

Essential Later Life and Care Planning Seminar



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Presented by:

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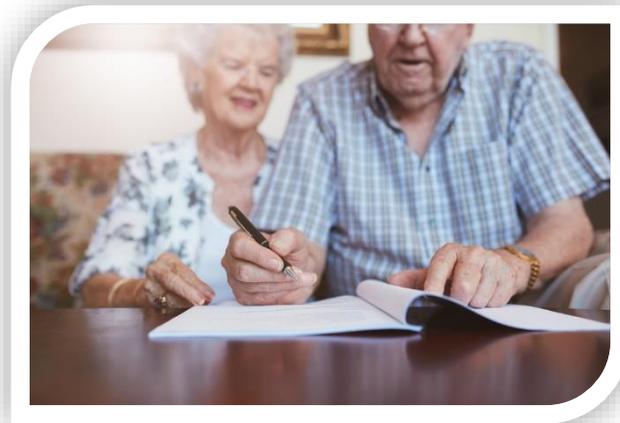
Solla Accredited Financial Adviser, SG Wealth Management



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Agenda

- Care options
- Planning for the cost of care
- Lasting Powers of Attorney and Deputyship Orders



Lauren Abbs

Wills, Trusts and Probate Solicitor



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Care Fee Assessments - Fred

Fred's health has deteriorated and he realises that he requires assistance, either within his own home or in a residential setting.

Fred is finding this to be quite a scary realisation, not helped by the fact that he has lots of unanswered questions.

- **“What level of care do I require?”**
- **“Who will meet the cost of my care?”**
- **“What type of care do I want to receive?”**



Meet Fred...



- Fred is a widow and currently lives alone.
- Fred's Care Needs Assessment establishes that he does not require nursing care, but that he would benefit from care 24 hours a day, so he decides to move into a residential care setting.
- Fred owns his home and has savings totalling £100,000. He has a monthly net income of £1,500.



Fred

- Fred will be responsible for meeting the cost of his care until his savings, including the value of his home, reach £23,250, at which point the Local Authority may start to assist with the cost of care. All of Fred's income will also contribute to the cost of his care, save for a personal expenses allowance of £24.90 per week.
- Fred will consider the options in respect of his home.
- Fred's care may be funded by NHS Continuing Healthcare if his health needs change in the future.



Care Fee Planning – Meet Doris and Derek

“We have worked hard our whole life, paid off our mortgage and we want to leave an inheritance to our family – can we give our house to our children now, either outright or using the “protection” of a trust?”



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Doris and Derek

The risks, including family relationships, tax and “deliberate deprivation of capital” are explained to Derek and Doris and they decide to not proceed with a lifetime gift of their home.



Doris and Derek

“Is there nothing we can do to minimise the amount we spend on the cost of care?”



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Doris and Derek

Planning through Will

- Derek and Doris sign Wills containing life interest trusts.
- They select certain assets (e.g. their respective shares in their property or all assets in their sole name) and when the first of them dies, that person's selected assets go in to the trust to be protected.



SG WEALTH MANAGEMENT – about us

- Chartered Financial Planners
- Founded in 2001
- Norwich Head Office and Ipswich Office
- Providing professional financial services across East Anglia and the UK
- Independent and directly regulated by the Financial Conduct Authority
- 12 advisers, c40 staff, with in depth financial planning experience
- Over £250m under management, across c600 private clients
- Operate on a discretionary management basis



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LATER LIFE AND CARE COSTS PLANNING

An introduction to the key aspects of providing for costs of care



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LATER LIFE CARE PLANNING

- Main types of care:
Residential, Domiciliary
- Alternatives to care at home
- Who should be paying for the care (if nursing care is involved)?
- Care needs assessment by Local Authority



LATER LIFE CARE PLANNING

- Local Authority - responsibilities and support
- The Financial Assessment process
- Deferral of care fees: Deferred Payment Agreements (DPA)
- NHS Continuing Healthcare - eligibility issues and the realities of qualifying for this
- Funded nursing care payment (Registered Nursing Care Contribution)
- Dept of Work & Pensions - benefits: Attendance Allowance



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LATER LIFE CARE PLANNING

Privately-funding care

- “Self funders” = assets in excess of £23,250
- Lower/Upper capital limit
- How assets are treated for the Financial Assessment by LA
- Deliberate Deprivation of Assets
- Options with a property (main residence) - releasing equity, downsizing, renting or using with Deferred Payment Agreements

