

eldercare news

Prospering in difficult times

The current difficult market conditions will affect us all in one way or another. In this edition of *Eldercare News* we look at how to improve the outlook for your care home, for those you care for and for their families.

How many of your private fee payers will run out of money in the next 12 months?

The chances are you won't know how many of your private fee payers will run out of money and be unable to pay their fees in the next twelve months. Yet the turmoil and difficult financial markets will probably mean that many residents and their families have some anxiety about their ability to pay their care fees. This creates stress and uncertainty for everyone involved and is bad for your finances as well!

Consider these points:

If the difference between your private rate and the local authority rate is £200 each week and five of your private fee payers are unable to pay their fees because they have run out of funds, then **the cost to you will be £52,000 each year they are in your care.** This uncertainty in many cases can be entirely avoided.

At the time of writing the stock market had fallen by over 42% since 31st October 2007. This will have been very damaging to many people's savings and your residents could be among them.

It's been hard to ignore the turmoil in the financial markets over recent months, every newspaper and news bulletin reminds us and you don't need to be a savvy investor to sense the uncertainty. How long will it last? How bad will it get? These are questions that even the experts are asking.



If your private fee payers had insured their fees with a care fees annuity then they would not be faced with this uncertainty. With a care fees annuity, care fees are guaranteed to be paid until death, whatever happens in the financial markets. This gives financial certainty and peace of mind to everyone.

A care fees annuity is good for families because they know they will never be faced with the awkward situation of the money running out. The annuity will also protect the remaining assets from erosion by care fees. And the annuity is good for you as well; you will always get your fees paid on time, every time.

If you have any questions about care fees annuities please call 0800 082 1155 for help and advice.

Property, the waiting game!

Those of us who were property owners in the early '90s will probably recall the birth of a new phrase: *negative equity*! Well here we go again, yes, the property market is once again facing a downturn and we probably all know people who are affected by it one way or another.

One of the consequences of this current property crisis is that it often takes longer for a property to sell. This may be affecting some of your newer or new residents who need to sell a property in order to release funds to pay their fees. We would like to introduce our new services aimed at helping families in this difficult situation.

The Eldercare Funding Programme has been extended to provide cash help to families waiting to sell a property. This facility has two options:

1. We can pay monthly care fees until the property is sold
2. We can advance money to buy a care fees annuity until the property is sold

Payment of monthly fees

Subject to the availability of funds we will pay monthly care fees, directly to the care provider, until the property is sold. There is an arrangement fee for this facility but it is interest free for the first 12 months! This can be arranged very quickly with the minimum fuss and very little paperwork.

Clearly any support offered by the local authority will be considered and taken into account.

Advance for care fees annuity

In certain circumstances we will advance funds to buy a care fees annuity. There is an arrangement fee but it is interest free for the first three months.

In both cases the money, interest and fees are recovered from the sale proceeds once the property is sold. This is a hassle free way of taking the financial stress out of what for many is an emotional and difficult experience.

The cash advances described above are only available as part of the Eldercare Managed Sale Programme. For more information please call 0800 082 1155.

Our new literature

Many of you will already have a supply of our new leaflet and guide. We have made this important document easier to read, more informative and more helpful for residents and their families. These are available at no cost so if you would like a supply please call Tracy on 0800 082 1155.



The value of advice...

In this article we look at why care fees advice is so important.

Many people are happy to make their own decisions and choices about savings and investments, life assurance and pensions. However in more specialist areas like care fees it is absolutely essential to take advice from an expert.

When we take out a mortgage or a pension plan we are bombarded with advertising and information. There is no shortage of advice and generally speaking people have a degree of knowledge and understanding about the subject. Even at a superficial level, we know the questions we need to ask ourselves. Amazing to consider that, when it comes

to paying for care, there is so little information, help and advice available and yet for many families this could be one of the most expensive commitments they will ever make and it could deplete almost their entire savings and investments.

It's no wonder that CSCI in its study, *A Fair Contract With Older People*, concluded that:

'People who are expected to pay for their own care are particularly disadvantaged by a lack of information, support and advice at every stage in making a decision about going into care.'

