Brownlow
Wealth Management

Care Fees Planning

Taking the stress out of paying for care

Senior Partner Practice

St. James's Place

There are two golden rules of care fees planning

Weigh up all the available options before deciding which will secure the best future for you and your family.

01

Take advice from qualified advisers (SOLLA Accredited) with expert insight and experience before making one of the biggest decisions of your life.

02

As Care Fees Planning specialists who are accredited by The Society of Later Life Advisers* (SOLLA) we can show you whether it is possible to secure care at the home of your choice for the rest of the individual's life. This can give all the family peace of mind that care fees are being met indefinitely and that they will not run out of money and have to rely on Local Authority support.

*The Society of Later Life Advisers (SOLLA) assists consumers and their families in finding trusted accredited financial advisers who understand financial needs in later life.

SOLLA Society of Later Life Advisers

Making the right choices for the whole family

Trying to find the best care fees solution can put an emotional, practical and financial strain on the whole family.

Our role is to take those pressures away by opening the door to all of the choices available to you and helping secure the best possible quality of life for you and your loved ones. For over two decades we have helped families navigate the ever-changing legislation to secure the most appropriate care fees solutions for their loved one's circumstances.

Our goal is always to implement a robust strategy for covering the costs of care for as long as care is needed while preserving as much of the estate as possible for the next generation.

Domiciliary Care and Live in Care

Many of us would like to receive care and support in the family home – but not everyone has sufficient income or savings to pay for that care. Where the home is the only asset, it is not included in the financial assessment and the owner is likely to meet the criteria for local authority support, although it may not be at the level required or preferred. For those of us who own their own home, one option could be to raise money against the value of the home, which in turn can be used to fund that care.

This can be done using a Lifetime Mortgage also known as Equity Release. A Lifetime Mortgage isn't for everyone, and that is why it is important to seek advice from an adviser who has experience in the later life sector.

A Lifetime Mortgage allows you to take income or a lump sum through a charge that is placed on your property. The amount you can borrow is determined by a number of factors including your age and the value of your home. As a result, it is important to recognise that the money available to you may not be sufficient for you to receive care at home indefinitely, and you, or you family may need to consider this at a later date. Interest is charged on the debt and on sale, upon your death or if you move into a care home, the loan plus interest is repaid. This may affect means-tested benefits. Arrangement fee applies.

A Lifetime Mortgage is just one option. Another is the use of an Immediate Care Plan (see page 6). Therefore it is vital to consider the benefits and ramifications of any financial structure used in this regard and seek expert financial advice when you first recognise that care is needed.

The care you would choose at a cost you can afford

1 in 4 people who fund their own care run out of money.* This doesn't have to be the case.

Getting the very best care available is always the most important consideration but cost restraints often become the biggest factor in the final decision.

Nobody can predict how long care will be required so a plan that guarantees the income to provide care for life is often the best option. Our experience is that many families can fund their care when given the appropriate advice. Running out of money means relying on funding from the local authority and there is no guarantee they will be prepared to fully meet the fees being charged by the care home.

* Source: NHS Digital, 16 May 2023 – accessed August 2023

Equity release is a lifetime mortgage or home reversion plan. To understand the features and risks associated with such products, please ask for a personalised illustration.

Immediate Care Plans

One of the best ways to remove the worry of running out of money is an Immediate Care Plan, also known as an Immediate Needs Annuity.

An Immediate Care Plan guarantees to pay a tax free income to a registered care provider for the life of the person needing care. This can be in a care home of your choice or care at home, known as Domiciliary Care. The amount needed is based upon the total fees and costs less available income, we call this 'the shortfall'.

We know that the cost of care rises each year, so we can include indexation. This means that the benefit paid to the care provider increases as the care fees increases. You can also include capital protection in the event of a persons early death. Other options include the use of 'Deferred Care Plans'. A Deferred Care Plan reduces the upfront lump sum cost of the annuity, but income is not received from the plan until after a specified period of time.

We advise on regular reviews as care fees inflation could exceed the annuity escalation. The remaining estate can be ring-fenced from the cost of care if you set up a care plan to pay the fees so would not need to dip into more capital which can then be earmarked for the next generation.

Another strategy may be to use an Immediate Care Plan together with investments. Our experience will ensure that you understand the options that are available and have a clear and simple strategy to give you and your loved ones peace of mind.