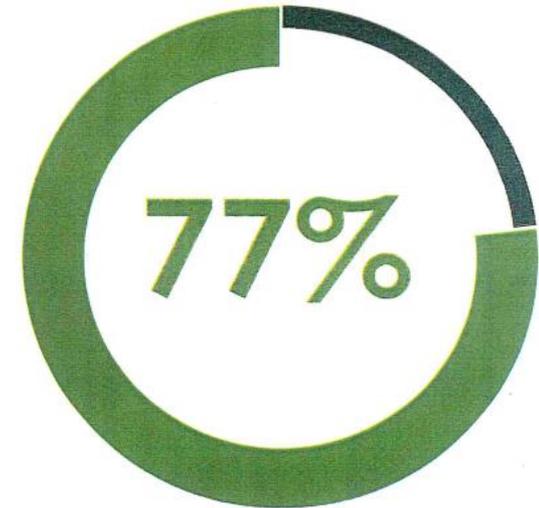


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LATER LIFE CARE PLANNING

THE COST OF CARE

£12,500	In-home care (2 hours per day)
£30,000	Residential care home
£40,000	Residential care home with nursing
£50,000	If 24 hour care is required



**Would like care at home
or to move to a more
manageable property**

Source: Key Care Report 'Cracking the Care Code' 2019



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LATER LIFE CARE PLANNING

LOCAL AUTHORITY vs SELF FUNDING



Only 1 in 5 people report having made some financial provisions if they need care - **and many are concerned about how they will meet these costs***



1,300,000 new requests for care and support by the over 65s between Jan 17 & March 18

568,867

Approved funding applications in 2017

Source: Key Care Report 'Cracking the Care Code' 2019



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LATER LIFE CARE PLANNING

EQUITY RELEASE & CARE FUNDING ISSUES

SOCIAL CARE GREEN PAPER



House of Commons
Health and Social Care and
Housing, Communities and
Local Government Committees

Long-term funding of adult social care

*First Joint Report of the Health and
Social Care and Housing, Communities
and Local Government Committees of
Session 2017-79*

*In its present state, the [social
care] system is **not fit to respond** to
current needs, let alone predicted
future needs as a result of
demographic trends...*

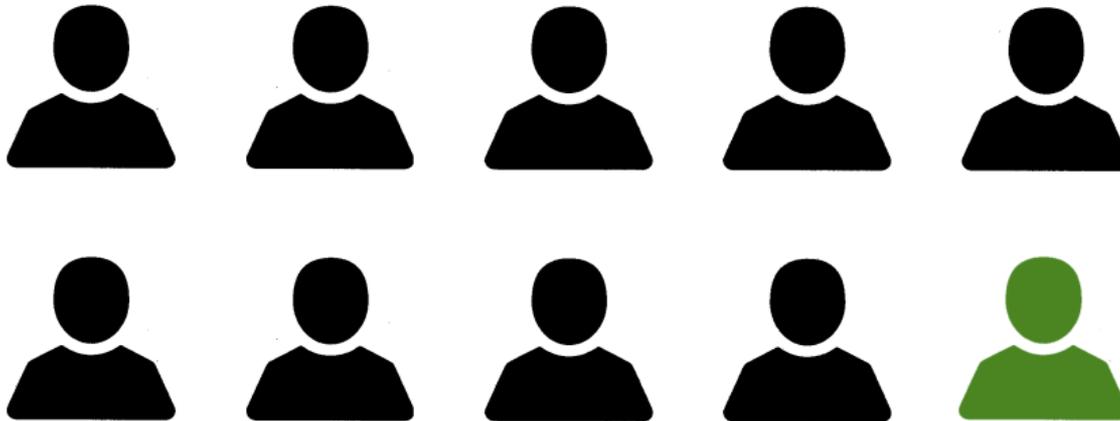


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LATER LIFE CARE PLANNING

EQUITY RELEASE & CARE FUNDING ISSUES

SOCIAL CARE GREEN PAPER



It is estimated that 1 in 10 people may face 'catastrophic' care costs - of over £100,000 - **and it is not possible to purchase insurance to protect against this risk**



LATER LIFE CARE PLANNING

EQUITY RELEASE & CARE FUNDING ISSUES

SOCIAL CARE GREEN PAPER



Social care funding is a complex issue that will likely require different solutions for different people. Equity release products are one option to enable people to either pay for social care or fund home adaptations which can enable older people to live in their homes independently for longer...



