

UNIONLINE



Care Home Fees

Do I have to pay them?

YOUR QUESTIONS... ANSWERED



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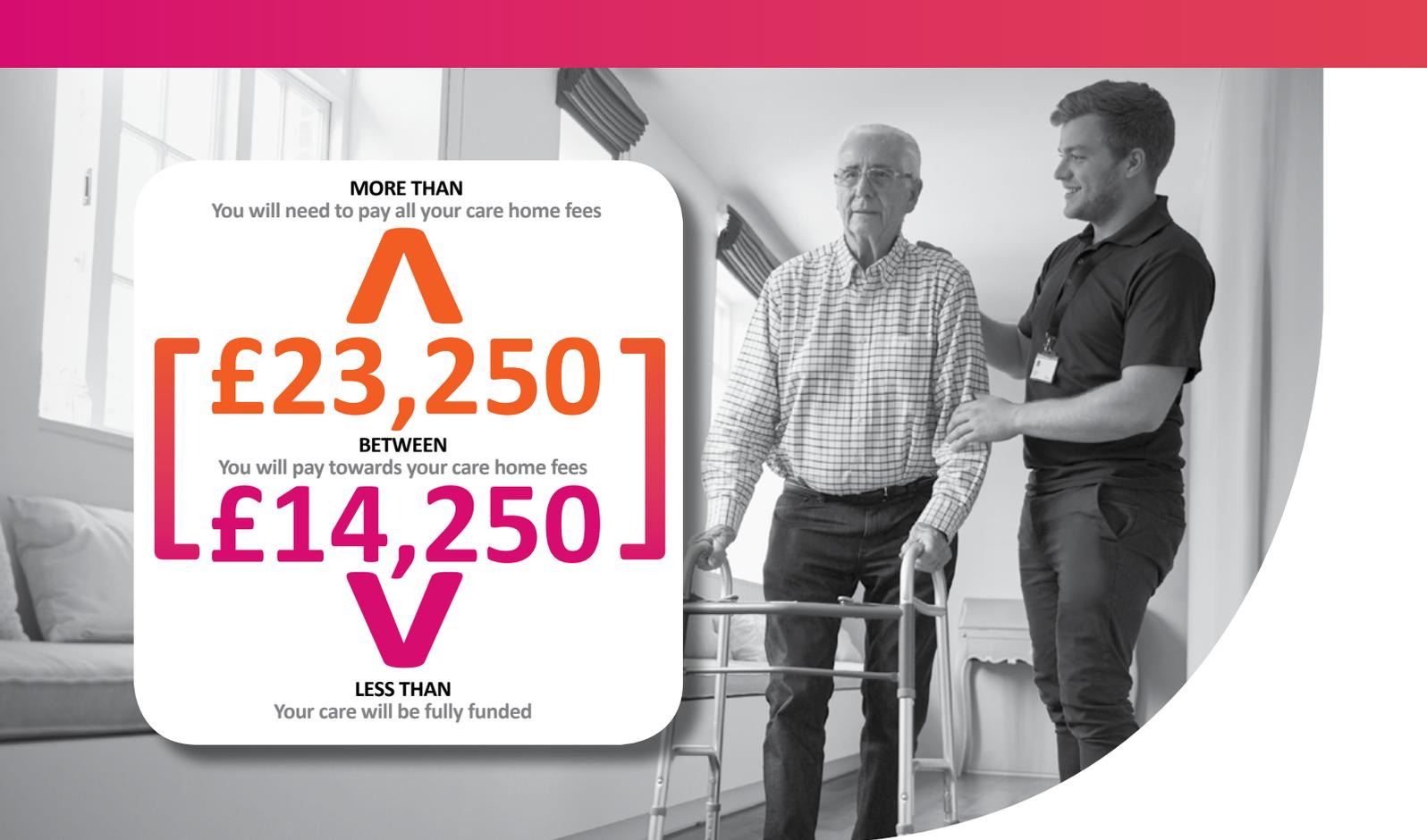
PERSONAL INJURY

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MORE THAN
You will need to pay all your care home fees

£23,250

BETWEEN
You will pay towards your care home fees

£14,250

LESS THAN
Your care will be fully funded

WHEN DO I HAVE TO PAY CARE HOME FEES?

You will need to pay your own care home fees in full if your assets exceed £23,250. If you have less than £23,250 in capital but a weekly income high enough to cover your care home fees, you may be liable to pay for your care home fees. If your total assets are valued between £14,250 and £23,250 then you will pay a contribution towards your care home fees. If your assets are valued below £14,250 then your care will be fully funded by the Local Authority.

If you are a couple living together in a home you jointly own and one of you needs to go into care, your main home will not be considered when the Local Authority assess your finances providing the other joint owner is still living there.

IS THERE ANYTHING I CAN DO TO AVOID PAYING CARE FEES?

