Which? Later Life Care

Paying for care in later life

Welcome

Unlike healthcare that's provided free at the point of use by the NHS, most of us will pay some or all of the bills if we need professional care or support in later life.

Unfortunately, no one can predict exactly how much care they'll need as they get older. Some will require little or no formal care, while a minority will need long-term and expensive residential care. Many of us will fall somewhere in between these two situations.

This can make it difficult to plan ahead. You might even be tempted to avoid thinking about it and simply hope for the best. But arranging care is a complex process and care services are often expensive. Plus, while there may be financial help available, it takes time and effort to put this in place.

A little forward planning can help reduce the risk that you'll be faced with a crisis later on. If you are aware of the different care options that are available, how much they cost and what help you may qualify for to pay the bills, it will make things less stressful all round.

Whether you're planning ahead for your own care or helping an older loved one, this guide provides a straightforward summary of the main care options, how much they typically cost and how to apply for financial support. We also give you tips on how to juggle your finances to cover the costs, and where to go if you need more help.

For a simple explanation of any technical terms or jargon you come across, turn to the jargon buster on p26.

All of the topics in this guide are covered in more detail online on Which? Later Life Care at which.co.uk/later-life-care.

Contents

Later life: your options

In England alone, Age UK estimates that 1.2 million older people will be in need of care and support by 2040. It's easy to assume that later life care means moving to a care home but, in reality, you have a wide range of options.

When we talk about care in later life, this includes a wide range of support options, including help with daily living, personal care, housing or mobility issues. These types of support are often referred to as social care. Unlike medical needs that are met by the NHS, social care is usually arranged privately by an individual or their family, or through their local authority.

Your care options in later life

When it comes to choosing care and support in later life, there's no one size that fits all. What's right for you will depend on your needs and circumstances. Here's a brief summary of the main options to consider.

Home adaptations From mobility aids or personal alarms to bigger adjustments such as moving a bathroom or bedroom downstairs, there are plenty of improvements you can make to help you stay independent in your own home.

New living arrangements If your own home stops working for you – perhaps it's too big to manage or too far away from your support network – you could consider downsizing to a more manageable property, or even moving in with family or friends. An alternative option is sheltered housing. This can enable you to live independently, but with additional support available, such as a housing manager, visiting support staff and a 24-hour emergency alarm.

Professional care at home Also called 'domiciliary care', this can be arranged through the council or an agency, or with a private individual. It ranges from a few visits a week to help with personal care, right up to 24-hour live-in care.

Residential care This permanent form of supported accommodation breaks down into two key types:

- **Standard care homes** You'll get a private bedroom (and usually an en suite bathroom) and meals in a communal dining area. There are usually areas for socialising, too. You'll get help with personal care where needed, such as washing, dressing and going to the toilet.
- **Nursing homes** offer all of the facilities above, as well as access to round-the-clock nursing supervision and support.

It's worth remembering that 'later life' can encompass many years and several life stages, so the support that's best for you may change over time. Visit **which.co.uk/care-choices** to explore more information on all of these options.

Before you make a decision on the best path for you, a good first step is to ask your local authority for a formal needs assessment (see p6).

Who pays for care in later life?

Unlike NHS healthcare, which is funded from general taxation and National Insurance, social care is not always free at the point of use. There are various ways to seek financial support – which we cover in this guide – but most people will pay for some or all of their care in later life.

The main ways later life care is paid for:

- **Self-funding** This means paying all or most of the costs yourself.
- **Local authority funding** Where the local authority pays some or all of your care costs. Not everyone is eligible, though, and even those who get support will often be expected to cover some of the costs themselves.
- **NHS funding** If you need substantial medical as well as social support, the NHS may pay for care costs – on a long-term or temporary basis (see p12).

Your care needs and financial circumstances may change over time, so the way your care is paid for may involve a combination of different funding methods over your lifetime.

Am I eligible for local authority funding?

Before getting financial help from the council, you'll need to undergo two assessments – both of which are free.

1 **Needs assessment** This works out the level of care you require, whether in your own home or in a care home. If you have 'eligible' needs, you'll usually move on to the financial assessment.

2 **Financial assessment** Or social care means test, assesses your ability to pay for care. In most of the UK, your assets must fall below a certain level to qualify. If you're moving into a care home, the value of your home may be taken into account. We'll explain the rules in different parts of the UK over the following pages.

Assessing your care needs

A social care needs assessment is the first step in arranging later life care and establishing if you're eligible for financial support from your local authority.

What is a needs assessment?

It looks at the challenges you may be facing and what help you need to maintain your quality of life, whether that's support to live independently in your own home or moving into a care home.

Who can get a needs assessment?

Anyone who thinks they may need additional support in later life can request a needs assessment from their local authority (or Health and Social Care Trust in Northern Ireland). The assessment is free of charge.

Even if you don't think you'll qualify for financial support, it's a good idea to get a needs assessment. It will provide a formal record of your needs and it may highlight options that you hadn't considered.

How do you apply for a needs assessment?

Contact your GP or local authority's adult social care team. Some local authorities let you apply through their websites.

How does the process work?

The needs assessment will be carried out by a professional, such as an occupational therapist, nurse or social worker. They'll work with you to identify the difficulties you face on a daily basis, what could help you overcome them, and the risks of you not receiving support. With your permission, they may also speak to friends or relatives.

What happens following a needs assessment?

The results will be used to establish whether you have 'eligible' care needs. (Eligible needs are ones that the local authority has a duty to support, according to its criteria). You should also be given a written care plan.

What is a care plan?

A care plan suggests appropriate care and support solutions to address your needs, and states which needs the local authority will provide for. It should also signpost ways of meeting any needs that fall outside the council's eligibility criteria.

Will the local authority pay for support if I have eligible needs?

Not necessarily. Under the Care Act, local authorities must assess your care needs and ensure those needs are met – but they are entitled to charge for such services. You'll likely only receive local authority funding if your income and assets are below a certain level – although the thresholds and rules for funding vary across the UK (see the table on p7).

