

case study

Financial Planning for those requiring Long Term Care

Mrs Smith, age 89, suffering from Alzheimer's, recently been put into a residential home.

- £140,000 house
- £5,000 cash
- £10,718 p.a. pension income
- £21,000 p.a. nursing care fees

challenges ▾

1. Children wanted to know whether or not they would be able to afford to keep their mother in a nursing home.
2. Required advice as to how additional income could be generated to fund care costs.
3. Confused by state aid and assistance.
4. Wanted to ensure that Mrs Smith's estate was protected as much as possible from the long-term effects of care costs.

what we did ▾

1. Calculated cost of income shortfall and checked state benefits to ensure that the client was receiving all benefits to which she was entitled.
2. Looked at several options for the future of the property, including the children buying part of the property to release money to fund care fees for a five-year period.
3. Provided alternative strategies for funding care home costs by either investing the sale proceeds or by purchasing a guaranteed income for life to cover the funding shortfall. Recommended the purchase of the guaranteed income as this gave certainty and peace of mind.
4. Liaised with the client's solicitors to ensure that no beneficiaries of the will were being disadvantaged.
5. Provided cashflow forecasts showing the effect of taking income from capital over the next 10 years.

the results ▾

1. Provided a clear strategy for the most appropriate way to provide for long term care costs.
2. Gave the client the peace of mind that their mother would be looked after.
3. Protected the estate as far as possible by arranging for a part sale of the house to one of the children.
4. Obtained additional state benefits of £70 per week.