The basic and most important point to note is that it is unlawful to avoid care home fees. There is no cut off point for this. If you deliberately deprive yourself of assets during your lifetime (for example gift them to family members or friends) then the Local Authority have the right to look at any previous transactions where you have gifted away assets and assess your finances as though you still owned that asset.

IF I DO HAVE TO PAY THEM, HOW DO I DO THIS?

First income will be used. It may be that your income only falls a little short. In this case, there is always the option that family members could subsidise your care costs to avoid a house sale. If it is only a small deficit each month, then this may be financially more sound than selling a property that is continually increasing in value.

It is also worth considering that if you require care, this could include nursing and medical care in which case your income may increase as you could become entitled to extra benefits such as attendance allowance that you are not currently eligible for. This increase could be the difference needed to pay the care fees.

If income is insufficient and family are not able to assist or it is not financially sound for them to do so, then the Local Authority will use savings to pay any deficit. It is only once these savings are used up that they will then look at selling property as a last resort.

WHAT ARE MY OPTIONS WHEN IT COMES TO PAYING FOR CARE? CAN I MINIMISE THE AMOUNT PAID?

If you are part of a couple who own your property as joint tenants (the property automatically passes to the survivor if one of you dies) then you could consider severing your tenancy. This means that instead of the house automatically passing to your spouse on your death, you can choose to leave your share in the house to another family member for example, your children. By doing this, you can ensure that your surviving spouse will only ever own their half of the property and that the other half is preserved for your children. When doing this, you should ensure that you give your spouse a life interest in your half of the property in your Will allowing them to continue living in the property for as long as they choose.

All Local Authorities are obliged to offer and consider you for the deferred payment scheme. This is where your property is not sold during your lifetime but a charge is registered against it and your estate then pays your care fees after you die. Since April 2015 they have been allowed to charge interest at 2.25% on the fees accrued. There may be circumstances where a Local Authority doesn't agree to a deferred payment scheme for example where your property is worth less than your care fees but they must still consider any request. Councils are legally required to give you a place in a care home even if you refuse to pay for it. If they refuse to allow you to join the deferred payment scheme they will either put a running charge on any property you own during your lifetime, or they will issue your estate with a bill for your care costs when you die. If your executors pay it from your estate along with the other debts, this will be the end of the matter. If however your executors refuse to pay the fees, then the Local Authority will sue your estate which could incur extra costs to your estate.

It is also possible to buy care fee packages. These work in a similar way to insurance whereby the company offering the package will obtain your medical records and will then use these and actuarial tables to calculate how long you are likely to live. An amount will then be agreed to purchase the policy which will pay for your care for the remainder of your life. If you live longer than anticipated, then you effectively get free care for a period but if you die sooner than expected, you will have paid over the odds for your care.

This is something that you would need to discuss with a financial advisor as we are not regulated to advise on financial products. If you have care questions, then it may be worth speaking with a financial advisor before proceeding with any of the above options. Advisors that are registered with the Society of Later Life Advisors are specially trained to advise on later life care. You can find your local specialist here: <http://societyoflaterlifeadvisers.co.uk/>



WHAT ARE THE RISKS IF I DO DECIDE TO GIFT AWAY MY PROPERTY?

Before gifting away any assets to another person or into trust, you should consider that there are varying degrees in the quality of care homes. If you have your own money to be able to fund your own care, you have a far greater level of choice when it comes to where you may end up living. If you are reliant on Local Authority funded care, you will have to go in a cheaper care home which may not be an environment you would be happy living in. By placing your home in trust or by outright giving it to family members, you are depriving yourself of that choice or making yourself reliant on assistance from other people.

Before transferring any property in which you intend to continue living to the names of family members, you should be aware that this property will legally become theirs. This means that if they go bankrupt or get divorced then this will count as an asset in those proceedings. You could end up in a situation where your child's ex-partner becomes entitled to a share of your house and if you or your child are not in a financial position to simply pay them then the only option could be to sell your house, leaving you homeless. There would also be nothing to stop the family member evicting you from your own home and selling it should there be any falling out.

Even if you decide to put your property into trust, thus removing the risk in respect of divorce or bankruptcy, that does not conquer the main point that it is unlawful to avoid care home fees and that any deprivation of assets during your lifetime can be effectively undone.



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Legal Services for GMB and CWU Members and their Families

Call: 0300 333 0303

OTHER FACTSHEETS AVAILABLE INCLUDE:

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- ✓ Shareholder Agreements
- ✓ Property Ownership
- ✓ Personal Injury Trusts
- ✓ Partnership Agreements
- ✓ Life Interest
- ✓ Lasting Powers of Attorney
- ✓ Intestacy Chart
- ✓ Inheritance Tax
- ✓ Disabled Person Trusts
- ✓ Court of Protection
- ✓ Care Home Fees
- ✓ Probate



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