



Cost of Long Term Care Provision

Long Term care provision remains an ongoing concern for many people. Increasingly individuals will have to provide the cost themselves pending any legislative changes.

In a normal economic environment this would be difficult enough, but now families are also under pressure from falling house prices, low interest rates in addition to rising care home fees as well as increasing local authority cost pressures.

Indeed the gap between the cost of care and what local authorities are prepared to pay is growing requiring some families to step in and pay the difference between the council's set rate and the care home fees once their elderly relatives run out of money.

In the past five years the gap between the income families have available to pay for care and the fees charged by the homes has increased by 600 per cent for those in residential homes according to figures from First Stop. For those in nursing homes the affordability gap has widened by 200 per cent over the same time as fees for care homes have increased by more than 20% since 2005.

To provide an idea of the cost issues, five years ago fees for nursing homes were £29,851 a year on average; now they are £36,036 representing an increase of 20.7% according to healthcare analyst Laing & Buisson. Costs for residential care have risen from £21,546 a year to £25,896 on average – a 20.2% increase.

Figures from the Department for Works and Pensions show that the income a 75 year old can expect to receive has been reduced by 27 per cent. Their average income is now just £15,574 against an average of £19,843 in 2005.

Full time residential care costs can vary from £30,000 a year depending on location, the quality of home and the medical care needed. Anyone in England or Northern Ireland with assets worth £23,250 or more pays for their own care. Those with assets between £14,250 and £23,250 receive help on a sliding scale in England.

These means tests apply whether you need help to stay in your own home or require residential care. Your home is not counted as an asset if a spouse or close relative aged 60 or over lives there. If you live alone and need to move into residential care, the house will come into the equation after your first 12 weeks of care.

Local councils, who make the assessments, can also check on gifts made in the years prior to applying for care which is designed to prevent older people giving away wealth to beat the means test.

As always planning in advance is the key where possible. There are still various ways of addressing the issues depending on your circumstances.

If you would like to know more about any of the issues raised above, please contact Shaun Bell or Stuart Read on 01548 856444, or alternatively email them direct on shaun@sabrefinancialplanning.co.uk. or stuart@sabrefinancialplanning.co.uk or log onto the Sabre website on www.sabrefinancialplanning.co.uk.

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