

Paying for your care

Funding your own care
at home or in a care home



Thank you

Independent Age would like to thank those who shared their experiences as this guide was being developed, and those who reviewed the information for us.

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The sources used to create this publication are available on request.

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The Information Standard



About this guide

The number of people paying for their own care is growing. While some people will qualify for funding from their council, many will end up paying for all of their care. This can be difficult, financially and emotionally, but it's best to plan ahead and avoid snap decisions. This guide is intended for people paying for all of their own care, and their friends and family.

It also explains council assessments and how they could help you. Whether you're looking at residential care or need care at home, it's important to consider your options carefully and review them regularly. Make sure you're getting everything you're entitled to and thinking about what you can afford in the long term.

We spoke to older people about their experiences. Their quotes appear throughout.

In this guide you'll find references to our other free publications. You can order them by calling **0800 319 6789** or visiting **independentage.org/publications**.

Terms you might encounter

The social care system can be full of jargon. Here are a few words and phrases you may come across:

Social care

Help and support services provided to people who need them, for example because of illness, disability or old age. Social care helps people to carry out everyday tasks, like washing, dressing and household chores – it doesn't include healthcare. It might be provided at home or in a residential care home.

Personal care

This is one part of social care. It describes help and support with everyday tasks to care for yourself, such as washing, dressing, eating and going to the toilet. It doesn't include help with household chores like laundry and shopping.

Self-funder

A person who is paying for all of their own care themselves (self-funding), rather than getting financial help from the local council.

Means testing

Looking at your finances to work out whether you qualify for financial help from the government or local council. Social care is usually means-tested.

Capital

Wealth in the form of money or items that have a financial value, such as savings, investments and property (buildings and land).

Getting started

Before you do anything else, make sure you're getting all the help you're entitled to from your local council. This doesn't just mean financial help – council assessments can help you to work out what your needs are and what might be the best way to meet them. Councils also have a duty to provide you with information and advice about social care, even if you're self-funding.

If you just need a bit of help with household chores rather than personal care, take a look at our guide **Getting help at home**. This has information about services, equipment (including telecare) and adaptations to help you stay independent in your own home.

Get a care needs assessment

This is the best place to start if you think you need some extra help to look after yourself. Call the adult social services department of your local council to arrange an assessment. Their number will be in the phone book or search online at [gov.uk/apply-needs-assessment-social-services](https://www.gov.uk/apply-needs-assessment-social-services). The council must carry out an assessment if you appear to need care and support, regardless of your finances or whether you might qualify for help. You mustn't be charged for the assessment.

An assessment might sound intimidating, but it's your opportunity to explain how you're managing, and what difficulties you're having, so that the council can work out what support you might need.

The assessment made me realise I did need help. Initially I just felt my family were fussing.



The assessment will look at what your needs are and how they might be met. Recommendations might include someone providing care in your own home, moving into a care home, or equipment or adaptations to help you at home. You will be involved throughout, and your views, wishes and beliefs must be taken into account as well as your needs. You can have someone with you at the assessment if you want to, such as a close friend or relative. For more information about how the assessment works, read our factsheet **Assessment and care services from your local council**.

The assessment really brought home the extent of his care needs. It's not always obvious when you're close to someone – you don't notice the gradual deterioration.

After the assessment, the assessor will work out whether your needs meet the national eligibility threshold for help. This is based on whether your needs prevent you from achieving certain things – such as moving around your home safely – and the impact this has on your wellbeing. If your needs do meet the threshold, you should be given help and advice to find the care you need. This doesn't mean the council will pay for your care; that is looked at in a separate financial assessment. If your needs don't meet the threshold, you must still be given information about other services that could help you, for example from charities or other local organisations, and information about how to arrange your own care.

If you're assessed as needing equipment, or adaptations that cost £1,000 or less, these must be provided free of charge regardless of your finances. For more information, read our factsheet **Adapting your home to stay independent**.

If your needs are urgent, for example if your situation could deteriorate rapidly, the council may provide immediate help and carry out an assessment later.



3 Home care or a care home

Your care needs assessment will look at where it might be best for you to receive care. This will mainly depend on your needs, but your wishes must also be considered.

