

Who pays for long-term care?

Ensure you're well placed to fund any future care needs

Many people prefer to avoid the subject of long-term care. Most find it hard to contemplate going into a care home when they are older, but many will do so eventually. However, planning for these potential expenses is important before they become urgent. The NHS, while a cornerstone of healthcare in the UK, only covers care costs in specific circumstances, primarily when related to medical health needs.

NHS Continuing Health Care (CHC) might cover some or all expenses, but securing this funding can be complex and challenging, especially during stressful times. Despite it seeming evident that certain conditions, such as dementia, require medical care, they are often classified as social care, which typically falls outside NHS funding.

NAVIGATING NHS FUNDING CHALLENGES

If NHS funding isn't an option, you can explore alternatives, often involving personal financial contributions. The rules for providing long-term care are complex, and different rules apply in England and Northern Ireland, Scotland and Wales.

In England you'll currently undergo a means test. If your assets exceed £23,250, you'll need to cover the full cost of your care. With assets between the £14,250 and £23,250 tariff limit, the local authority may contribute, but you'll still be responsible for a portion of the costs. Your income is still considered if your assets are below £14,250, but capital is excluded from means testing and the local authority pays for your care.

In Scotland, the upper limit is over £35,000, and you'll need to pay the full cost of your care. The local authority funds some of the care between the £21,500 and £35,000 tariff limit, and you pay the rest. The lower limit is less than £21,500, capital is excluded from the means test and the local authority pays for your care. However, your income is still taken into account.

In Wales, the single limit is £50,000 and over. Above this figure, you pay the full cost of your care.

Capital amounts between the upper and lower limits tariff for England and Northern Ireland, and Scotland are assessed as providing £1 of additional income for every £250 of capital above the lower

limit. The tariff income is then added to your other income for the income means test.

UNDERSTANDING ASSET IMPLICATIONS

A common misconception is that selling your home is mandatory to fund care costs. This isn't necessarily true; if you or close family members live in your home, it's generally safeguarded from being counted in your financial assessment.

However, if your property is left empty when you move into a care home, it might be considered part of your assets, potentially necessitating its sale to cover costs. Gifting assets to avoid care expenses can also be problematic. Local authorities might view this as a 'deliberate deprivation of assets', which can complicate financial assessments significantly, especially if done during a time when care costs are foreseeable.

PLANNING FOR AN UNCERTAIN FUTURE

The unpredictability of needing long-term care makes it essential to start planning early. While it's impossible to predict the exact costs or duration of care, cash flow modelling can provide insight into how prepared you are for such expenses. Government policies may change, but assuming 'no change' and preparing accordingly is prudent. Exploring different solutions now can alleviate future burdens.

EXPLORING FINANCIAL OPTIONS

Long-term care planning is one of the most challenging areas to address, with many in denial about their potential needs. However, taking proactive steps can ensure you or your loved ones receive the care required without financial hardship.

From insurance products to savings strategies, numerous options can be tailored to your circumstances to provide peace of mind. ■

NEED GUIDANCE OR WISH TO EXPLORE FINANCIAL STRATEGIES IN MORE DETAIL?

Understanding the complexities of long-term care costs and planning accordingly is vital. If you need guidance or wish to explore financial strategies in more detail, we are here to help. Contact us today to discuss your personal circumstances or those of a family member, ensuring you have a solid plan for later life care.

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