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LATER LIFE CARE PLANNING

Funding care costs with capital

- ✓ Assessing the shortfall between fixed sources of income and care fees
- ✓ Examining at how to use the available capital, sometimes a solution:
 - cash reserve (of, for example, 6-9 months shortfall)
 - investments to produce regular income
 - an immediate care needs annuity (to produce a fixed income 'stream' for life)



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- The key is to seek suitably qualified advice at the earliest stage (to ensure that capital and assets are utilised in the most effective way, and that all options may be explored)
- We regularly work with the attorneys for a client needing care (family members/friends/legal advisers)
- Working out a bespoke financial plan shows that a person's finances have been handled in a careful and appropriate manner - helpful in protecting the attorney; ie against criticism from beneficiaries in the future



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Useful links

- <https://www.ageuk.org.uk/services/information-advice/guides-and-factsheets/>
- <https://www.which.co.uk/later-life-care>
- <http://www.equityreleasecouncil.com/document-library/customer-information-brochure/>
- <http://www.firststopcareadvice.org.uk/resources/factsheets-guides/> (Care Guide referred to in the example flow chart provided)



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COMPLIANCE / REGULATORY INFORMATION

SG Wealth Management is authorised and regulated by the Financial Conduct Authority. The contents of this presentation are a brief summary of our background, advice process and current in-house investment philosophy and process. It does not constitute financial or investment advice, or a promotion to invest. You should seek Independent Financial and Legal advice before making any decisions and plans in this area.

Past performance is not necessarily a guide to future returns. The returns from your investments can go down as well as up and you may get back less than you invest. All performance data source FE Analytics, bid-bid, net income reinvested to end June 2018 unless otherwise stated.

Society of Later Life Advisers (SOLLA) accreditation relates to John Griffin DipPFS, an adviser and Wealth Manager at SG Wealth Management.

The Society of Later Life Advisers (SOLLA) is a not for profit organisation, created in 2008, to meet the need of consumers, advisers and those who provide financial products and services to the later life market. The Society's aim is to ensure that consumers are better informed about the financial issues of later life and can find a fully accredited adviser quickly and easily. SOLLA ensure that all the advisers have fully satisfied all criteria to become an accredited adviser. This means peace of mind and assurance that the advice you are given is from an Adviser who has proved they have specialist knowledge of the sector.

...continued



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COMPLIANCE / REGULATORY INFORMATION

The Later Life Adviser Accreditation (LLAA) is the recognised benchmark for advice skills of advisers who specialise in later life planning. An accredited Later Life Adviser can advise on long term care funding, pensions and annuities, investments, equity release*, savings and tax planning.

Being independently accredited offers the added reassurance that you will receive the practical help and guidance needed to help you make the right decisions at the right time.

The Later Life Adviser Accreditation Scheme is audited and endorsed by the standard-setting body the Financial Skills Partnership (FSP) and advisers need to re-license their accreditation annually, evidencing their continued development and knowledge.

The levels and bases of taxation and reliefs from taxation can change at any time. The value of any tax relief depends on individual circumstances.

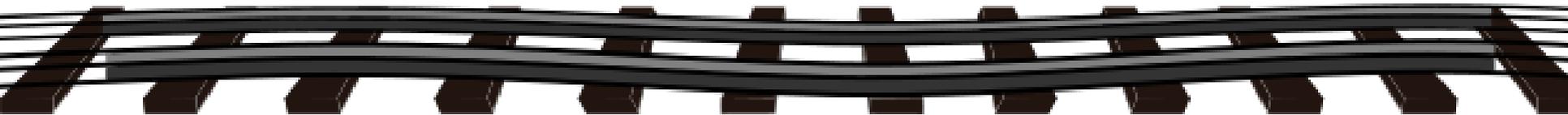
*This refer to a lifetime mortgage or home reversion plan. To understand the features and risks associated with such products, please ask for a personalised illustration from a suitably-qualified. It is important to check that the chosen plan will meet your needs if you want to move or sell your home or if you want your family to inherit it. Always seek appropriately qualified financial advice.