I don't need help at the moment but may do in the future, and I want to think about it while I'm still compos mentis. There's a lot of work to do to investigate it all if you want to do it properly. It's not a five-minute decision.

Care at home

Care at home from a professional carer may be suitable if you don't need the level of care provided by a residential care home. Home care is flexible. For example, you may benefit from:

- regular visits from a carer
- short-term care, so a family carer can take a break
- 24-hour care from a live-in carer
- temporary care to help you recover after leaving hospital
- emergency care.

Home care may allow you to stay independent in your own home, but bear in mind that it can be expensive. For example, a live-in carer will usually cost more than moving to a care home.

How much does care at home cost?

The cost of home care varies considerably, depending on where you live, how much care you need and at what time of day, and whether you employ carers through an agency or directly. The Money Advice Service recommends allowing an average of £15 an hour. Think about how this will add up if you need regular care.

Arranging care at home

If you're self-funding, you still have a right to ask the council to arrange services to meet your needs. If you ask them to, they must help. However, they can charge you an arrangement fee for this. Alternatively, you can find a carer yourself, either directly or through an agency. If you employ a carer directly, you'll have more control over who cares for you and what they do, but you'll also have certain legal responsibilities as an employer. For more information visit [gov.uk/employing-staff](https://www.gov.uk/employing-staff). Many people find it simpler to use an agency, although it does cost more. You can find one through:

- your council – call them to ask for a list or check their website
- the Care Quality Commission ([03000 616161, cqc.org.uk](https://www.cqc.org.uk)), which inspects and rates care services including home care agencies
- the UK Home Care Association ([020 8661 8188, ukhca.co.uk](https://www.ukhca.co.uk)).

For more information, see our factsheet **Getting care services at home**.

Care homes

Care homes provide care and accommodation. There are different types depending on what care you need:

- residential care homes, offering personal care
- nursing homes, offering personal care and nursing care.

Some care homes offer some places only for personal care, and some for personal and nursing care, which could be helpful if you're a couple with different care needs who want to move together. Some care homes have other specialisms, such as dementia care.

Moving to a care home might feel like a big change, but it could bring benefits that home care doesn't. For example, you'd have more regular company, your meals and accommodation would be taken care of as well as your personal care, and you'd have the reassurance that staff were on hand when you needed them.

How much does care in a care home cost?

As with home care, care home costs vary depending on where you live and the type of care you need. The average weekly cost of a single room in a UK residential care home is £605, and the average for a nursing home is £845. Check your contract to find out:

- when the fees can be increased and what the increases will be based on
- what is included in the fees and what costs extra.

Bear in mind that the more expensive the care home you choose, the less likely the council would fund the cost if your capital dropped below £23,250 (see chapter 3). You might then be asked to move to a cheaper home or pay a top-up fee to cover the difference. Usually, this has to be paid by a third party, such as a relative or friend. There are only a few circumstances in which you're allowed to pay a top-up yourself. The council would have to make sure the cheaper home could still meet your needs, as decided by your care needs assessment.

Finding a care home

Your council may be able to provide a list of local care homes, although the information they provide varies. You could also:

- ask for personal recommendations from friends and neighbours
- use an online directory like [carehomeadvisor.com](https://www.carehomeadvisor.com)
- get information from the Care Quality Commission ([03000 616161](https://www.cqc.org.uk), [cqc.org.uk](https://www.cqc.org.uk)), which inspects and rates care homes.

Take a look at our guide **How to find the right care home** for more tips.

If you're self-funding, you still have a right to ask the council to arrange your care home place. Unlike with home care, the council can choose whether they help you or not. If they do, they can't charge you an arrangement fee for this.

Comparing the cost

You can use the BBC's online care costs calculator (bbc.co.uk/news/health-37307856) to find the average cost of care in your area and compare the likely cost of home care, residential care and nursing care.

The contract

Whether you're getting care at home or in a care home, you will have a written contract with either the care agency or care home. Check it carefully – it should include information about things like fees, notice periods, complaints procedures, and, for home care agencies, cover arrangements if your regular carer is away. Make sure that you understand it and are happy with it before signing. If in doubt, get advice from the Citizens Advice consumer helpline ([03454 04 05 06](tel:03454040506), citizensadvice.org.uk/advice). For more information, read our factsheet **Paying care home fees** or **Getting care services at home**. If you're employing someone directly, you'll need to draw up your own contract with them. Ask your local council about organisations that can help with this.

