do some physical activity every day – such as gardening or walking
- eat a healthy diet
- manage any chronic illness you might have
- get organised – if things are in place you can feel like you have a clearer head
- take a class, a course or learn something new
- consider voluntary work or part-time work, and
- stay in touch with friends and relatives – writing letters is a good way to do it.

You can find more information about how to keep your brain active at the Alliance for Aging Research.

Becoming less independent

As we get older, we sometimes become less physically able to enjoy hobbies, travel or manage our home. For some people, this loss of capacity feels like a loss of independence. If you're used to doing things for yourself, you may find it difficult to rely on others for help. You

may also find it hard to ask other people for small favours. This can be true when it comes to asking people who once relied on you for help – like your children. Losing independence is a common experience for elderly people. When we can't do things we used to do, it's normal to feel sad and frustrated at times.

If you can't do many of the things you used to do, it's important to be kind to yourself. Being less physically able to do things isn't a sign of failure – it's a normal part of getting older.

Travelling independently, getting yourself to appointments and visiting friends is a big part of being independent. Many people stop driving when they get older – quite often for health reasons. If you are struggling to travel independently, there are resources you can access for help. You can:

- Get a copy of your local bus services and timetables and see where they can take you.
- Ask your council if they provide a dial-a-bus service if you want to go somewhere that's not on a bus route. They might also offer other transport services if you need assistance.
- Find a home care company whose carers offer help with transport. Home care companies don't just look after you in your home. Many employ carers who can accompany you on a day out – or to an appointment.

If you are feeling overwhelmed by major life changes, and loss of independence, you can talk to your GP. They'll be able to offer you help and advice for ways you can adapt to the changes you're experiencing.