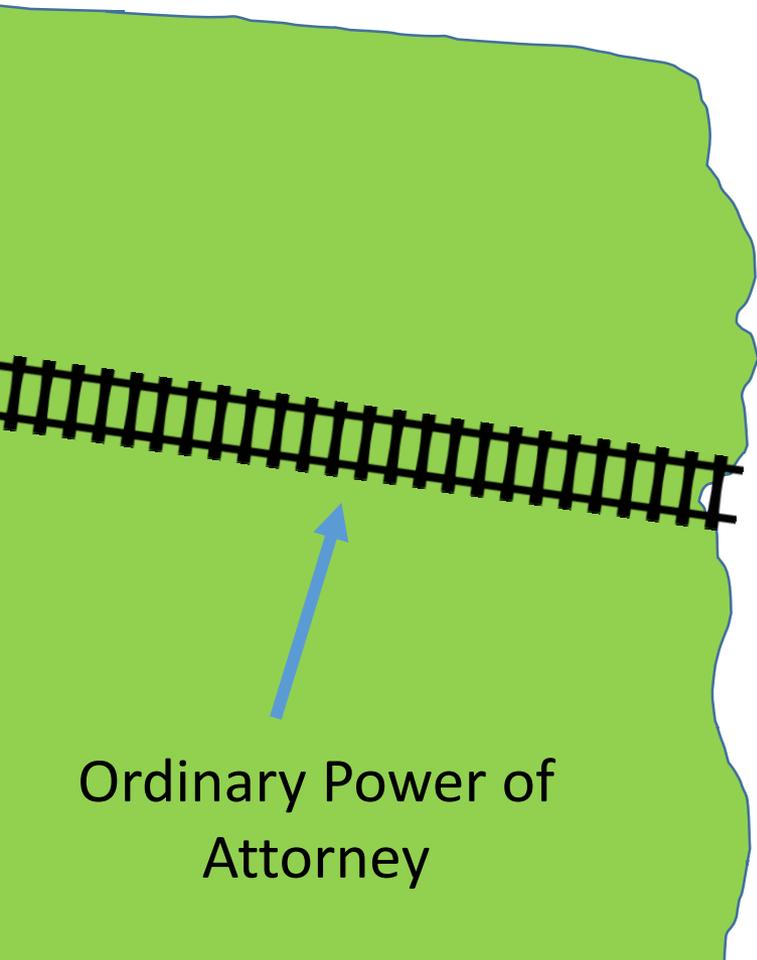
This information contained in this presentation is based upon our interpretation of current legislation and tax rules and was correct at the time of writing, however will be subject to change in the future.