Complaints

If you're unhappy with the care you're receiving, you can raise the issue with your carer, home care agency or care home and use the relevant complaints procedure. You can also complain to your council in some circumstances, for example if you disagree with the outcome of your care needs assessment. Our factsheet **Complaints about care and health services** has more information.

Good to know

Mental capacity is the ability to make a decision when it needs to be made. If you're self-funding and lack mental capacity to make arrangements for your care, and there's no one who can do this for you, the council must help and they must not charge an arrangement fee for this.

4 The financial assessment

After the care needs assessment, you'll usually be given a financial assessment (or means test) to check whether the council should be paying for any of your care. How this works depends on whether you need care at home or in a care home – both types of assessment are described below. If you obviously have significant financial resources and so won't qualify for financial help, but still require support, the council might treat you as having had a financial assessment without actually carrying one out – this is called a light-touch assessment. You can still request a full assessment if you want to.

The assessments for both care at home and in a care home look at:

- your income – eg pensions and most benefits
- your capital – eg savings and investments.
Whether the value of your home is included or not depends on whether you need care at home or in a care home.

Only your income and capital is looked at, not your partner's, if you have one.

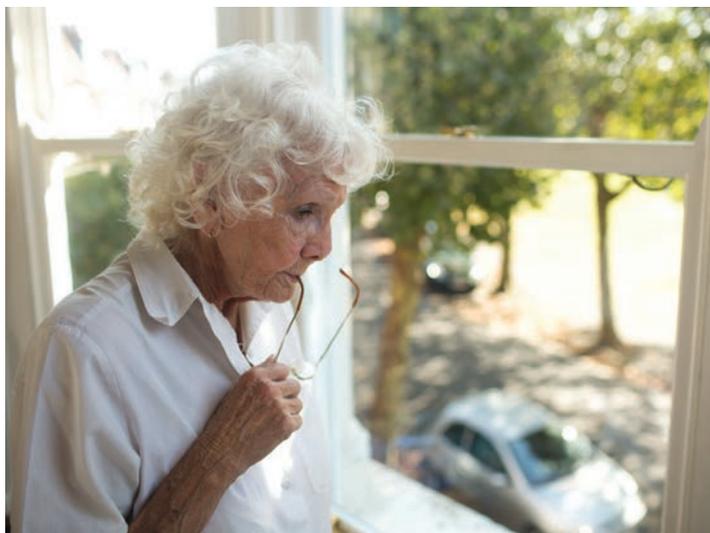
Capital limits for care at home or in a care home:

<p>You have over £23,250 in capital or a weekly income greater than the care fees.</p>	<p>You will have to pay for all of your care yourself.</p>
<p>You have between £14,250 and £23,250 in capital.</p>	<p>Capital between these amounts will be calculated as providing you with an income of £1 a week for every £250 (or part of £250) of your savings. You'll also have to make a contribution from your income.</p>
<p>You have under £14,250 in capital.</p>	<p>You won't have to use this towards your care costs but you'll still have to make a contribution from your income.</p>

Even if the council isn't contributing to your fees, it's worth asking what they would pay for the type and level of care that you need, should you need them to step in in the future. This can also help you to plan your finances.

If your finances fall later on, make sure you're given a new financial assessment – see chapter 7.

You might have heard about a cap on care costs that the government planned to introduce, so that no one paid more than a fixed amount towards their care in their lifetime. This was due to be introduced in April 2020, but plans are now uncertain.



The financial assessment for care at home

If you're getting care in your own home, the value of your home isn't included in the financial assessment, so you won't have to sell it to fund your care.

Caroline, Independent Age adviser

Councils can use their discretion when deciding whether to charge you for home care, but in practice most will. They must make information about their charging policy available to you.

The value of your home isn't included when calculating your capital.

If you're assessed as needing short-term care to help you maintain or regain your independence when you leave hospital, this must be provided free of charge for up to six weeks. This is not means-tested. The hospital or your local council will assess you to work out whether you should be offered this. For more information, see our factsheet **Hospital stays**.