If you have eligible needs, the next step will typically be a financial assessment.

If your needs aren't considered to be eligible, you'll need to arrange and pay for your own care and support.

i Go to **which.co.uk/needs** to read more about what to expect from a needs assessment and how to prepare for the process.

The financial assessment

If you have eligible care needs, the council will conduct a financial assessment. This will look at your capital (savings and assets) and income to work out whether you are eligible for financial support.

Over the next few pages, we'll highlight the key things you need to know about being financially assessed for social care, and what your local authority will and won't pay for.

To qualify for local authority funding, your assets must be below a certain level. This varies depending on where you live in the UK and what kind of support you will need.

How do the thresholds work?

- If your assets are higher than the upper threshold for your area, you'll have to pay for your own care.
- If your assets are below the lower threshold, you may be eligible for maximum funding from your local authority.
- If your assets fall between the upper and lower thresholds, you'll be eligible for some financial support, but will also have to make a contribution from your assets.

In Wales, there's a single threshold for care funding, instead of upper and lower limits. If your assets are above the threshold, you'll be a self-funder. If they're below it, you may be eligible for maximum local authority funding.

For more detail, visit our online guides:

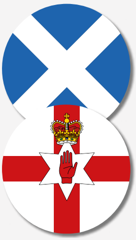
- See **which.co.uk/funding-carehome** for local authority funding for a care home.
- See **which.co.uk/funding-homecare** for local authority funding for care in your own home.

Social care funding thresholds across the UK (2020-21)

<table>
<tr><th>TYPE OF CARE</th><th>THRESHOLD</th><th>ENGLAND</th><th>N IRELAND</th><th>SCOTLAND</th><th>WALES</th></tr>
<tr><td rowspan="2">Residential care</td><td>Lower</td><td>£14,250</td><td>£14,250</td><td>£18,000</td><td rowspan="2">£50,000</td></tr>
<tr><td>Upper</td><td>£23,250</td><td>£23,250</td><td>£28,500</td></tr>
<tr><td rowspan="2">Care at home</td><td>Lower</td><td>£14,250</td><td rowspan="2">Free personal care at home</td><td rowspan="2">Free personal care at home</td><td rowspan="2">£24,000</td></tr>
<tr><td>Upper</td><td>£23,250</td></tr>
</table>

Care funding: some key differences across the UK

In England and Northern Ireland, the capital threshold for care funding has remained the same for more than a decade. In Scotland and Wales, thresholds have seen some increases over that period. As well as different thresholds, there are other important variations in how care is funded across the UK.



Scotland and Northern Ireland Personal care is free in your own home (and in a care home in Scotland). You may be charged for other types of support, like home help, food or accommodation costs in a care home.

Scotland Nursing care is also free for those who have been assessed as needing it – at home or in a care home.

Wales The amount you'll have to pay for care at home is capped at a maximum of £100 per week (2020-21).

Wales Of all the UK nations, Wales has the highest threshold for residential care (£50,000) – more than double that in England and Northern Ireland.

What's included in the means test?

To assess your finances, the local authority will carry out a 'means test'. As the name suggests, this looks at your ability – or means – to pay for care yourself.

Whether you need care at home or in a care home, the means test will take into account the following:

Your total capital, including savings, investments, premium bonds, trust funds, shares and any second properties (such as holiday homes or rental properties).

Pensions, including the state pension, work pensions and annuities.

Other state benefits, including those such as Pension Credit, Universal Credit and Attendance Allowance.

Other income, such as rental income. Income from employment isn't included in England and Wales.

Some assets are excluded, such as personal possessions and the surrender value of any life insurance policy.

Will my home be included in the means test?

If you'll be receiving care in your own home, the value of your main home will not be taken into account. If you need to move into a care home, the value of your home may be counted. But there are some exceptions. Your home will be disregarded if any of the following are still living there:

- a spouse or partner
- a close relative who is over the age of 60 or qualifies for a disability benefit
- a child you're responsible for.

The value of your home should also be disregarded if you move into residential care on a temporary basis.

The 12-week property disregard

If you're moving into permanent residential care and your savings are below the care funding threshold, the council will disregard the value of your home for the first 12 weeks after you move into a care home. This is known as the 'property disregard'. It gives you some breathing space before you need to start paying full costs or make important decisions about your home.

How is income factored into the financial assessment?

The care funding thresholds (see p7) apply to your savings and assets. However, the council will also look at your typical income to establish whether this could be used to pay for some or all of your care. This means that even if your savings fall below the minimum threshold, you may still be expected to contribute some of your income towards the costs.

However, any contributions you make towards the cost of your care shouldn't take your income below a certain level. This 'protected' income level varies across the UK and depends on what type of care you're receiving – see the table below.

People who receive care at home are allowed to keep a higher level of their income than those in a care home. This reflects the ongoing household costs and living expenses you'll have if you continue living at home.

Minimum weekly income allowances for those receiving care funding

If you receive local authority funding towards your care costs, any contribution you make must not take your weekly income below the following levels:

	ENGLAND	N IRELAND	SCOTLAND	WALES [a]
Personal Expenses Allowance (for residential care)	£24.90	£27.19	£28.75 [b]	£32
Minimum Income Guarantee (for care at home)	£189 [c]	n/a [d]	£218 [e]	Variable [f]

Table notes: a In Wales, the allowance is known as the Minimum Income Amount for both types of care. **b** Some people will be eligible for an additional 'savings disregard' (£6.75 for an individual). **c** If you're part of a couple, your individual Minimum Income Guarantee is £144.30, or £288.60 if you both need care. **d** Personal care at home is free if you have been assessed as needing it, so there's no means test for this. **e** Personal care is free if you've been assessed as needing it, so there's no means test for this. This allowance applies if you need to pay for additional types of support. **f** Calculated on an individual basis; local authorities have some discretion in how they work it out, but it's generally equivalent to Pension Credit Guarantee Credit, plus an additional allowance.