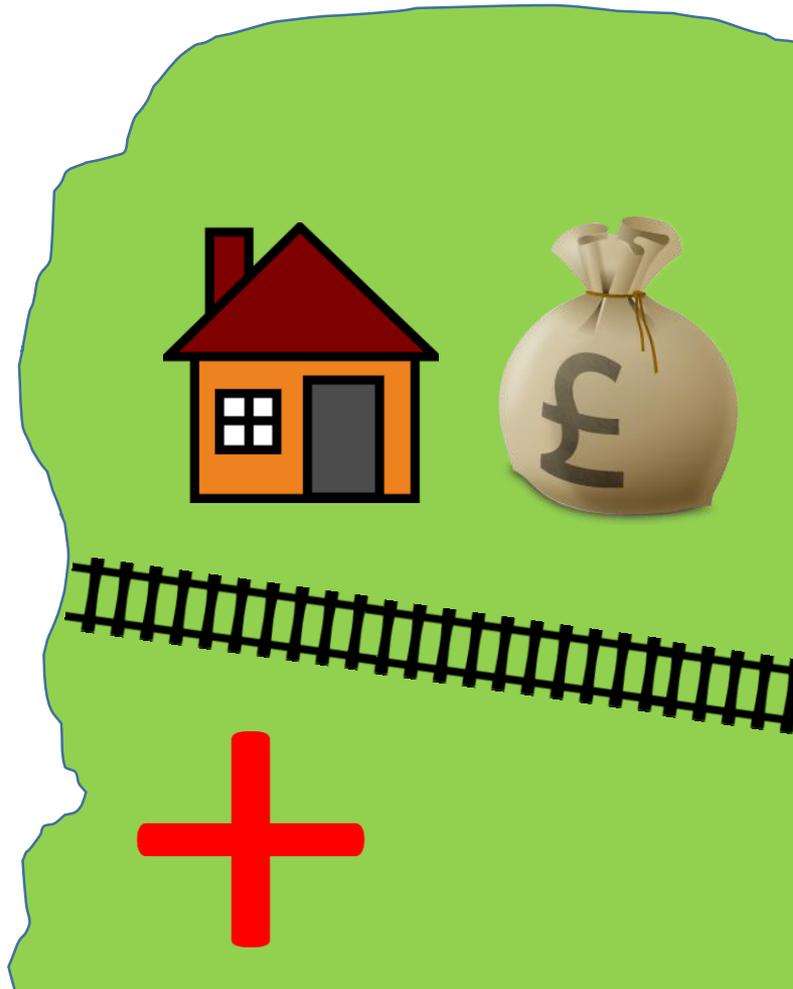
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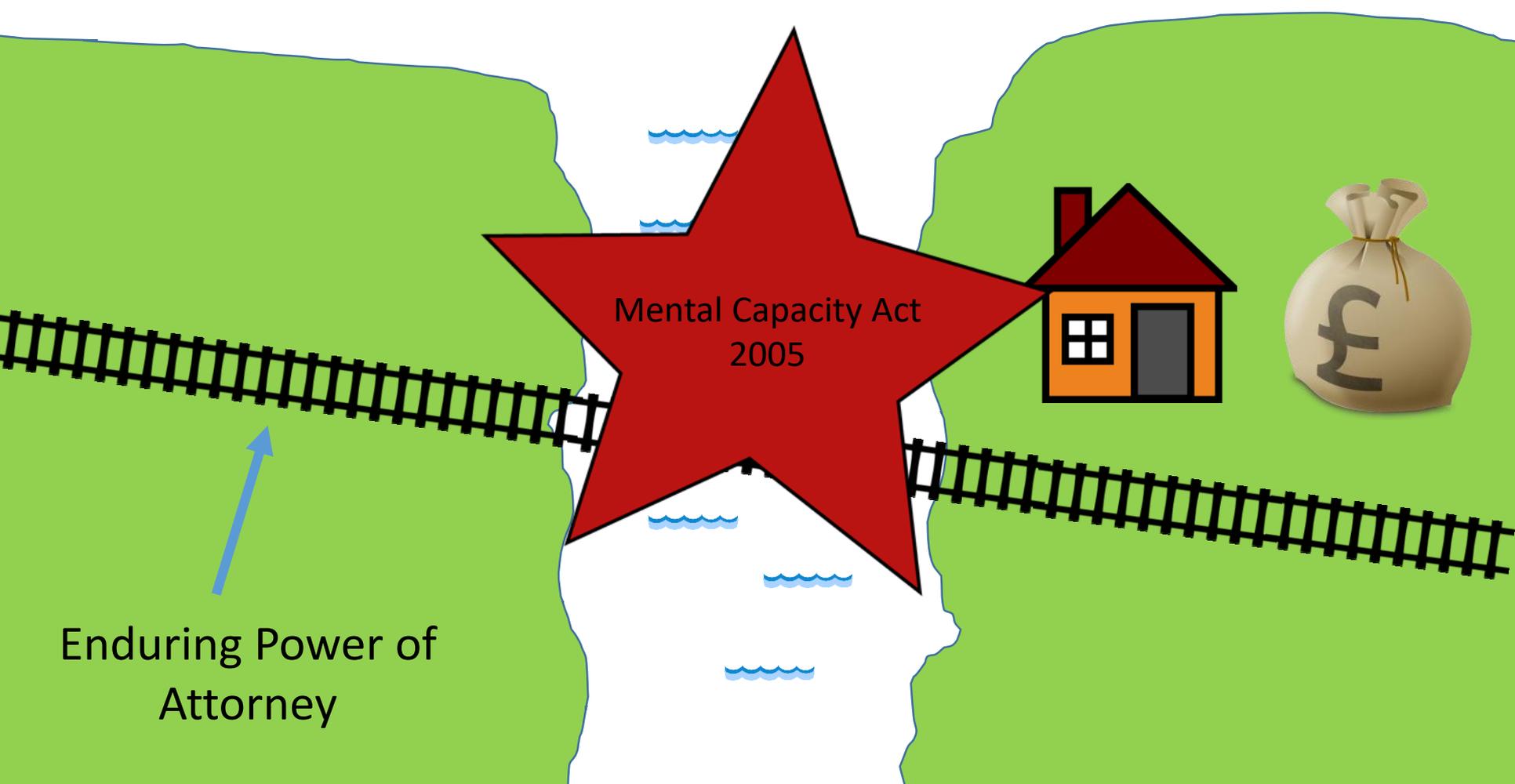
Whistle stop tour of Powers of Attorney