To understand the features and risks associated with such products, please ask for a personalised illustration.

Simply having the security of knowing that you or your loved ones will be cared for at home or in your chosen care home with an income that is guaranteed for life is priceless.

Inheritance Tax planning and mitigation

Do you want to leave an estate to your family? Would you like to pay as little tax as possible to maximise what you leave behind?

After securing lifetime care fees and ring-fencing the remaining estate for inheritance, further action can be taken to mitigate up to 40% Inheritance Tax* (IHT) liability. In many circumstances, we can quickly:

- Provide IHT mitigation in as little as two years, provided funds are still held at the time of the investor's death
- Remove taxable assets from the estate for IHT purposes saving up to 40% tax*
- Provide possible solutions with no complicated legal structures or trusts and no gifting requirements
- Allow a Power of Attorney to invest on behalf of the investor given the limited ability to make gifts

The value of an investment with St. James's Place will be directly linked to the performance of the funds you select and the value can therefore go down as well as up. You may get back less than you invested.

The levels and bases of taxation and reliefs from taxation can change at any time and are dependent on individual circumstances.

* The 40% IHT rate applies if the value of a person's estate on death is above the Nil Rate Bands

We can also help you with

- **Local Authority support and means test threshold**
- **State Benefit entitlements** (such as Attendance Allowance)
- **Care Assessments**
- **Office of the Public Guardian and Deputies**
- **What to do with the family home**
- **Equity Release options***
- **The Care Act and new legislation**
- **Deprivation of assets rules**
- **NHS Fully Funded Healthcare**
- **Deferred Payments**
- **12-week disregard**
- **Care Advocacy**
- **IHT planning and mitigation**
- **Powers of Attorney & Reviewing Wills****

Understanding all the options available can significantly improve the financial security for yourself of for those you care about the most. Peace of mind is priceless.

* This is a lifetime mortgage or home revision plan. To understand the features and risks associated with such products, please ask for a personalised illustration.

** Powers of Attorney and Will writing involves the referral to a service that is separate and distinct to those offered by St. James's Place. Powers of Attorney and Wills are not regulated by the Financial Conduct Authority.

Case study

Mrs Grant's family approached us because her health was deteriorating and she was recovering from a recent fall. Her children, acting as her attorneys, were dealing with her affairs. She was age 84 and needed a lot of assistance with activities of daily living and they had found a suitable residential care home where the fees were £1,850 per week.

Total Care Fees:
£96,200 a year (£8,017 per calendar month)

This home was more expensive than other smaller Care Homes they had visited but it was the family's preferred care home as had large communal areas, lovely gardens and plenty of activities where their mother could maintain her independence and dignity. Mrs Grant was very keen for her grandchildren to benefit from an inheritance.

Assets:
House (sold for) £595,000 plus Savings £70,000 = **Total £665,000**

She had a state pension plus a private pension. They were not aware that Mrs Grant could claim Attendance Allowance and following the initial meeting a claim was made straight away. She was successful in claiming £110.40 per week (2025/2026 Rate) and this additional benefit took her total net income to £24,200 per annum.

Total Shortfall to meet Care Costs:
£96,200 less total income £24,200 = **Shortfall of £72,000 a year**

Their question to us was:
"Is this care home affordable for her lifetime, we do not want to be in a position where mum has run out of money and has to move to a cheaper Local Authority home"

Our solution was to arrange an Immediate Care Plan for Mrs Grant costing £212,640 using just part of her capital, to guarantee an annual income of £72,000 increasing by 5% each year for her lifetime to meet the current shortfall in care fees.

This meant that Mrs Grant could enjoy her first choice of home while her family would have the peace of mind of knowing that the fees would always be paid. With her future secure, Mrs Grant was happy knowing she could leave her grandchildren a substantial inheritance of over £450,000 as her remaining estate was now effectively ring-fenced from the Local Authority.

Costs of a Plan to Provide Guaranteed Lifetime Income:
£72,000 escalating by 5% every year was a lump sum
= Premium of £212,640*

The advice provided was given after a full evaluation of their specific needs, circumstances and requirements. The solutions provided would not be suitable for all clients and the information provided does not constitute advice.

* 08/05/2025 This is an individual quote personalised and will vary depending on individual circumstances.

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