



Factsheet

Property Protection

Statistics say that one in four women and one in six men may require long term care in the future.

Knowing where you stand is essential especially when you consider that the elderly population of the UK is set to rise massively over the next 30 years.

When the Local Authority arranges or provides a place in a home, it must carry out a means-test of capital and income to calculate how much the individual should pay towards the cost in accordance with rules set nationally by the Government.

The value of the former home will usually fall into the capital means test, although it must be disregarded for the first 12 weeks from the start of permanent admission to a care home.

The value of the former home must be ignored completely in the means-test if the home is occupied by:

- A spouse or partner
- a specified relative (to include amongst others children, grandchildren, parents, brothers and sisters), who is aged 60 or over, or under 60 but is incapacitated.
- a child under the age of 16 whom the person entering the home is liable to maintain

Although Local Authorities cannot take possession of a property occupied by the spouse of the person requiring long term care, they do have a right to place a charge on the property for possession on the death of the partner.

If you are a widow or widower and need care, the Local Authority will automatically include the market value of the home as part of their assessment of your ability to fund the costs of care. Bear in mind that the average retirement home charges between £21,000 and £30,000 a year. Last year at least 70,000 homes were sold to pay for these fees!

How the Local Authority assess your income (Wales)

The council will need to know the level of your capital savings and weekly income (including your beneficial interest in property). If you have savings and capital of less than £17,250, you will not be expected to use any of this money to pay the care home fees. However, you will have to contribute all of your weekly income towards the fees (with a few exceptions) except for £20.88 a week, which you can keep to spend on personal items. This amount is called your Personal Expenses Allowance. You may also keep any Pension Savings Disregard you have been awarded up to £5.25 a week.



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Half of us will sell homes to fund retirement

by BECKY BARROW

Half of people nearing retirement will be forced to sell their homes to pay for enormous nursing care bills, a shocking study revealed last night. The report warns of an explosion of 'baby-boomers' who will be faced with the heart-wrenching decision.

About 70,000 older people sell their homes every year to pay for nursing or residential care home which costs an average of £21,000-a-year. But the charity Help the Aged will warn today that numbers are set to soar due to Britain's escalating care home funding crisis.

The study involved interviews with nearly 950 people aged 45 to 65, and asked how they plan to foot the bill if they need care in the future. In a disturbing finding, 46 per cent said they would be forced to sell their home if they needed to find the money for care fees.

The number could be even higher because many people are clueless about the huge cost of care homes - and who foots the bill. For example, 55 per cent think that the basic state pension, currently £84.25 a week, will cover the cost of care.

If you have savings and capital worth over £22,000, you will have to pay all of the fees of the care home until your money reduces to this limit. If your capital is less than £22,000, but your weekly income is more than your care home fees and the Personal Expenses Allowance added together, you will have to pay all of the fees.

If your savings and capital are worth between £17,250 and £22,000, the council will contribute toward the fees of the care home, but you will have to pay a charge known as 'tariff income' from your savings. You will still have to contribute all of your income (with a few exceptions) apart from your Personal Expenses Allowance and any Pension Savings Disregard.

Can you avoid these costs?

It is illegal to deliberately transfer ownership of your property to avoid paying care fees. However, it is perfectly legal for your partner to state in his or her Will that when they die, half of their share in the property is put in trust for your children or another beneficiary instead of going straight to you. This means we can protect half of your home from being sold to pay care fees.

To achieve this you will need to change the ownership of your home into Tenants in Common*. Your Wills need to include a provision to create a Trust whereby your beneficiaries receive your share of the property on the death of your spouse. Your spouse retains a life interest in the property.

The Property Trust also allows the surviving partner all the benefits of occupation or to move to a different property and will prevent the deceased partner's share in the property being inherited by a second husband or wife.

Once this type of Trust has been set up, it is important that any subsequent house purchases are as Tenants in Common, otherwise the Trust will not work.

By doing this you protect your share of the property from the Local Authority's calculations should your spouse require long term care after your death and from passing by inheritance law to a new spouse or partner.

**The vast majority of people own their homes jointly. Tenants in Common is a more flexible way of owning your home or property with another person. Each party owns their own share, typically half each and is then free to leave their share to whomever they wish as part of their Will. Changing from Joint ownership to Tenants in Common is straightforward and a service Kingsman Associates can easily help you with.*

For further advice on how this affects your own circumstances, contact us for an appointment