Ordinary Power of Attorney

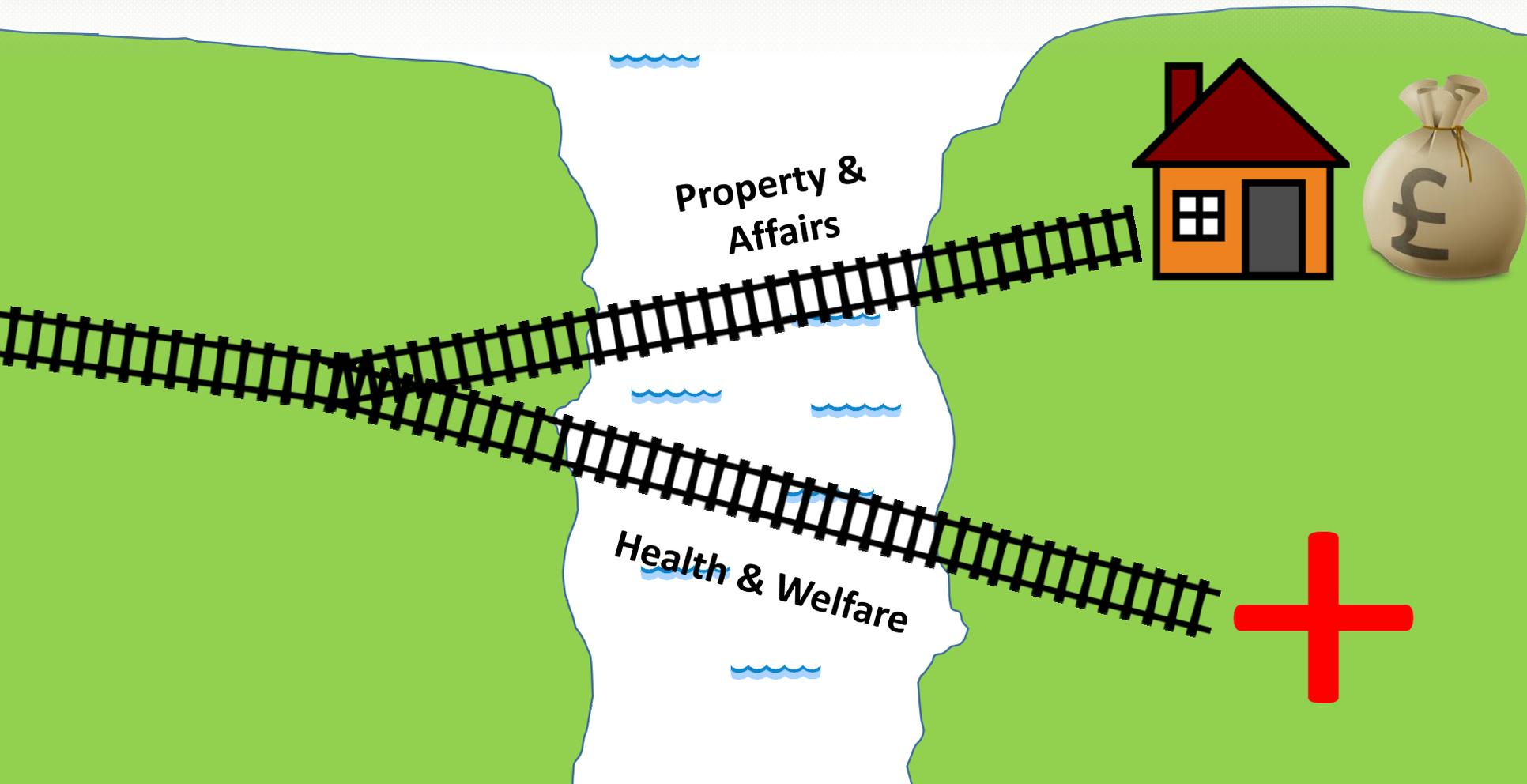




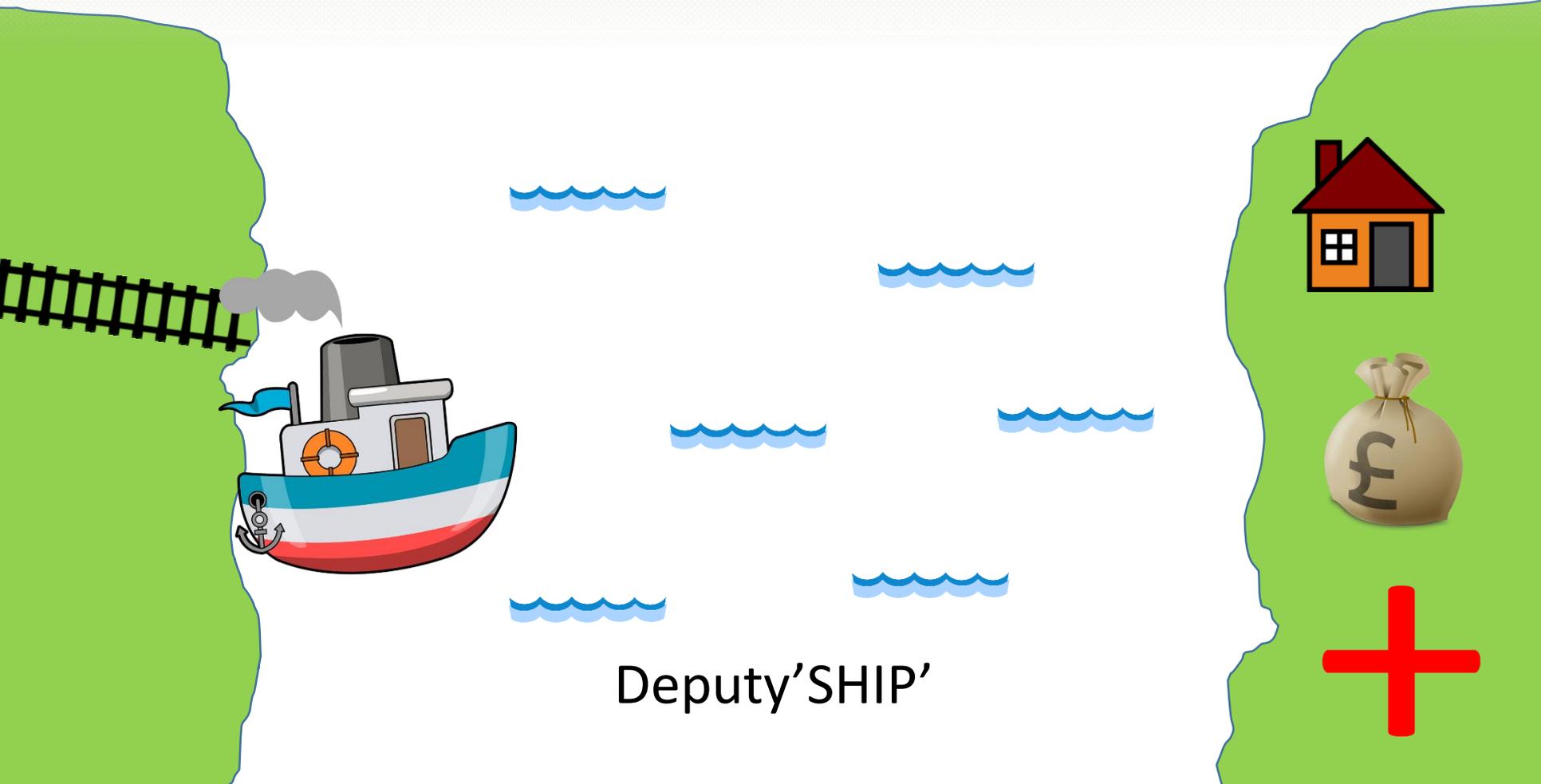
Mental Capacity Act
2005

Enduring Power of
Attorney

Lasting Powers of Attorney



Lasting Powers of Attorney



Deputy'SHIP'

Who needs a Power of Attorney?



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Why use a Solicitor?

1. Guidance when selecting attorneys and safeguarding.
2. The OPG say they spot errors on 15% of applications. Meaning the applications are either rejected, or the documents need to be amended before the registration is complete.
3. The OPG is over worked and understaffed - receiving more than 2,000 applications per day. The OPG admits that errors in documents might be missed.
4. Preferences and instructions require careful drafting:
 - Gifts
 - Dignitas
 - Discretionary fund manager authority



Any questions?



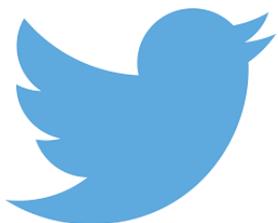
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Thank you...

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