The financial assessment for care home fees

If you own your home, its value will usually be included when calculating your capital. Sometimes it won't be included. For example, its value will be ignored if it's still the main home of:

- your partner or former partner
- a close relative aged 60 or over
- a close relative with a disability.

Other exemptions may apply. The rules are complicated, so call us to arrange to speak to an adviser (**0800 319 6789**).

If you have under £23,250 in capital apart from the value of your home, and not enough income to pay your care home fees, the council won't include the value of your home in its calculation of your capital for the first 12 weeks after your permanent move to a care home. This is to give you time to sell your home or look at other options – see chapter 6.

If your capital falls below £23,250 during the first 12 weeks after your move to a care home, ask the council about this 12-week property disregard.

The council can also use its discretion to disregard the value of your home in other situations, as long as you're not deliberately avoiding paying care home fees. For example, they might do this to give you time to sort out your finances because of an unexpected change of circumstances.

For more information on how your income and capital are assessed, see our factsheet **Paying care home fees** or call us on **0800 319 6789** to arrange to speak to an adviser.

Challenging a financial assessment

If you disagree with the outcome of your financial assessment, you might be able to challenge it. You could start by raising the matter informally with your council, or make a formal complaint using their complaints procedure. The financial assessment is complex, so it's a good idea to get advice. Contact Independent Age (**0800 319 6789**).

Clare's story

Clare, 71, says: "I have chronic arthritis and have used social care services at home for a long time. I knew that as I had more than £23,250 in savings my care costs wouldn't be met by the council. I do have a free annual occupational therapy assessment. This assesses the equipment I need – for instance a hoist to help transfer me from bed to chair – and the council provides this free of charge.

"These days I need care assistants for several hours a day. I employ some through an agency and others directly. So I mix and match! This is because I found it difficult to employ people directly for an early morning call to get me up, but agencies were used to this. I have been using agencies for longer. I started employing carers directly because I was working in different parts of the country and needed help when I was staying away overnight, which the agencies weren't used to.

"In my experience, there are advantages and disadvantages to both approaches. Care agencies should always make sure someone

visits you, even if your usual carer is off sick. However, the service is sometimes unreliable and the carer doesn't always come when you expect. Using an agency costs me around 50% more than employing staff myself, but employing people directly requires more work as I have to organise the payroll, PAYE and holiday pay myself.

"If you employ someone yourself you can choose a person you get on with. You have more flexibility if you need them to come at a different time, and some offer help with other tasks, such as IT, as well as personal care. However, you need to respect your employees and not take advantage of them. A disadvantage is that your regular carer may be unable to work because of illness and this can leave you without help."



Getting rid of assets to avoid paying for care

People might be tempted to give away their assets – such as money or property – so that their income or capital drops and the council has to pay more towards their care. However, this can have serious consequences for you and anyone you've given your assets to. When the council carries out the financial assessment, it can look at assets you previously owned as well as what you own now. It will consider whether you have given away money or other assets deliberately, to reduce your capital and avoid using it to pay for your care – known as deprivation of assets.

There's no limit to how far back the council can look when considering this (unlike Inheritance Tax rules, there isn't a seven-year cap), but it will need to consider whether you knew you'd need social care when you deprived yourself of assets. If you're unsure, it's best to check with the council before you do anything.

If the council decides you have deprived yourself of assets with the intention of avoiding paying for care, it can:



- treat you as still having the asset and include its value in your financial assessment
- recover the cost of the asset from the recipient.

For more information, read our factsheet **Your assets and the financial assessment for care home fees.**

People try and hide money thinking they're doing it legally, but they're not. We looked into that.

Two examples

Mrs Ghorbani has been living in sheltered accommodation and her health is deteriorating. She buys a necklace for £5,000 and gives it to her niece. Two weeks later she has to move to a care home. This could be considered deprivation of assets as she knew she was likely to need more care in the future. The council would need to consider her intentions in buying and giving away the necklace.

Mr Foster gives his daughter a painting he's owned for 40 years, worth £3,000. Later that month he moves to a nursing care home. This wouldn't be considered deprivation of assets as the painting was a personal possession he'd owned for a long time, so it wouldn't have been included in the financial assessment anyway.