After the financial assessment: what happens next?

Even if you're not eligible for funding, your council can still help you to put care arrangements in place. Here we explain what happens after the financial assessment, whether you receive local authority funding or not.

Following the financial assessment, your local authority will give you written information about how much your care will cost and what, if anything, you'll need to pay.

If you're eligible for local authority funding ...

Your local authority should pay a realistic amount that will provide you with the care you need – but they'll want to do so cost-effectively.

This means the amount they're willing to pay may not fully cover the care home or other care options that you'd ideally like.

Bear in mind, too, that the funding you'll receive is usually fixed based on where you are assessed, and this varies widely across the country. This can be important if you want to move somewhere with more expensive care fees, perhaps to be near loved ones. Local authorities in the North of England, for example, tend to pay lower rates than those in the South East.

Your local authority may consider increasing the amount it is willing to pay towards your care – for example if you need to move to a more expensive area to be close to your family or to have particular needs met – but there is no guarantee. If the council won't increase its funding, it may be possible for a relative or friend to pay a top-up fee (see p11).

Who will manage the funds?

If you are receiving permanent residential care, the local authority will typically pay fees directly to the care home.

If you're receiving care in your own home, you should be offered some control over how the funds are spent. The system varies slightly across the UK, but generally it involves one of the following options:

- **Direct payments:** you receive the local authority funding directly into your bank account (or that of someone appointed on your behalf) and use it to employ support services to meet your needs.
- **Personal budget**: In England and Scotland, the funds can be held in an account managed by the local authority, but you decide how the money is spent.
- Or, you can allow the local authority to arrange and pay for all your care services.

In Scotland the direct payments system is known as 'self-directed support'.

See which.co.uk/directpay to find out more.

If you're not eligible for local authority funding...

This will apply in one of two scenarios:

1 Your needs assessment did not show that you have 'eligible needs'.

2 You have eligible needs, but your assets exceed the maximum threshold for care funding.

In the second of these scenarios, if you would struggle to make your own arrangements and don't have anyone to help you, you can still ask the council to help with putting arrangements in place to meet your care needs.

However, you'll have to pay for any care services yourself, and the council may charge a fee for helping with the arrangements. And bear in mind that, while your needs will be met, you'll be giving up some control over your care arrangements.

In both scenarios, you'll need to pay for your own care – known as 'self-funding'. And even if you do receive some funding from the local authority, you may still have to pay a portion of the costs yourself. See our advice on self-funding strategies (p16).

Challenging assessment decisions

If you or someone involved in your care is unhappy with the outcome of a needs assessment or a financial assessment, you can challenge it.

Go to **which.co.uk/councilcomplain** to find out how to maximise your chances of success.

Care home top-ups: common questions

Q Who can pay a top-up fee?

A A top-up is an extra payment to make up the difference between the cost of your chosen care home and the amount the council will pay. It's usually paid by a relative or friend. Those receiving care are not usually allowed to pay their own top-up fees. An exception to this is if you've entered a deferred payment agreement (see p16).

Q What are the rules for top-ups?

A A request for someone to pay a top-up should come from the local authority and not directly from a care home. Whoever is paying the top-up will need to sign an agreement with the local authority, which should set out the amount, how often the payment will be reviewed, and what will happen if the care home fees increase or if the top-up payer can no longer afford it.

Q What happens if the person paying the top-up can no longer afford it?

A Local authorities aren't obliged to maintain your place in a more expensive care home, although they may try and negotiate with the home so you can stay there. If this isn't possible, you may have to move to an alternative home. Before deciding what to do, the local authority must carry out a new needs assessment.

Anyone entering into a contract to pay top-up fees should carefully consider the implications for their own financial situation, as they may be taking on a long-term financial commitment. See **which.co.uk/top-ups** for more detailed information.

NHS funding for later life care

If you have significant medical needs, the cost of your care in later life may be fully or partially covered by the NHS, regardless of your financial situation.

There are three main types of NHS-funded care:

1 NHS Continuing Healthcare
If you qualify for Continuing Healthcare (CHC), your care will be arranged and fully funded by the NHS. You may be eligible for this type of funding if dealing with complex health issues is the most important aspect of your care needs.

CHC usually applies to people in care homes with very complex or unpredictable medical care needs, due to disability, accident or illness. It is less often used to provide care for someone at home.

To apply, ask your GP or social worker to arrange a CHC assessment. This is a two-step procedure, with an initial screening process by a member of the NHS or social services staff, followed by a full assessment of eligibility.

The criteria to qualify for CHC funding are strict and complex, but it's always worth pursuing if you think you may be eligible.

CHC is not available in Scotland. A different scheme operates there, called Hospital-Based Complex Clinical Care, but this only covers people who are receiving long-term care in a hospital setting.

2 NHS-funded Nursing Care (FNC)
If you don't qualify for CHC, you may be eligible for FNC. This a fixed weekly payment towards nursing costs if you live in a care home and have been assessed as needing registered nursing care.

The amount varies between UK countries, from £81 in Scotland (here, you may also be eligible for a free personal care payment of £180 per week) to £183.92 in England.

3 NHS Intermediate Care
The NHS may provide free care – in your own home, a care home or hospital – for up to six weeks following a hospital stay or a short illness. It's usually arranged by the hospital's social work team before you're discharged. It can also be used to help you stay at home if there's a disruption to your usual care arrangements.

If you still need support after six weeks, you'll be given a plan for transferring to another service; you may then have to start paying for it yourself.

i Visit **which.co.uk/nhscare** for more on NHS care funding options.

NHS funding postcode lottery

Research by Which? in 2020 revealed big variations in the provision of CHC across the UK, with people in some areas more likely to secure funding than others. Go to **which.co.uk/chc-lottery** to find out more.

How much does care cost?

There are no standard rates for care in later life. The amount you pay will depend on the type of support you choose, the level of care you need and where you live in the UK.

