

# Business & Commercial Property

# 2012

## Long-term care planning — be careful what you wish for

WITH life expectancies steadily increasing, **Frances Kelly, of Tallents Solicitors in Newark**, explores why preparing for long-term care funding is a subject everyone should be concerned about, especially as, according to the 2011-published Dilnot Commission report, approximately one person in ten at the age of 65 faces future lifetime care costs of more than £100,000.

Currently, local authority assistance is means tested, and in England and Northern Ireland everybody receives some help towards the nursing care element of their care. This is defined as care required to be carried out by a registered NHS nurse.

For those with assets over £23,250, accommodation and personal costs, such as help with washing, cooking and meals will fall on the individual

or family members and can run into many thousands of pounds.

In most cases the means test includes the value of any home — so a local authority can insist that your property is sold to meet the costs involved.

Frances said: "It's no wonder, when faced with the trauma of losing their family home, that many elderly people are willing to try any means available in an attempt to protect their most valued asset.

"We have recently seen a UK bank fined tens of millions of pounds for mis-selling financial products that were purported to pay for long-term care costs, but it's not just the banks that are potentially taking advantage of the uncertainty surrounding long-term care funding.

"Scores of companies also market trusts that claim to offer the ability to protect the value of the family home when nursing care is needed. But this is not a guaranteed way of avoiding

**"A local authority can insist that your property is sold to meet the (care) costs involved."**

having to sell the home to pay for nursing home fees.

"Trusts set up for the specific purpose of avoiding long-term care fees are likely to count as deprivation of assets and any value transferred could be clawed back to pay for care charges. This means some solutions blatantly advertised as protecting assets from the costs of long-term care may be completely unable to meet their claims. We recommend everyone seeks expert legal and financial advice."

The Dilnot Commission report makes a number of key recommendations:

□ Capping the lifetime amount an individual has to pay for care at

£35,000, after which they would become eligible for state help.

□ Raising the upper threshold of assets a person can keep to qualify for means-tested benefits to £100,000.

David Ryan, of Nottingham-based independent financial consultants Cockburn Lucas, said: "Dilnot's vision of a shared responsibility model, if implemented in the future, would split the cost between the state and the individual.

"This would allow many more product providers to become involved and offer new ways to help meet future care costs.

"We continue to experience a rise in the number of our clients entering care or facing care costs while in their own home, and are able to provide specialised independent advice in this area."

However, since estimates suggest it would cost the Treasury up to £1.8bn a year extra, it is likely that the Government will be in no hurry to



FRANCES KELLY, of Tallents Solicitors

implement the recommendations in the Dilnot Commission report in the current economic environment.

Frances concluded: "At Tallents Solicitors we would be happy to help you review your affairs, both before and during care, and offer both our professional legal advice and financial advice via long-term-care-qualified independent financial advisers."



DAVID RYAN, OF COCKBURN LUCAS

"WITH interest rates available for savers at their lowest levels since records began and inflation continuing to knock at the door, many retirees reliant on getting a decent return on their hard-earned capital may feel they are caught between a rock and a hard place," says **David Ryan, associate director at independent financial consultants Cockburn Lucas in Nottingham.**

Recent research from independent financial research company Defaqto shows that only six out of 2,000 savings accounts researched provided even basic rate taxpayers with a positive return, after taking inflation into account.

David continued: "This fact alone poses a real dilemma for anyone looking to secure a decent income return from their nest eggs.

## Investing for income — the search for the Holy Grail

"All is not lost, however, for those who take independent financial advice and are willing to take a medium-term view and some price volatility along the way.

"The share prices of many multinational companies with cash positive balance sheets able to maintain a healthy dividend payout, look a far more attractive opportunity to top up other sources of income.

"With average yields of 4-5% and the prospect of increasing capital over the longer term, providing inflation protection along the way, this seems to us to offer more than adequate compensation for any short-

**"This year looks a great time to buy into global equity income and be rewarded for both patience and time along the way."**

term price ups and downs one may have to endure, given the returns available from other areas of the market including deposit accounts.

"Clearly it would still pay to be on the defensive and we look to invest in only the biggest companies with

global brands, which, although some may regard as dull and boring, are far more capable of meeting their obligations to shareholders and providing a decent pay-out for any risk taken.

"This year looks a great time to buy into global equity income and be rewarded for both patience and time along the way, so Happy New Year."

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