



Lifetime Care Funding

Sarah's story

Over recent months, Sarah and her family had noticed her mother becoming increasingly dependent on support with everyday activities. Following a diagnosis of Alzheimer's disease and vascular dementia, her condition had worsened, and she required immediate full-time care. After discussions with healthcare professionals, the family were advised that moving into a residential care home would be the safest and most appropriate option for her ongoing care and wellbeing.

Alongside the emotional decision of choosing the right care home, the family also had to consider how the care would be funded. Sarah's mother owned her home and assets above the £23,250 threshold, meaning she would not qualify for local authority funding and would need to self-fund her care. The average weekly cost of care in the UK is around £1,298 for residential care, with specialist dementia care often costing more around £1,343. *

Unsure which route would provide the best balance of security, flexibility and peace of mind, the family explored four possible ways to pay for care.

Sell the home

Savings or Investments

Family pay for care

Lifetime Care Plan

Example quote details:

Age 88, Immediate start date, 5% fixed, short-term capital protection

*CareHome.co.uk

Telephone:
01234 348 007

Web:
www.britishfriendly.com/advisers/lifetime-care-plan/

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Here are four ways the care could be funded:

1

Sell the home

Selling the property could be used to help cover ongoing care fees.

Although, depending on how long care is needed, the funds from the house sale could be significantly reduced or run out entirely. This would require her care to then be funded in a different way.

Sarah and her mum had previously discussed the house being left to Sarah and her family, which wouldn't be the case if it were sold to help cover the costs of care.

2

Use savings or investments

Savings and investments could be used to pay for care costs while keeping her mother's home for her legacy. However, care fees could continue for many years, so relying only on savings and investments may significantly reduce the value of those assets over time.

Also, the value of that investment could fluctuate due to market factors resulting in the funds running out more quickly, particularly if care costs rise year on year.

3

Family help pay for care

Family members could contribute towards the cost of care to avoid using her mother's savings or having to sell her home.

While this may provide short-term support, ongoing care costs are difficult for families to maintain over a long period of time, with the average residential care for dementia costing around £70,000 per year.

It also means that at a potentially very difficult time emotionally for the family a financial burden is introduced as well.

4

Lifetime Care Plan

A qualified financial adviser talks Sarah and the family through a Lifetime Care Plan. This can provide guaranteed monthly care payments for the rest of Sarah's mother's life, no matter how long care is needed.

Based on Sarah's mother's care costs of around £70,000 per year a Lifetime Care Plan could provide this security for a single premium of £233,000 with short-term capital protection and the care payments increasing by 5% each year.

This could give greater peace of mind, while also protecting the legacy that Sarah's mother may want to leave.