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# Opportunities in the Long Term Care Market



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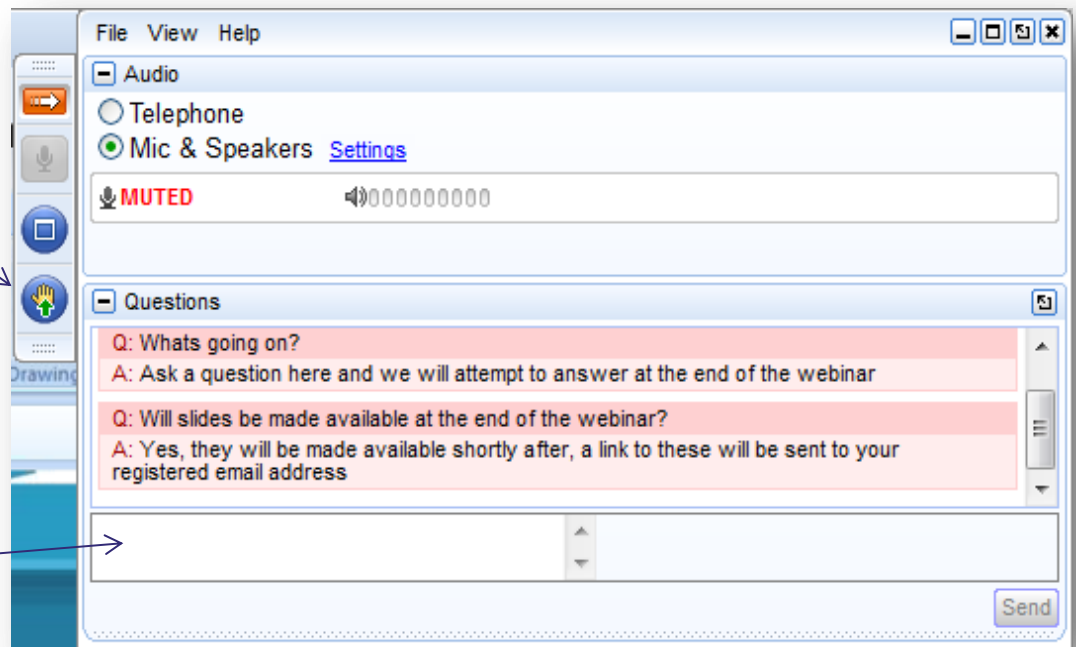
@retirementwhizz

# Housekeeping

At the top right of your screen you will have a dashboard where you can ask questions at any point throughout the webinar.

To raise your hand in a webinar click here.

To ask a question, please type here and we will respond to your question either in the webinar itself, or shortly thereafter.



#jrwebinar

# Agenda

- The current size of the Care market
- Trends in the Care Market
- The advice opportunity in the care market for you
- How you can maximise the opportunity for your business
- The key points you need to know when giving advice in the care market
- Your chance to put your questions to our experts

# Learning Objectives

- Understand the size of the opportunity in the Care Market
- Learn about the key things you need to know when giving advice in the Care Market
- Investigate how to make the most of the opportunities in the Care market
- Gain an understanding of the support that is available to you when giving advice in the Care market

# Intermediary poll 1

To what extent are you active in the long term care market?