NHS help to pay for care

In some situations, the NHS may be responsible for paying for your care – usually if you mainly need healthcare rather than social care.

If you have a particularly high level of health and care needs, you might qualify for NHS Continuing Healthcare. If you do, the NHS will arrange and pay for all the care you're assessed as needing. This might be provided at home, in a care home, or in a hospice. To find out whether you're eligible, you'll need to have an NHS Continuing Healthcare assessment, as there's no set list of health conditions that mean you'll qualify. Health or social care workers involved in looking after you – such as your GP – may consider whether it would be appropriate for you to be assessed. If they haven't and you think they should, ask them or your local Clinical Commissioning Group (CCG) about arranging an assessment.

If you can't get NHS Continuing Healthcare, you may qualify for NHS-funded nursing care. This is available to people who have been assessed as needing nursing care in a nursing

home. If you're eligible, you'll qualify for £155.05 a week towards your nursing care.

Remember, if you don't qualify now, you may still qualify in the future. If your needs change, you should be reassessed, especially if you only narrowly missed qualifying when you were first assessed.

For more information, see our factsheet **Continuing Healthcare – should the NHS be paying for your care?**



Ways to pay for your care

Long-term care can be very expensive, but, if you are paying for it yourself, there are a number of ways to finance it.

Get financial advice

There are many financial products and other options available for funding long-term care, so it's important to get independent financial advice. Paying for long-term care is a specialist area, so make sure your adviser holds a relevant qualification showing they understand the care and support system in the UK – check that they have a CF8 or CeLTCI qualification. You can find an adviser through the Society of Later Life Advisers (**0333 202 0454**, societyoflaterlifeadvisers.co.uk) or Unbiased (**0800 023 6868**, unbiased.co.uk).

There are some rogue financial advisers around and you've got to be extremely careful. You do need financial advice and it's got to be correct and unbiased.

In the rest of this chapter we look at some of the options available for funding long-term care.

Immediate need care fee payment plans

This is a type of insurance policy, also known as an Immediate Needs Annuity. As the name implies, it's for people who need care immediately. You pay a large lump sum in advance and in exchange it pays out a guaranteed income to cover the cost of your care for life. How much you pay upfront depends on your age, current health, life expectancy and what guaranteed income you would want. Bear in mind that you wouldn't usually be able to get your money back, although you could put in a capital protection clause to allow your family to get some money back if you were to die early – this would cost extra.

My mother was 94 and I began to worry that I'd run out of money if she lived to a grand old age. I did take out an annuity. I looked into it carefully – you do need financial advice. If my mother had lived for three years the annuity would have paid off. She lived for one year and we've lost about £100,000. I'm at ease with this – I knew it was a gamble. I thought about it carefully and I made the correct choice in my mother's interests.

Deferred care fee payment plans

These work like immediate need care fee payment plans, but instead of providing an immediate income they pay out from an agreed point in the future, usually between one and five years. The longer the deferred period, the lower the cost of the plan.

Releasing money from your home

If you're releasing money from your home, bear in mind that this could affect your entitlement to means-tested benefits, such as Pension Credit.

Selling your home

This might be the most appropriate option if you're moving to a care home and you don't have any relatives you want to pass your home down to.

Downsizing

If you need home care rather than a care home, you could consider downsizing to release some money from your home. Remember, a smaller home won't always be cheaper, for example if you're moving to a more expensive area. For more information on considering your housing options, see our guide **Choosing where to live**.

Deferred payment agreements

If you're moving to a care home, when your capital falls below £23,250 not including the value of your home, you may be able to make a deferred payment agreement with the council. The council will pay your care home fees and claim back the money later – either when you move out of the care home or when your home is sold, for example on your death. The council will also charge administration fees and interest. The council must provide you with information about deferred payment agreements if you're likely to qualify.

Equity release

Equity release allows you to release money from your home without selling it, whether you need care at home or in a care home. There are two types:

- **lifetime mortgages** – you borrow money against the value of your home and receive it as a lump sum or regular payment. The loan is repaid only when the mortgage ends. This might be if you sell your home, die, or move into residential care. The interest is added to the amount you owe, so you will have to pay interest on the interest. Lifetime mortgage rates are higher than other mortgage rates.
- **home reversion schemes** – you sell part of your home at less than its market value in return for cash.