Most care is provided by privately run companies, who can charge what they believe to be a fair market price.

Local authorities usually have fixed rates that they are willing to pay for care services, and they're often able to negotiate lower rates with care providers based on the number of people they refer. But self-funders typically pay more for the same type of professional care – about 30% more than local authority rates, on average.

Below, we've pulled out some key stats on care costs to give you an indication of the kinds of charges you might encounter.

£33,852

the average annual cost of a care home for an older person in the UK (2018-19)

£11,962+

the difference between an average annual care home bill in Scotland (the highest fees in the UK, on average) and Northern Ireland (cheapest)

42%

a nursing home costs 42% more in the South East of England compared with the North East

£20.69

the minimum hourly rate that local authorities should pay for home care services (based on UK Homecare Association recommendations)

£15,062+

the minimum yearly cost for two hours of home care support per day (based on UK Homecare Association recommendations)

£800-£1,200

typical weekly charges for 24-hour live-in care. Fees may be higher for more complex care needs

The actual cost of home care services will depend on personal circumstances. The hourly rate above is a recommendation for local authorities; self-funders may be charged a higher rate.

If you live in England, you can use our cost of care calculator to get more specific costs for your local area (see p14). Unfortunately, area-specific cost figures aren't available for Northern Ireland, Scotland and Wales, but you can read our detailed online guides for more on what might affect costs:

- Fees for care at home: **which.co.uk/homecarefees**
- Care home fees: **which.co.uk/carehomefees**

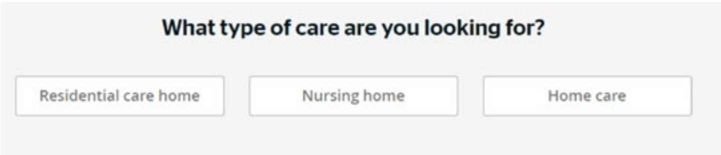
Which? cost of care calculator

If you live in England, our simple step-by-step care costs checker can help you work out whether you're likely to be eligible for local authority care funding and, if not, how much care is likely to cost in your area. There's no requirement to enter any personal information such as your email address, name or phone number.

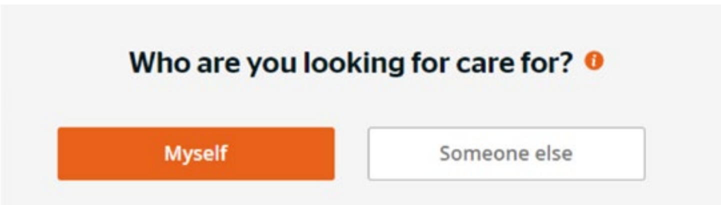
To use the calculator, visit **which.co.uk/costofcare**.

Cost of care calculator: step by step

Step 1 Select the type of care you're interested in and enter your postcode.



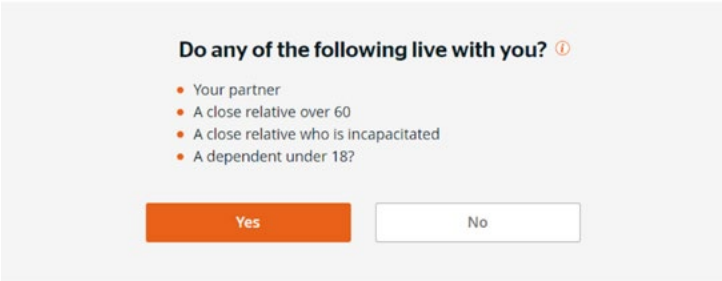
Step 2 Tell us whether you're looking for care for yourself, or for a friend or relative.

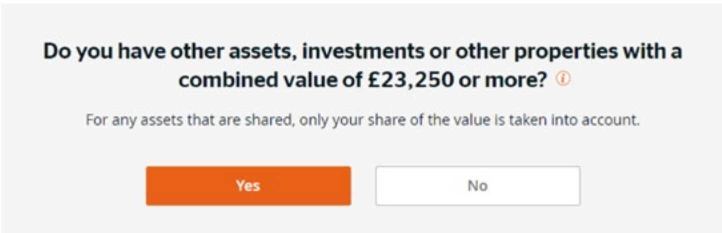


How long will your money last if you're a self-funder?

If the results indicate that you'll be a self-funder, you can also work out how long your funds will last. After you've calculated the average cost in your area, scroll down the results page to 'What happens when the money runs out?' and enter your details.

Step 3 Answer some basic questions about your assets to help us work out whether you're likely to be a self-funder.





Step 4 We'll let you know whether you're likely to get local authority funding or whether you'll be a self-funder, plus how much care is likely to cost in your area. You can choose to have the results emailed to you.

Paying for your own care

If you're not eligible for full local authority funding, you'll need to pay for some or all of your own care. This is known as 'self-funding'.

Tips for self-funding a care home

If you're moving into a care home, the value of your home may be taken into account in the financial assessment (see p7).

But, while selling your home to pay care home fees is an option, it's not the only option. We've outlined some strategies to help you manage the bills.

➤ **Make use of existing income and assets** A combination of pensions, savings and investments may be enough to cover a substantial chunk of the care home fees.

➤ **Take full advantage of benefits**, including later life and disability benefits (see p19).

➤ **Check if you're entitled to NHS support** We explain more on p12.

➤ **Rent out your property** if you don't like the idea of selling your home. Remember that rental income may not be consistent, and you'll need to pay for repairs and insurance.

➤ **Buy an immediate needs annuity** These individually underwritten annuities pay care home fees for the rest of your life in exchange for a single, upfront premium. They're typically expensive, but they guarantee that fees are paid while effectively 'capping' your expenditure.

➤ **Consider a deferred payment agreement** This could allow you to delay the need to sell your home (more on this below).

If you do sell your home, putting the capital you make into low-risk investments could make it last longer, or you could use some of proceeds of the sale to buy an immediate needs annuity, ring-fencing the remainder to leave to any heirs.

