

# News Release



Contacts: Philip Spiers – Managing Director  
Paul Loom – Advice Line Manager  
T: 01865 733000 (Philip Spiers and Paul Loom)  
M: 079 89 383 422 (Philip Spiers)  
E: philipspiers@nhfa.co.uk

For immediate release 1<sup>st</sup> May 2007

## Affordable Care

**The cost of living in a care home is far more affordable than people think. Combining the rise in property values and fall in the cost of care plans no longer do people need to lose their ability to leave an inheritance if they need care. NHFA analysis of care plan prices for 2006 reveals that the cost of a care plan to purchase £1,000 per month income has fallen in the last two years by almost 5% from £48,782 to £46,471. Coupled with this, the average price of property in the UK<sup>1</sup> now standing at £192,314 means that, if being prudent and seeking specialist advice, people, whilst needing long-term care, can still have a substantial surplus from their house sales to invest for growth and a potential inheritance.**

For the UK the average cost of a care plan to cover the average shortfall in required income to meet care home fees is around £64,000 for Nursing home care and around £45,000 for residential care leaving a surplus from house sale proceeds for investment and a potential inheritance of around £131,000 and £147,000 respectively.

NHFA Immediate Need Care Fee Payment Plan Data<sup>7</sup> reveals the following key facts:

- The average age of people taking care plans was 88 years
- 81% were female
- 56% were mentally impaired, 28% had suffered a stroke and 14% were suffering from arthritis.
- On average people required considerable help in performing normal activities of daily living
- The average income people required from their care plans each month was £1,438 (£332 per week)
- The average premium to purchase an income of one thousand pounds per month increasing at 5% compound per annum was £46,471

People selling their homes in Northern Ireland to pay for care followed by those in England have the greatest potential surplus to put by as an inheritance. The following table illustrates the affordability of care in the UK when utilising care plans.

<b>NURSING HOMES</b>	<b>England</b>	<b>Wales</b>	<b>Scotland</b>	<b>N. Ireland</b>	<b>Ave UK</b>
Average Weekly Fees <sup>3</sup>	575	488	500	498	570
State Contribution for Self-funding people <sup>5</sup>	152	179	210	165	177
Net Weekly Cost of Care	423	309	290	333	393
Top-up Income Required to Fund Net cost <sup>6</sup>	336	221	202	246	305
<b>Average Cost of Care Plan to Cover Shortfall</b>	<b>67,661</b>	<b>44,519</b>	<b>40,848</b>	<b>49,492</b>	<b>61,435</b>
Average Property Value <sup>1</sup>	192,616	168,279	138,655	206,495	192,314
<b>Surplus to Invest for Inheritance</b>	<b>124,955</b>	<b>123,760</b>	<b>97,807</b>	<b>157,003</b>	<b>130,879</b>

<b>RESIDENTIAL CARE HOMES</b>	<b>England</b>	<b>Wales</b>	<b>Scotland</b>	<b>N. Ireland</b>	<b>Ave UK</b>
Average Weekly Fees <sup>3</sup>	400	357	409	318	398
State Contribution for Self-funding people <sup>5</sup>	65	65	145	65	85
Net Weekly Cost of Care	335	292	264	253	313
Top-up Income Required to Fund Net cost <sup>6</sup>	248	205	176	166	225
<b>Average Cost of Care Plan to Cover Shortfall</b>	<b>49,910</b>	<b>41,266</b>	<b>35,550</b>	<b>33,413</b>	<b>45,309</b>
Average Property Value <sup>1</sup>	192,616	168,279	138,655	206,495	192,314
<b>Surplus to Invest for Inheritance</b>	<b>142,706</b>	<b>127,013</b>	<b>103,105</b>	<b>173,082</b>	<b>147,005</b>

There is a serious lack of awareness of the availability of specialist long-term care financial advice. 70,000 homes are sold each year to pay for care<sup>2</sup> yet only just over 3,000 applications were made for care plans during 2006. Partly because there are only just over 2,000 or around 1% of financial advisers with the CF8 qualification enabling them to sell this product and partly because of an empathy in the care and financial services sectors in promoting financial advice to older people needing care.

In the UK, the average price per night in 2006 was £48 for a nursing home and £41 for a care home<sup>3</sup> including full board, laundry and care. Compare this with the average price for a night in a UK hotel at £98 in the last quarter of 2006<sup>4</sup> makes care homes good value as well as affordable if the right advice is sought.

Philip Spiers, Managing Director of NHFA Care Fees Advice says "This is really a positive for older people needing care and their families. There has always been the emotional pull of on the one hand wanting to buy the best care possible but on the other not wishing to see an inheritance disappear. Combining advice on your full entitlement to State support with purchasing a care plan to meet the costs can be a solution that satisfies both. It's really sad that so few people investigate this route. Without advice many people just put their money on deposit and allow it to run out as well as losing out on State support."

**Copies of the NHFA Long Term Care Guide and detailed information sheets can be obtained from NHFA, St Leonards House, Mill Street, Eynsham, Oxford, OX29 4JX, telephone 01865 733000, website [www.nhfa.co.uk](http://www.nhfa.co.uk)**

ends

## Notes for Editors

<sup>1</sup>Halifax House Price Index First Quarter 2007, <sup>2</sup> Liberal Democrats, <sup>3</sup> Laing and Buisson Care Home Costs, <sup>2</sup> Hotels Com Average Price For a Night in a UK Hotel, <sup>5</sup> State contribution in nursing homes Includes NHS registered nursing care contribution and attendance allowance in England Wales and N. Ireland and personal and nursing care contribution in Scotland. Residential care State contribution excludes nursing, <sup>6</sup> Amount of top-up income required taking into account State pension of £87.55, private pension of £20 per week and after deducting amount required for personal expenses of £20, <sup>7</sup> NHFA Care Plan Data 2006 covers a random sample of 177 policies purchased from all companies that provide this product during 2006.

<b>Sample Immediate Need Care Plan Prices</b>			
<b>Gender (M or F)</b>	M	F	F
<b>Date of Birth</b>	13/07/22	20/6/20	11/4/08
<b>Plan Income PCM (£)</b>	780	760	895
<b>Health Impairment</b>	Cancer & Parkinsons	Dementia	Dementia & Heart
<b>ADL Failures</b>			
Dressing		✓	✓
Bathing		✓	✓
Feeding			✓
Toileting	✓	✓	✓
Mobility	✓	✓	✓
Cognitive		✓	✓
<b>Premiums - Income escalating @ 5% PA compound (£)</b>			
<b>AXA PPP</b>	<b>23,401</b>	40,502	31,855
<b>PARTNERSHIP</b>	36,492	<b>13,139</b>	39,784
<b>GE LIFE</b>	51,453	48,161	<b>28,835</b>
<b>Source NHFA Care Advice 0800 99 88 33 www.nhfa.co.uk</b>			

Further cost saving Tips from NHFA Care Advice can be downloaded from [www.nhfa.co.uk](http://www.nhfa.co.uk)

**Case studies can be sourced on request.**

NHFA Care Fees Advice aims 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.

*NHFA Limited is authorised and regulated by the Financial Services Authority*

*Member HSBC  Group*

Taking the worry out of paying for care

**nhfa**  
Care Fees Advice