**Please click on one option.**

I advise clients regularly

I advise clients sometimes

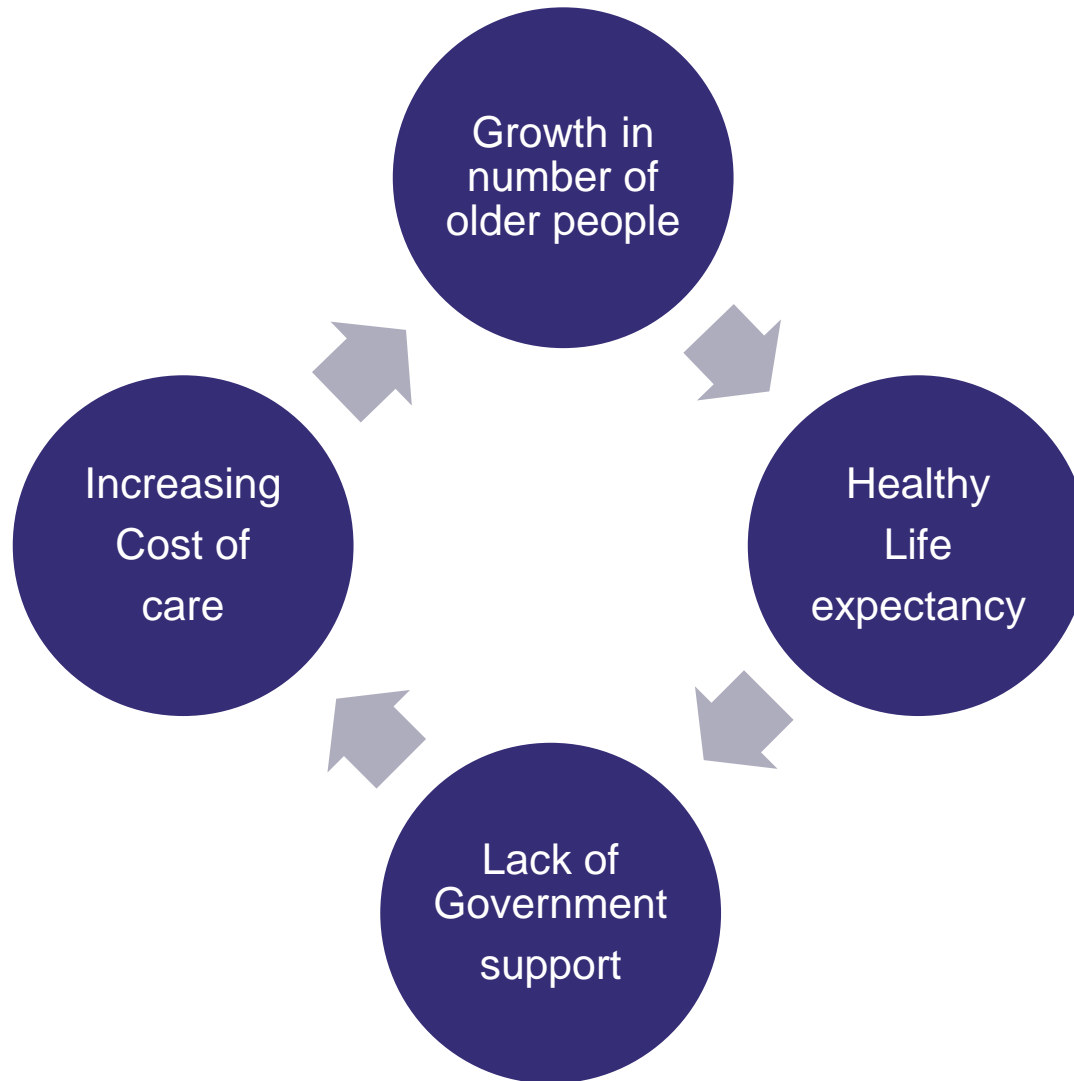
I refer my clients to another adviser

I'm interested in becoming qualified to advise clients on long term care

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# The Long Term Care Opportunity

# A massive market that is likely to grow



# The size of the opportunity

33% of women aged 65 and 20% of men aged 65 are likely to enter a care home at some point in the future<sup>3</sup>

2.8m older people have care related needs<sup>1</sup>

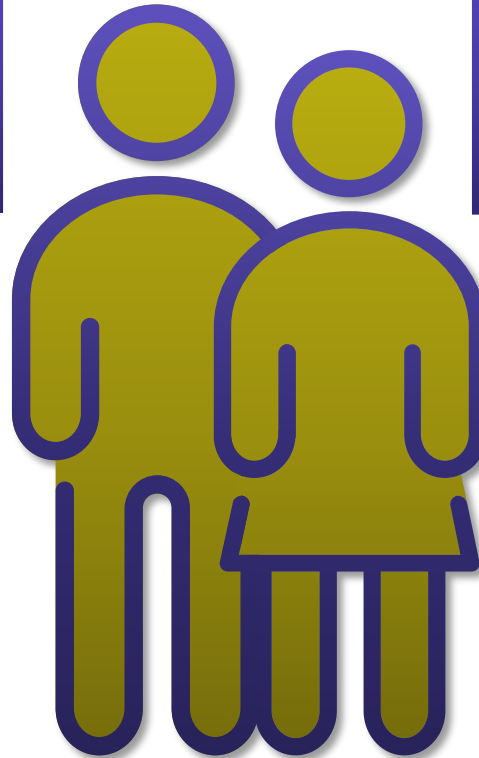
69% of people aged over 85 in the UK had a disability or longstanding illness<sup>1</sup>