Visit **which.co.uk/self-funding** for more on these and other self-funding options.

Deferred payment agreements

A deferred payment agreement (DPA) is a long-term loan you can request from your local authority if you own your home and you need to move into residential care. The council will pay your care home fees and they won't have to be repaid until you sell your home or after your death. To qualify for a DPA, the value of your other assets (excluding your home) must be below the care funding threshold.

DPAs have pros and cons. They postpone the need to sell your home until you're ready, and interest rates are fairly low. But you'll need to carry on paying maintenance, insurance and any mortgage on your home, and if the value of your property falls, you may have less funds available to cover your care costs.

Go to **which.co.uk/deferred** for more about deferred payment agreements.

Self-funding care at home

If you'll be receiving care in your own home, many of the self-funding tips highlighted on the previous page will also apply, plus there are several additional options to consider.

Ways to use your property to fund care

1 Downsizing

Moving into a smaller, less expensive property could free up capital. While moving home at this stage of life may be a wrench, it could also prove an opportunity to move closer to family or to find a property that's easier to manage as you get older. Read more about the pros and cons at **which.co.uk/downsizing**.

2 Equity release

Equity release frees up money from your home without you needing to move. These loans, aimed at older people, don't need repaying until either:

- You sell the property or;
- You (and your partner, if you're part of a couple) move into long-term care or die.

There are two main types of equity release schemes:

Lifetime mortgages loan you money against part of the value of your home, which you can receive as a lump sum or, in some cases, draw down smaller sums up to an agreed maximum. Interest rates are typically higher than standard mortgages and most won't let you make repayments until the scheme ends, so the amount you owe can grow rapidly. Some schemes allow you to make ongoing interest-only repayments, which helps to keep the debt under control.

Home-reversion plans mean selling all or part of your property to a scheme provider in exchange for a tax-free lump sum, while retaining the right to live there. The amount you receive for the portion you sell will be much lower than the normal market value.

Equity release is typically expensive, and comes with restrictions, but could be worth considering if you don't want to downsize. Always speak to a financial adviser (see p25). See **which.co.uk/equity-for-care** for more.

3 Letting out a room

This could be an option if you have enough space and don't need it for visitors or a live-in carer.

How is care at home paid for?

Home care is usually charged by the hour, or by the week for live-in care. You can either:

- Pay a domiciliary care agency to supply care staff and manage the process or;
- Directly employ a private carer.

Visit **which.co.uk/fund-homecare** for more.

Hidden home care costs

Which? research into home care costs in 2020 revealed a number of potential pitfalls, including unclear pricing, extra charges for non-standard hours, incorrect billing and penalties if you need to change your plans.

Always ask for a full breakdown of fees, and read the T&Cs carefully before choosing a provider. See **which.co.uk/hidden-costs** for more.

Is it possible to avoid care costs?

There's no magic formula to avoid paying for care in later life. The reality is that most people who need care will pay at least some of their own fees. However, there are some important options that can help to minimise the costs.

Here, we've summarised the key things to be aware of – they're all covered in more detail elsewhere in this guide.

1 **Local authority funding** Checking what support is available from your local council is a vital first step. According to statistics published by care charity The King's Fund, 29% of older people in England who ask their local authority for social care will receive formal short or long-term care. Read more about eligibility, means testing and how to apply for funding on p6-9.

2 **NHS funding** If you have significant medical needs, the NHS may pay for some or all of your care on a temporary or permanent basis. It's not means-tested, but eligibility criteria are strict – see p12.

3 **Staying independent at home for longer** Investing in home adaptations and equipment that could help you manage without formal care for longer will almost certainly work out cheaper than care fees, and there may be financial support available, as we explain on p22.

4 **Support from family** Recent research published by Carers UK suggests that there could be as many as 8.8 million unpaid adult carers in the UK. If a family member is heavily involved in your care, they may be eligible for certain financial benefits, such as Carer's Allowance (see p19 for more).

5 **Reduce your wealth**: making gifts to loved ones, or transferring ownership of your property, may reduce the value of the assets that are considered as part of a local authority financial assessment. However, very strict rules apply and you should take financial advice before giving away property or other assets. See p20 to find out more.

Make the most of benefits

Benefits can play an important part of helping you manage your finances in later life. Make sure you're getting everything you're entitled to. The table below highlights some of the main benefits that could help you pay for the care you need.

BENEFIT	MEANS-TESTED?	AMOUNT (PER WEEK)	WHO IS ELIGIBLE?	FIND OUT MORE
Attendance allowance	No	Up to £89.15	• Over state pension age • Needs help with personal care, such as washing, dressing or eating, due to illness or disability	**which.co.uk/attendance**
Personal Independence Payment (PIP)	No	Daily living: up to £89.15 Mobility: up to £62.25 You may be eligible for one or both components	• Aged between 16 and state pension age • Needs help with personal care or getting around due to an illness or disability	**which.co.uk/pip**
Pension Credit	Yes	Tops up weekly income to £173.75 (single person)	• Over state pension age • On a low income • If you have saved some money towards retirement, you may qualify for an additional payment of up to £13.97 per week (single person)	**which.co.uk/pcredit**

In addition to these key benefits, there are various others that could help you manage your budget, from council tax reductions and help with heating the home to free prescriptions and subsidised transport. Go to **which.co.uk/llc-benefits** to find out more.

Benefits for carers

If you're caring for a loved one, you too may be eligible for certain benefits:

Carer's Allowance A means-tested benefit for those that spend at least 35 hours a week caring for someone who receives a qualifying disability benefit.

Carer's Credit If you're unable to work due to caring commitments, this helps build up your state pension entitlement.

Universal Credit If you qualify for Universal Credit because you're on a low income or out of work, you may be able to get an additional amount if you're caring for a severely disabled person for 35 hours a week or more.

