

# PROFESSIONAL NEWSLETTER – ISSUE 7

## THE FAMILY HOME & FUNDING CARE FEES

According to recent statistics over 54,000<sup>1</sup> homes are sold each year so that the owners can pay for their private care fees.

In this country an Englishman's home is his castle, so it not surprising to see that the enforced sale of the family home will make the headlines for all parties throughout the General Election campaign.

But, whatever the outcome and whatever policies are talked about after May 2010 the one thing for certain is that the changes, real or proposed won't come soon enough for the estimated 100,000 people who will need to enter a care home during the next twelve months.

Sadly, for the majority, they will still have their property included in the means-test. Selling an empty property itself isn't usually the problem; the main issue tends to focus on what can be done with the proceeds to ensure that the money never runs out, which is where specialist cohesive advice comes in.

But also during a recession, even if we are seeing a tiny recovery right now, one of the things to suffer is the housing market, and despite Estate Agent promises many families have properties stuck on the market.

This means that they are unable to release the money tied up in the property and are either relying on the Local Authority to provide the Deferred Payment Scheme or asking the care home to run up a debt, some families, especially where the previous two options are not forthcoming, are funding the fees themselves.

### **But is there an alternative?**

Yes there is, it isn't a one-size-fits-all solution, but where a family is happy to work with a specialist adviser and house-purchase company they could either, 1) release a lump sum so that the family can purchase a dedicated Immediate Care Plan or, 2) effect a quicker sale at a guaranteed price that involves a much quicker sales process.

### **Case Study**

Mrs Adams moved into a care home costing £600 per week, which she initially funded from savings.

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<sup>1</sup> Conservative Party 2010

After several detailed meetings with Mrs Adams and her family (acting as her attorney's), her financial adviser and Symponia member recommended that she should purchase an Immediate Care Plan. This action would ensure that her care fees would be funded for the rest of her life without worry about what would happen if the money ran out. Mrs Adams was also pleased that the legacies in her will would be able to be met.

However, as most of her capital was tied up in her previous home the family were unable to proceed, and as the property had been on the market for some time the family were becoming worried and anxious.

The adviser introduced the family to a specialist company, of which there are currently three who, after assessing the property and meeting with the family, purchased the property without protracted communications and a mutually agreed/guaranteed price.

In turn the process enabled the family to purchase the much valued Care Plan.

## Summary

The case study shows the value of families working with recognised professionals, had the family not been introduced to a specialist adviser, in this case a Symponia member, in the first place it is likely that they would not have known the immediate care plan or the alternative method of selling the property.

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## Symponia

*I am your local Symponia member - Symponia is a national professional body for financial advisers with expertise in elder client issues, including investments, care fees planning, equity release and mitigating inheritance tax.*

Case study based on information provided by Funding for Care  
01793 840925  
[www.fundingforcare.co.uk](http://www.fundingforcare.co.uk)

**Stephen C S Wilkinson FCII APFS CFP Cert CII (ER & MP)**  
**Charles Wilkinson Financial Planning Ltd**  
**118 Fishergate**  
**York**  
**YO10 4BB**  
**Tel 01904 631839/656104**  
**Email [cwfpltd@msn.com](mailto:cwfpltd@msn.com)**  
**[www.cwfp.co.uk](http://www.cwfp.co.uk)**