

“Long Term Care Reforms”

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The Government have just announced their *proposals* for reforming the Long Term Care costs issue in response to the Dilnot report published in July 2011.

It is important to note that these are only proposals at this stage. Even if they are agreed and implemented, the effective date for these changes is April 2017.

The proposals

If accepted, the key elements of the changes are:

1. The amount an individual has to pay for their care over their lifetime will be capped at £75,000
 - a. People will however still have to pay for their “hotel” costs which is equivalent to their board and lodging - accommodation and food etc
 - i. These hotel costs will also be limited to £12,000 per annum
 - ii. At present a wide variation exists between local councils
 - b. Therefore only the “care” element of residential home costs will count towards the lifetime cap of £75,000
 - c. The lifetime cap will apply to the cost of care either in the individual’s home or a residential care home
2. The means-tested threshold will rise to £123,000 (currently just £23,250)
 - a. Those with less than £123,000 will be entitled to some financial support from the local authority to pay for some of their care costs
 - b. The lower personal savings threshold below which all care is funded for those who have serious care needs is £14,250

Our Assessment

It is unlikely in our opinion that these proposals are going to make a significant difference to many peoples care in later life. Most people want the worry of paying for care removed from them. The proposals here are complicated and do not provide sufficient clarity for people to be able to set aside their fears in this regard.

We will wait to see how the proposals develop and update this fact-file in due course.

If you have any questions or need an independent review of your financial planning or pension arrangements, please contact us to discuss your situation further. AW Financial Management LLP is an Independent Financial Adviser regulated by the Financial Conduct Authority.

Information given in this document should not be taken as advice as it is intended for guidance only. If you wish to have an assessment of your own situation, you should contact the office for advice.

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