

focus on...

THE COST OF LONG TERM CARE

In future we will all have to look after ourselves in our old age and not expect our fellow tax payers to pick up the bill.

All except the wealthiest (or indeed poorest) should be concerned with the cost of long term care whether at home, in a residential home or in a nursing home. The lack of full provision by the state gives rise to considerable fears of loss of independence, loss of choice and loss of dignity. These are in addition to the natural fears of being a burden on the family and running out of money.

Many of our clients will have made some provision for their old age by having a pension and/or savings. You will have to pay for your own care until your savings are reduced

to £19,500. Then the value of your home, or your share in the home, will be included in the means test and your home may be at risk unless it is occupied in whole or in part by your spouse (but not a separated or divorced spouse), a relative who is aged 60 or over, or aged under 16 and is a child for whom you are liable to maintain, or who is incapacitated.

Most of us wish to protect our home so as to pass it down to the next generation. We strongly advise that you do not give the home to your children during your lifetime. Imagine the difficulties that could arise: You may want to move; your child may die, divorce or become bankrupt; There may also be complications arising with Inheritance Tax or Capital Gains Tax. If you really are certain that you want to give your home to your children

do at least consider with us the possibility of creating a trust giving you the right to retain its use for so long as you wish to remain living at home.

Married couples may be able to protect one half of the value of their home by ensuring that they hold the property as tenants in common in equal shares. They should then make Wills providing for the half share of the first to die to be held in trust for the children following a life interest to the surviving spouse.

Incidentally in addition to making a Will you should also have an Enduring Power of Attorney in place, in case you become incapable of dealing with your finances.

Having protected your assets you still need to ensure that you will have sufficient funds for the provision of care in your

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old age. Even those who have a modest amount of capital or spare income should consider a long term care insurance policy such as that marketed by PPP.

Those who have recently retired should perhaps use part of any lump sum arising from their pension to buy a long term care policy so as to top up their income should the need for long term care arise.

Such policies are often available to the elderly. If your parents do not have cash available you might like to finance the purchase of a policy. Both generations reap the benefit - the parent can be certain of good long term care - at the same time the childrens' inheritance is protected.

We can arrange for a representative to consider your requirements but that rep can only advise on his

company's products. You may prefer us to arrange an independent review of your entire financial position. There will be no charge for that advice **and** we give you half of any commission we may receive - something you will not get by going to direct to an insurance company.

If you would like a guide to the Community Care Act please let us know.

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