Visit **which.co.uk/carer-benefits** to find out more about financial support and benefits for unpaid carers.

Should I give away my home or wealth to avoid care fees?

It may be tempting to transfer ownership of your home to a family member or to make other large gifts to help you qualify for local authority care funding. But there are strict rules to be aware of.

Importantly, you can't intentionally give away assets to avoid care fees – this will be seen as 'deliberate deprivation of assets'.

What is deliberate deprivation of assets?

A local authority financial assessment will include questions about previously owned assets, as well as those you currently own. If the council believes you've deliberately given away your home or other assets to avoid paying care fees, it will treat those assets as if they still belong to you. The financial consequences of this could be significant. For example, if you're deemed to have deliberately given away your home (by 'selling' it to a relative for a very small amount of money, for example), not only could you end up having to pay for care, you might no longer have a property to fund it.

Can I legitimately reduce my wealth?

There are no hard and fast rules that dictate whether you've intentionally given away assets to avoid care fees, and you are entitled to make gifts for other reasons – presents for grandchildren, or financial support for friends or family members, for example. But any large financial or other gifts that you make to family are liable to be considered as deprivation of assets, unless you can prove they are part of a pattern of giving that you've maintained in the past.

When deciding if deprivation was 'deliberate' the local authority will look at:

- your motivation when making a gift
- whether you knew you were likely to need care at the time you made the gift
- how much you gave away.

The guidelines that a local authority will apply are different to the rules around gifting and inheritance tax (IHT). For example, gifts made more than seven years before your death are not considered for IHT purposes – but there's no time limit when it comes to a social care financial assessment. Assets given away more than seven years' before an assessment could still be included. Visit **which.co.uk/dda** for more on the rules for gifting assets.

Putting money into a trust

Lifetime trusts let you transfer assets while you're alive into an account that's managed by trustees on behalf of the ultimate recipient, rather than giving your assets directly to that person. It's sometimes suggested that transferring money or property into a lifetime trust could help you reduce the capital that's assessed for care purposes, but there's no guarantee this will work. This could also be seen as a deliberate deprivation of assets. This is a complex area and it is important to seek advice from a regulated financial adviser before setting up a trust.

Go to **which.co.uk/willtrusts** for more information about using trusts.

What happens if I run out of money?

Even if you need to fund your own care initially, you may not be permanently self-funding. Once your assets drop below the relevant threshold, you may qualify for local authority funding.

If you believe this to be the case, you will need to reapply to the local authority. This will involve a new needs assessment (p6) and financial assessment (see p7).

This scenario is more likely if you're self-funding care in your own home, as the value of your main property is not taken into account in the means test.

What if I live in a care home and my savings run out?

If you own your own home and you move into a care home – and you don't have a partner or dependent living at home – your assets are less likely to drop below the care funding threshold, because the value of your home will be included in your assets.

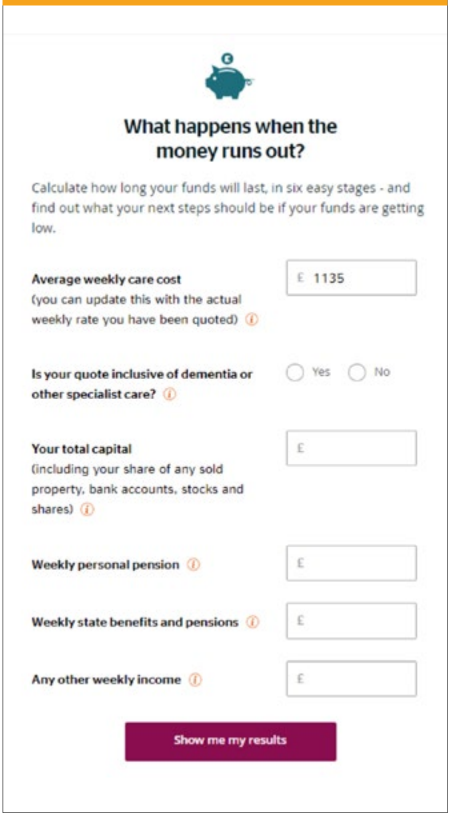
If your capital runs low, you might need to consider selling your home to cover your care costs. If you do so, you could invest some or all of the money you make to grow the capital and make it last longer, or you could buy an immediate needs annuity (see p16 for more).

If you're running out of money but don't want to sell your home, you could apply to the council for a deferred payment agreement. This is a local authority loan, secured against your property, for those whose capital falls below a certain threshold (see p16).

How long will my savings last?

The Which? cost of care checker has an extra calculator that helps you work out how long your funds will last and when you may become eligible for local authority support.

To use it, visit which.co.uk/costofcare and complete the eligibility questions (as outlined on p14). After you've calculated the average cost in your area, scroll down the results page to 'What happens when the money runs out?' and enter your details (see below).



Making your home work for you

Adapting your home's layout or investing in some useful equipment could make your home safe and suitable for longer, helping you to stay independent and avoid the impact of expensive care fees.

The council may be able to recommend some useful equipment or adaptations. Even if you have to pay for it yourself, it's likely to work out much cheaper than professional care staff.

Home adaptations

Home adaptations can help you carry out everyday activities, improve health and wellbeing, and prevent falls and injuries.

Even simple, inexpensive changes can make a big difference. Grab rails, for example, can provide extra confidence when negotiating stairs or getting in and out of the bath. If you have reduced manual dexterity, adapted kitchen utensils can let you safely continue cooking and eating what you enjoy.

Other options include:

- **Ramps** can be permanent or portable. If you have mobility issues, they can help you get in and out of, or around, your home.
- **Stair lifts** aren't cheap, but could be the ideal solution if you struggle with stairs.
- **Bathroom adaptations** range from installing a walk-in bath or shower to adding a new downstairs bathroom.

See **which.co.uk/adaptations** for more ideas.

It's important to get a needs assessment before making any major changes (see p6) as there may be financial support available.

Adaptations are funded in different ways by local authorities.

