



News Release

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As insurers back away from the pre-funded long term care insurance market immediate need care fee payment plans increase in popularity and are seen by many families as good value for money in providing peace of mind in meeting older peoples care costs.

NHFA analysis of a random sample of 88 care plans taken over the last 6 months reveals the following:

- The average price of Care Plans to provide £1,000 pcm income increasing by 5% per annum is £46,755
- The average age of individuals taking care plans is 88.07 years, of which 87.5% were women.
- 53.41% live in Residential Care Homes, 44.32% live in nursing homes and 2.27% were using the plans to pay for home care
- Assuming recipients are in receipt of higher rate attendance allowance and retirement pension average care home fees were Residential £344 per week (£17,888 pa), Nursing (assuming the middle band of NHS nursing care contribution) £517 per week (£26,884 pa) per week, and home care, the same as residential at £344 per week (£17,888 pa)
- ADL Failures and Health – 58% of cases had mental impairment whilst 31% had suffered a stroke. Those needing total or considerable help with activities of daily living were:

Dressing	68%
Bathing	75%
Feeding	21%
Toileting	54%
Mobility	61%

- The average required extra income older people need to pay for care is £1138 per month for all care, £977 per month for residential, £1367 per month for nursing home care and £1236 per month for home care.

Over the last five years the average net return from a higher rate Bank/Building Society account has fallen from 2.9% per annum to 1.5%. Over the same period residential care fees have increased by an average of 5% per annum.

In 1999 an elderly person entering care would have been able to meet the typical annual shortfall of £12,000 with net interest from bank deposits of £250,000. Today the same sum will produce net interest of approximately £6,000; a fall of 50%. Over the same period care costs have increased by

over 25%. This has resulted in a gap between pensions, benefits and the average care fees of £14,400 per annum. To cover this shortfall from bank deposits will now require capital of £600,000; an effective increase of 140% over the 1999 figures.

Wealth Warning The price of Immediate Care Plans vary tremendously between providers because of their different actuarial interpretation of life expectancy. The NHFA uses a common application form to identify the most competitive price for clients. NHFA research reveals that prices can vary by up to as much as £100,000 difference between companies.

Sample Immediate Need Care Fee Payment Plan Prices				
Gender (M or F)	M	F	F	F
Date of Birth dd/mm/yy	17/2/21	27/1/10	24/7/15	14/4/08
Plan Income PCM (£) escalating by 5% pa	1189	1500	1700	953
Health Impairment & ADL Failures	Dementia & Stroke	Dementia & Heart Disease	Dementia	Dementia & Stroke
Dressing	✓	✓	✓	✓
Bathing	✓	✓	✓	✓
Feeding			✓	
Toileting	✓	✓	✓	✓
Mobility		✓	✓	✓
Cognitive impairment	✓	✓	✓	✓
Company Offers (£)				
PPP	66,070	64,427	85,535	42,412
NU/AGE CONCERN	110,209	79,414	59,234	43,955
PAFS	53,436	76,489	67,294	47,154
GE LIFE	98,591	64,548	99,000	33,452

Source NHFA Care Fees Advice 0800 99 88 33 www.nhfa.co.uk

Philip Spiers partner at NHFA says 'This is an excellent product for capping the cost of care and providing peace of mind that chosen care is affordable over the long-term. However, it is essential that older people and their families seek independent advice before proceeding. a) To make sure they are getting everything they are entitled to from the State first and b), to make sure they get the best deal in relation to their particular circumstances'.

NHFA advice and information on obtaining and paying for care is free and can be accessed through *freephone* Care Advice Line **0800 99 88 33** or www.nhfa.co.uk

Ends

Notes for Editors:

In principle, for a capital sum, these plans provide increasing payments for life covering the shortfall between income and care costs. Their price is subject to medical underwriting and, unlike usual life or health insurance, the more impaired the life the lower the cost. Importantly they offer the reassurance that care costs can be met for life regardless of changes in interest rates or stock markets.

With the average house price at £ 147,785 (*source Halifax*) and the average care plan costing around £46,000 whilst the care fees are taken care of and loss to the Estate capped, then at least £100,000 can be invested for growth and the eventual inheritance that many older people wish to leave.

Case Studies are usually available.

Unlike ordinary annuities terms are only marginally affected by interest rates.

Payments are made tax free if direct to the care provider.

Plans can be used to pay for care at home.

ICPs provide the certainty of income for life.

Capital protection can be included at extra cost.

ICPs only need to be purchased to meet the shortfall between existing income and the cost of care.

Entitlement to State assistance and welfare benefits must not be overlooked by advisers.

No medical is required. Underwriting usually based on GP report or Care Home assessment.

ICPs can be very tax efficient for older people with potential Inheritance Tax liabilities.

The NHFA pioneered its common application form in 1999. This process ensures that ALL providers offer terms thereby giving clients the reassurance of identifying the lowest price in the market.

NHFA, independent of all care providers, financial institutions and authorities provides free advice and information on obtaining and paying for long term care. NHFA advice is available to all regardless of means and encompasses the many financial and legal issues older people and their families should consider when the need for care arises.

Combines specialist financial advice with the complexities of our care system including local authority assessment and charging procedures, health authority responsibilities, DWP benefits and legal matters i.e. enduring power of attorney.

Free Publications include Long Term Care Guides and an extensive range of 'Infosheets' on common problems including 'Treatment of Couples', 'Treatment of Property', 'Deprivation of Assets', 'The Legal Framework', 'Local Authority Charging Procedures', 'NHS Nursing Care Contribution', 'Immediate Need Care Fee Payment Plans' and 'Issues Surrounding Choice'.

The aim of NHFA is to enable older people meet the cost of chosen care for life whilst also preserving their original capital and with that their independence, dignity and right of choice.