There are usually better options than equity release. Make sure you get independent financial advice before considering this. The Money Advice Service has more information ([0800 138 7777](tel:08001387777), moneyadviceservice.org.uk/en/articles/equity-release).

Investments

Investment portfolios aren't usually recommended to fund the cost of care, as older investors may not have the same flexibility to wait for a recovery if investments fall. However, you could consider investing any surplus you have after making sure you have enough to cover your likely care costs. Make sure you get financial advice before doing this.

Rent out your home

If you need to fund your care in a care home but don't want to sell your home, you could consider renting it out and using the income to help pay your care home fees. Look into this carefully if you choose this option. You will have certain responsibilities as a landlord, although you could pay a property management company to help with this. Also, bear in mind that rental income is taxable.

You could see if your council operates a private sector leasing scheme. This would involve leasing your home to the council to use as social housing. Unlike renting out your home yourself, you would be guaranteed a rental income even if the property were sometimes empty.

Get a benefits check

Make sure you're claiming all the benefits you're entitled to. Try our online benefits calculator at independentage.org/benefit-calculator or call **0800 319 6789** to arrange to speak to an adviser.

If you have care needs because of a long-term condition or disability, you might qualify for a disability benefit. This might be Attendance Allowance if you're over 65 or Personal Independence Payment if you're under 65. Whether you're eligible depends on your needs; your finances aren't taken into account.

If you're self-funding, you can keep getting these benefits if you move into a care home. For more information on who qualifies and what you could get, read our factsheets **Attendance Allowance** and **Personal Independence Payment and Disability Living Allowance**.

8 If your financial situation changes

If you're funding your own care, your capital may eventually fall below the £23,250 threshold. Contact the council around three months before it reaches £23,250 to request reassessments of your finances and care needs, as these can take a while to arrange. Councils can only provide financial assistance from the date you contact them for help. If you've already eaten into your capital below £23,250, you won't be reimbursed.

Your capital could also increase – for example, if you're left money in a will. If this happens, you should also request a reassessment or you could end up owing your council money.

Make sure you inform the council about any changes to your financial situation, including to your income.

If the financial reassessment finds you now qualify for council help to pay your fees, they will tell you how much they think your care should cost. If you're living in a care home and it costs more than this amount, you may

have to move to a cheaper home or ask a friend or relative to pay a top-up fee to cover the difference (occasionally, you may be able to pay a top-up yourself). If the council suggests a cheaper home, it will have to show that the home is able to meet your assessed needs as decided by your care needs assessment, so make sure your assessment is up-to-date. For more information, see our factsheets **Paying care home top-up fees** and **Assessment and care services from your local council** or call our Helpline to arrange to speak to an adviser **(0800 319 6789)**.



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The information in this guide applies to England only.

If you're in Wales, contact Age Cymru (**0800 022 3444, agecymru.org.uk**) for information and advice.

In Scotland, contact Age Scotland (**0800 12 44 222, agescotland.org.uk**).

In Northern Ireland, contact Age NI (**0808 808 7575, ageni.org**).

We want the UK to be the best place to grow older and we have ambitious targets to increase the number of older people we help and the difference we make. We receive no state funding and rely on income from individuals, trusts and other sources to continue providing our services to hundreds of thousands of older people in need.

Visit **independentage.org** to make a secure online donation and find out about other ways to support us. Alternatively, you can call us on **020 7605 4223** or email **supporters@independentage.org**.



About Independent Age

Whatever happens as we get older, we all want to remain independent and live life on our own terms. That's why, as well as offering regular friendly contact and a strong campaigning voice, Independent Age can provide you and your family with clear, free and impartial advice on the issues that matter: care and support, money and benefits, health and mobility.

A charity founded over 150 years ago, we're independent so you can be.

For more information, visit our website **independentage.org**

Call us for information or to arrange free, impartial advice from an expert adviser. Lines are open 8am–8pm Monday to Friday and 9am–1pm Saturday. Freephone **0800 319 6789** or email **advice@independentage.org**



advice and support for older age

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