Minor adaptations In England, if the recommended adaptations cost less than £1,000, your local authority is likely to provide them free of charge. Elsewhere in the UK, local authorities may charge for minor adaptations.

Major adaptations If the needs assessment recommends adaptations that cost more than £1,000, you can apply for a means-tested grant. These are available across the UK, though the maximum amount varies (in England, for example, it's £30,000).

See **which.co.uk/fund-adaptations** for more about financial help.

Assistive technology

Assistive technology could be a good solution if you have memory issues, a sensory impairment or cognitive problems, or if you simply want the reassurance of being able to easily call for help.

Personal alarms, for example, are devices designed to be worn all day that let you call for help if you have an accident at home. Prices vary depending on the level of service, but a basic alarm connected to a monitoring centre typically costs £10 to £20 a month, plus a one-off setup fee.

Telecare systems take things further. Sensors around the home monitor your activity and send an alert to a monitoring centre or a relative if there's a problem.

Visit **which.co.uk/llc-tech** to find out more about technology to keep you safe at home.

Sheltered housing

Sheltered housing is accommodation designed to enable older or disabled people to live independently in a safe and secure environment.

If your needs aren't significant enough to require regular support from a carer, but you want the reassurance that help is close at hand if needed, sheltered housing could be a good halfway house.

Sheltered housing schemes usually consist of self-contained flats or bungalows with their own front door, kitchen and bathroom. Key features can include:

- A 24-hour emergency alarm system within each property
- A scheme manager living on or off-site, who supervises the area and can offer advice to residents
- Communal areas for residents to socialise, guest rooms for visitors, and social activities, such as quiz nights.

Extra care housing

Some 'extra care' housing schemes also provide trained staff to help with personal care needs, such as getting in and out of bed, washing and dressing.

How to get sheltered housing

Most schemes are operated by local councils, housing associations or charities and come with affordable rents. They're allocated based on a person's needs and eligibility (as established by a needs assessment, see p6).

There's also a market for sheltered housing to be rented or bought privately, at market rates. If you buy, this will be on a leasehold basis, so check the details of service charges and ground rent, and check the contract for any limitations or charges that apply if you wish to resell the property later on.

Visit **which.co.uk/llc-housing** for more on sheltered housing and other alternatives.

Retirement villages

More of a lifestyle choice than a care solution, retirement villages are typically designed for older people who are able to live independently, although a minority might offer some care and support options.

Retirement villages target those looking for a luxury lifestyle in later life and the opportunity to socialise with those of a similar age. They typically have at least 100 properties of different types – houses, bungalows and apartments – and are often located in attractive rural settings, with a range of leisure facilities on site, such as clubhouses, swimming pools, spas, restaurants and bars.

Plan ahead and get organised

Working out and organising the right care has the potential to be time-consuming and stressful. Some forward planning can help things go more smoothly and could save you money, too.

Here are two of the most important measures you can take well in advance of needing care.

1 Get your day-to-day finances in order

Going through a local authority financial assessment and – if necessary – working out the best way to self-fund your care, will be more straightforward if your accounts are already well organised. Remember, you might eventually need to ask someone to help you manage your finances. So even if you have a good system in place, consider how easy it would be for someone else to understand it.

- Sit down with someone you trust and make a list of the organisations you deal with – from banks and insurance companies to utilities providers. Include relevant account numbers and keep it all in a safe place. This can also be a good opportunity to ensure that you're on the best deals and aren't paying for unused services.
- Set up direct debits and standing orders for important outgoings to reduce potential problems if you can't pay a bill manually.
- Consider giving someone you trust the authority to manage your banking and utility accounts; speak directly to the companies you use to set this up.
- Track down 'lost' assets – for example, a savings account or pension that you've lost the details for. The free online service My Lost Account is a good place to start (mylostaccount.org.uk).

2 Set up Power of Attorney

Power of Attorney (PoA) lets you authorise someone else to manage your affairs. You can register a PoA at any time, as long as you're capable of making your own decisions (known as mental capacity) when the document is signed.

PoAs can be temporary (to cover a hospital stay, for example) or permanent. There are two kinds of permanent PoA, covering:

- Property and finances; or
- Health and welfare (excluding Northern Ireland).

The first kind can be used at any time after registration, the second can only be used after you've lost mental capacity. Costs vary slightly depending on where you live in the UK, but as an example, the fees to set up both types in England would be £164.

There's no automatic right for a next of kin to have authority over your affairs if you lose mental capacity. If a PoA isn't set up in advance, it can lead to complications if you have difficulty looking after your own affairs in the future – your family may need to go to the Court of Protection, for example. So it's always best to organise a PoA sooner rather than later. For more help with choosing a PoA, visit **which.co.uk/poa**.

i **See which.co.uk/moneyplan for more on getting financial affairs organised in later life.**

Get the right help and advice

For many of us, arranging care in later life will be one of the biggest financial challenges we face. It's important to get good financial guidance, especially for complex areas such as equity release or putting money into trust. Here are some pointers if you're unsure where to start.

Which? members* can call the Which? Money Helpline Our money advisers can't give you regulated financial advice, but they can offer Which? members personalised guidance as part of their membership, on topics including equity release, trusts, long-term care financing and more.

Find an accredited Later Life Adviser For regulated financial advice, the Society of Later Life Advisers (SOLLA) is a good starting point. It has a register of authorised financial advisers that specialise in later life planning (societyoflaterlifeadvisers.co.uk).

Consider a care broker These are trained intermediaries who can help you choose the right care options, apply for support or benefits, or help to make arrangements on your behalf. Ask your local authority if it operates a brokerage service or if it has a list of recommended brokers. You can also search online for 'care broker'. If you get local authority funding, you shouldn't have to pay to use a broker. Self- funders may have to pay for their services.

Contact Which? Money Helpline

Which? members* can call the helpline on 029 2267 0001. It's open Monday to Friday from 9am to 5pm.