In relation to paying for care a properly qualified and experienced adviser will cover the following areas:

- Explain the care system and how it works and help clients and their families understand care fees. They will ensure that families understand that care fees may increase in future depending on care needs and also due to increases in the cost of living.
- Explain the benefits available and make sure the family are claiming the right benefits, most importantly that the family are claiming Attendance Allowance which is not means tested and is available to all.
- Explain the duties and responsibilities of acting under a Power of Attorney and suggest the family take legal advice if they feel it appropriate.
- Verify that the local authority has carried out the correct financial assessment.
- Advise about the 12-week property disregard.
- Advise in relation to nursing care and what to do if the family feel that the NHS should be paying for care.
- Advise in relation to the care contract and most importantly helping the family to understand what will happen if the money runs out and they can no longer afford care fees. Also, make certain the family understand that care fees may increase due to the effects of inflation and also due to increasing care needs.
- The options for paying for care including:
 - Paying directly from capital
 - Investing the capital
 - Care fees annuities
 - A combination of the above

In addition to helping the family to make the right arrangements for paying for care there are many other by-products of good financial advice.

Avoiding liability to higher rate Income Tax

Money held on deposit can push individuals into the higher rate tax bracket. There is an alternative to this and an adviser will discuss the options for reducing Income Tax.

Protecting Age Allowance

Income generated from savings can reduce the amount of Age Allowance entitlement by over £3,000 a year. This could result in additional Income Tax of £629 every year and yet this is easily avoided if the savings are held in an investment bond where the income produced is not subject to Income Tax.



Avoid the need to complete a tax return each year

Income produced by large sums held on deposit can trigger a tax return, which will need to be completed by the attorneys each year. Prudent investment can often eliminate the need for a tax return.

Effects of inflation

Current bank interest rates are barely above inflation and so many savers will see very little growth in real terms. In many cases it is possible to improve returns with no risk to capital.

Protect your inheritance

One of the advantages of a care fees annuity is that it protects the remaining estate from being depleted by care fees. It is also possible to reduce or eliminate altogether Inheritance Tax.

Simplicity

Often attorneys are faced with a complex range of investments and savings which are time consuming and expensive to manage. An adviser will look at ways of simplifying the structure so they are easier to look after.

These are just some of the important reasons why your residents and their families should seek advice from a qualified care-funding expert.

For immediate help and advice for your residents and their families call 0800 082 1155.

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The Eldercare team is always available to tell you more about the service that Eldercare Solutions provides and how The Eldercare Funding Programme™ works, so please let us know how we can help you.



Eldercare Group:
Home of The Eldercare Funding Programme™.

Are your fees too expensive?



Occupancy levels are a concern to many care homes. The problem is more acute for those homes with a high percentage of private beds and yet how many families are put off by the headline cost of care?

The chances are that many families will be quite shocked to learn of the cost of private care and yet all too often they only see half the picture. It's very important that families understand what they are getting for their money. This is a 'gross', all-inclusive price and so the bills that mum or dad used to have to pay at home will largely not apply once in your care. This means that any income that mum or dad has can be used to offset your fees and so the 'net' cost of care is often very much less than the figure they are given.

An example will help to explain the point

Mrs Anderton is in need of residential care and your fees are £750 per week.

After allowing for Attendance Allowance, state pension and other private pension income Mrs Anderton has income of £450 per week. This income will not be needed once in your care and so it can be used to offset Mrs Anderton's fees.

The net cost of care for Mrs Anderton is therefore £300 per week and there are options, including a care fees annuity, which might make the shortfall of £300 per week very affordable indeed.

Cost will always be an important factor in deciding on care but families need to know that the best care, your care, might be very much more affordable. They also need to know that there are ways to protect the estate, and therefore their inheritance, from erosion by care fees.

Presenting your fees in a more relevant way might help you attract more residents and help your occupancy levels.

If you would like more information or advice on how we can help residents and their families understand their fees and options for paying them please call us on 0800 082 1155.