

Understanding the Costs of Eldercare

Your Employee Wellbeing is dedicated to helping families find the best advice, support and care for their family members from babies to grandparents and all the years in between. Expert services include childcare and elder care advice and searches, nanny recruitment and employment support through contracts and payroll.

The information provided in this fact sheet will give you an overview of the costs of eldercare and different avenues of funding. If you require further assistance after reading please do not hesitate to contact us at Your Employee Wellbeing. We have specialists who will be able to further advise you as well as assist you with Care Home searches should that be an area of consideration for you and your relative.

We have a population that is living longer and there is concern within the government about the rising cost of care. Over the past ten years the care sector has experienced a greater demand for services. The cost of eldercare can be extremely daunting for any family with an elderly relative who needs additional support in their own home or are



struggling to managed within the home environment and will require residential care. It is important to be certain about the affordability of the care package required to meet your relative's needs and to fully understand what the state will provide and what will be paid for privately. The cost of a care home for example can be hugely expensive depending on the level of care required and it is often a worry for families as to how they will pay for the care required.

Needs Assessment

To decide if your relative is eligible for support for care, the local authority will carry out a free needs assessment. If your relative is assessed as having 'eligible needs', their local council will then carry out a financial assessment to work out how much should be contributed to the cost of the care. Care costs for your relative are worked out by assessing a number of areas including location, care and support needs, care provider, demand for places at a particular home and support from the local council.

The financial assessment will look at your relative's capital and income, such as savings, property, investments, pensions and any benefits he/she is eligible for (even if they are not presently being claimed). Your relative's home will not be included if he/she will continue to receive care and support at home or if he/she has to go into a care home on a short-term or temporary basis. If your relative's property is to be used in any means test it must be ignored for the first 12 weeks of care in a care home. After the 12 weeks if your relative then moves into a care home permanently, their home will not be included if, for example, their partner still lives there or, in certain circumstances, a relative who may have also been the carer lives there and it is their only home.

There are thresholds for savings and assets above which care will need to be funded. The upper limits in 2020-21 are:

- **In England:** £23,250 – above this amount your relative must pay full fees (known as being self-funding).
- **In Wales:** £24,000 – above this amount your relative must pay full fees (known as being self-funding)
- **In Northern Ireland and Scotland:** personal and nursing care is free to all adults who have been assessed by their local authority as eligible for that service. It is important to be aware of those services that come under the remit of personal care in Scotland and those that require a level of payment. The website independentliving.co.uk will provide further information for you. In Scotland the upper limit threshold for paying for care in a home is £28,500 and in Northern Ireland the upper limit is £23,250.

Please note:

If your relative's partner wants to move to a different property or also decides to move to a care home and the family home is jointly owned, then their share of the sale proceeds can be used to help them buy another property, or pay for the costs of their care. If your relative's partner dies and the house is sold, your relative's share of the property would then be considered as part of his/her assets.

Paying for Care

Once the financial assessment has been completed and your relative is aware of the cost of the care, there will be a number of payment options available to him/her to fund care depending on his/her financial circumstances.

These include

- A Care Annuity or a Long-Term Care Insurance which are two forms of insurance to cover long term care
- Rental Income from the home that your relative was living in before moving to a home
- Income from investments or savings

- Using NHS continued health care funding. This however will only be available to your relative if he /she has ongoing health care needs.
- Using your relative's pension
- An equity release scheme
- Using a deferred payment scheme where the local authority will pay toward the cost of your relative's care through a loan secured against your relative's property. Once the home is sold upon death the loan will be repaid to the Local Authority.

It is crucial that your relative/ you understand the implications of all the ways of paying for care and that extensive reading and advice is sought from the appropriate parties before making any final decisions.

Care in a Residential Home

According to your relative's needs the cost of residential care will vary. If your relative has dementia for example and requires 24-hour care, then the costs will be far greater.

Funds can quickly dwindle where ongoing care is required – and the threat of having your freedom of choice removed understandably adds to existing concerns. Once that happens your relative/ you can seek local authority assistance. Please be aware that if your relative is in a home that costs more than the local authority are prepared to pay, the costs will have to be topped up by a third party or that relative may have to move to a home that is less expensive if his/her needs can still be adequately met.

In addition to the costs that must be met the whole process can be extremely emotional for all the family. It is important that the family cares for each other throughout a difficult decision-making process. It is also important to be mindful of other considerations that link to paying for care and they are lasting power of attorney and making a will.

Care at Home

Care at home is paid for in the following ways in the UK:

- The local authority funds some or all the care required.
- Self-funding: the person being cared for (or their family) pays all the costs for their care.
- In some circumstances, the NHS may contribute to the cost of some or all of the care.

If your relative's capital is over the amounts listed in this above then he/ she will pay the full cost of care whether that be at home or in a care home. Even if your relative has capital below the threshold he/she may still be required to pay something towards the costs. Although your relative will be self-funding he/ she may still be eligible for other areas of financial assistance such as Attendance Allowance or Carer's Allowance.

If your relative qualifies for local authority funding for care at home, he/she may be offered a personal budget, which allows him/her to make choices about their own care.

Deprivation of Assets

This is where a relative may intentionally reduce their assets so that their local council will not take those assets into consideration when assessing how much money will be required to pay for residential care. The council will decide whether they think the assets have been given away intentionally and they may still include the value of the assets your relative no longer has when they undertake the means test.

Always Seek Advice

Please note that there may be other financial considerations and assets to take into account. It is therefore important to seek advice from an independent financial adviser (IFA), such as one from a fully listed member of the Society of Later Life Advisers (SOLLA). This is especially the case if your relative has complex financial arrangements, such as money in trust, certain bonds or compensation payments, or shares in a family business. By choosing an accredited member of the Society, there is an assurance that there will be someone with the expertise to best understand all the needs associated with your decision and who is able to provide advice that is right for the family.

Your Employee Wellbeing has been making a difference to working parents and carers since 2011. If you would like to find out more about our bespoke eldercare search services, please do get in touch. We'd love to help.

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