*Availability depends on membership package.

Find more help

Use the links below for more useful sources of help and advice.

Find a financial adviser:

The Financial Conduct Authority's Financial Services Register This lets you check if an adviser is properly authorised (register.fca.org.uk).

The Personal Finance Society Offers guidance on personal finance and lets you search for a qualified financial adviser (thepfs.org/yourmoney).

SIFA Professional A directory of financial planning firms which specialise in working with solicitors – affiliated with the Law Society (sifa-directory.info).

Other sources of general information:

Age UK Offers information, advice and services for older people in:

- England (ageuk.org.uk)
- Northern Ireland (ageuk.org.uk/northern-ireland)
- Scotland (ageuk.org.uk/scotland)
- Wales (ageuk.org.uk/cymru).

Carers UK A charity that offers help and advice for carers (carersuk.org).

EAC FirstStop An independent, free information service for older people, their families and carers about care and housing (firststopcareadvice.org.uk).

Money & Pensions Service Impartial advice on money matters, set up by the government (moneyadviceservice.org.uk).

Turn2us A charity offering advice on benefits and grants (turn2us.org.uk).

Which? Money Independent, online money guidance and recommendations covering tax, savings, retirement finance and more (**which.co.uk/money**).

Jargon buster

Assistive technology Technology to help people with a disability or medical need to do things more easily (p22).

Attendance Allowance A payment for people over the state pension age who need help with personal care due to illness or disability and who meet certain eligibility criteria. The benefit is not means-tested (p8, 19).

Care Act The law that sets out how adult social care in England should be provided (p6).

Care funding threshold If the amount you hold in savings and assets is above this level, you'll be required to fund your own care (p7).

Care home A place that provides accommodation, meals and care for people who are no longer able to live independently (p4).

Care plan A plan that outlines your care and support needs, and how they will be met following a needs assessment (p6).

Carer's Allowance A means-tested government benefit to help you financially if you care for someone close to you for more than 35 hours a week (p19).

Deferred payment agreement A loan agreement where the local council pays residential care fees if a person is struggling to sell their home or doesn't want to sell it to fund care costs. Once the person passes away or the property is sold, the loan is repaid to the council with interest (p11, 16).

Deliberate deprivation of assets When a local authority deems that a person has deliberately disposed of assets to increase their eligibility for local authority funding for care (p20).

Direct payments Receiving your 'personal budget' payments from the local authority directly into an account, which you or someone you nominate controls (p10).

Domiciliary care Professional care provided to someone in their own home (p4).

Downsizing Moving to a smaller or different type of home to boost your finances and/or help you live independently for longer (p17).

Eligible needs Care needs that a local authority is willing to cover, according to its criteria. It will only provide funding to meet these needs if a financial assessment indicates you can't afford to pay for care yourself (p6).

Equity release A loan against your home where no interest is paid until the house is sold. A way to free up cash locked up in property, but it can be expensive (p17).

Extra care housing Sheltered housing that offers additional care and support (p23).

Financial assessment The means test used by local authorities to assess whether someone is eligible for financial support towards the cost of their care (p5, 7).

Home adaptations Alterations made to the property to allow you to stay independent in your own home for longer (p4, 22).

Immediate needs annuity Pays out a guaranteed income for life to cover the cost of care fees in exchange for a one-off lump sum payment (p16).

Inheritance tax (IHT) Tax on the estate of someone who has died (p20).

Local authority funding Where the local authority pays for some or all of your care, following a needs assessment and a financial assessment (p5).

Means test A test to determine your income and therefore if you qualify for certain benefits, funding or grants (p8).

Minimum Income Guarantee An amount exempted from income during a financial assessment for home care, to allow for essential personal expenses (p9).

Needs assessment Used to decide on the type of care and support you need, and your eligibility for this to be covered by local authority social services (p6).

NHS Continuing Healthcare Care funded by the NHS for people with complex medical needs who are assessed as being eligible (p12).

NHS Intermediate Care Free care and support at home or in a care home for up to six weeks following, or to prevent, a stay in hospital (p12).

NHS-Funded Nursing Care (FNC) NHS funding for nursing care in a nursing home. It may be available if you don't qualify for Continuing Healthcare (p12).

Nursing home A residential care home that offers medical care, with full-time nursing cover (p4, 13).

Occupational therapist A health care professional who works with you to improve your ability to do everyday tasks if you're having difficulties (p6).

Pension Credit A means-tested payment to top up a retired person's income to a guaranteed level (p19).

Personal alarm A device, typically worn as a wristband or pendant, that lets you push a button to call for emergency help (p22).

Personal budget The amount of money a local authority allocates for your care following a needs assessment and financial assessment (p10).

Personal care Care to support personal needs including washing, dressing, using the bathroom and preparing meals (p7, 12).

Personal Expenses Allowance An amount exempted from income during a financial assessment for residential care, for spending on essential personal items (p9).

Personal Independence Payment (PIP) A payment for people below state pension age who need support with personal care due to a disability or other condition (p19).

Power of Attorney Legal permission for someone to manage the affairs of another when they're no longer able to (p24).

Retirement villages Housing developments providing high-quality independent living and communal facilities for people of retirement age (p23).

Self-funder A person who is paying for their own care rather than receiving state funding from their local authority (p5, 16).

Sheltered housing Houses or self-contained flats with communal facilities and a warden (p23).

Social care Adult social care is care, protection or support for adults who have needs associated with illness, disability, old age or poverty. It can include help with personal care, accommodation or independent living (p4, 7).

Telecare Assistive technology that can send an alert to a call centre or carer if a problem is detected, such as a person falling or not moving, or an environmental issue such as an unexpected change in temperature in the property (p22).

Top-up fees A voluntary payment to cover a shortfall between the amount a council will pay for a care home and the fees that the care home charges to self-funders. Also known as a third-party top-up (p11).

Universal Credit A government benefit that helps with living costs if you're on a low income, or out of work (p19).