1.9m receive formal support in relation to their care needs<sup>1</sup>

26% of women aged over 85 in 2011 reported being in bad or very bad health<sup>1</sup>

1m people needed help with their 'Activities of Daily Living' in 2011<sup>2</sup>

24% of men aged over 85 in 2011 reported being in bad or very bad health<sup>1</sup>



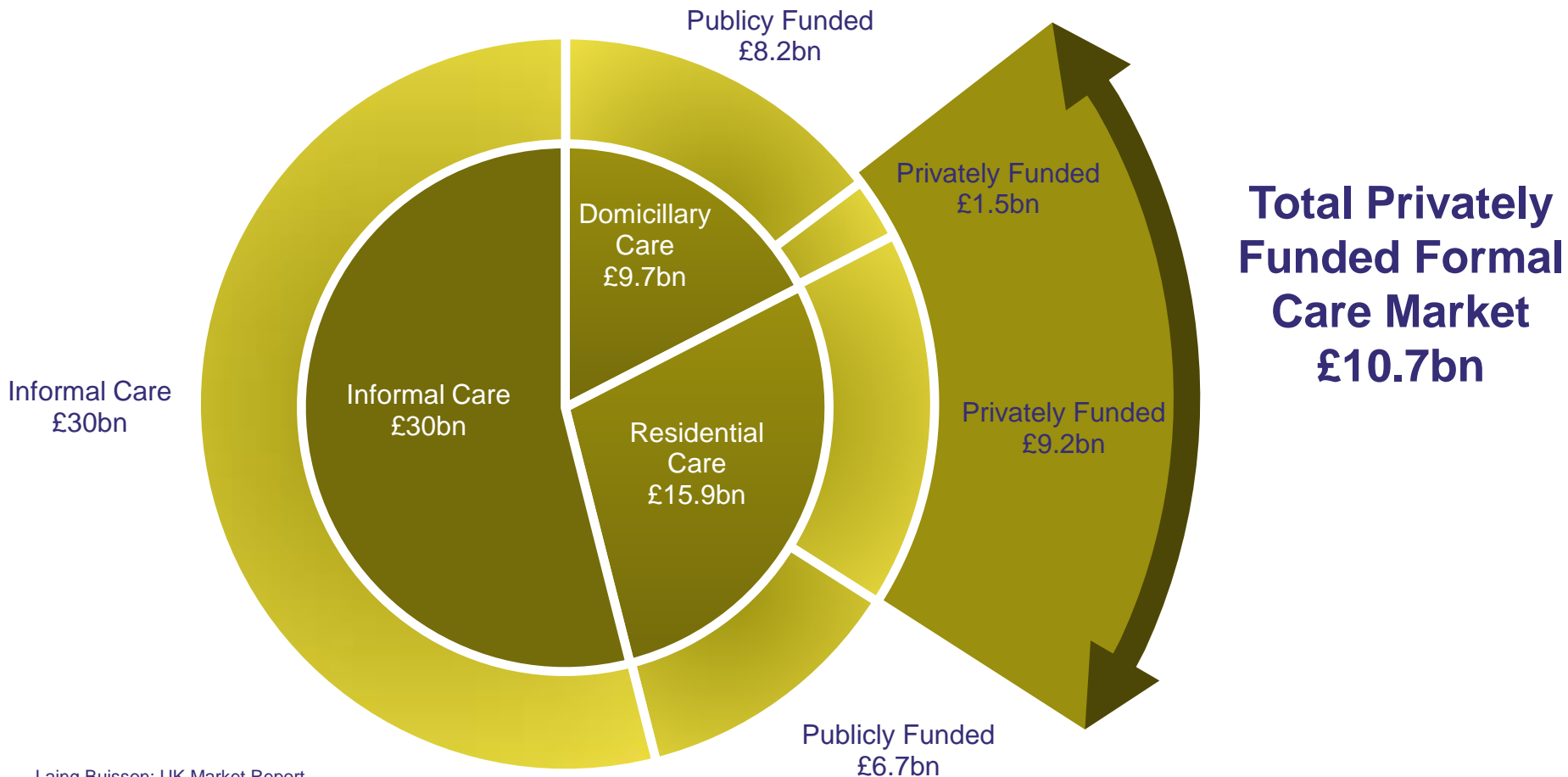
1. Age UK Later Life factsheet August 2015

2. The Strategic Society Centre Immediate Needs Annuities: Their role in funding care

3. Commission on Funding Care and Support

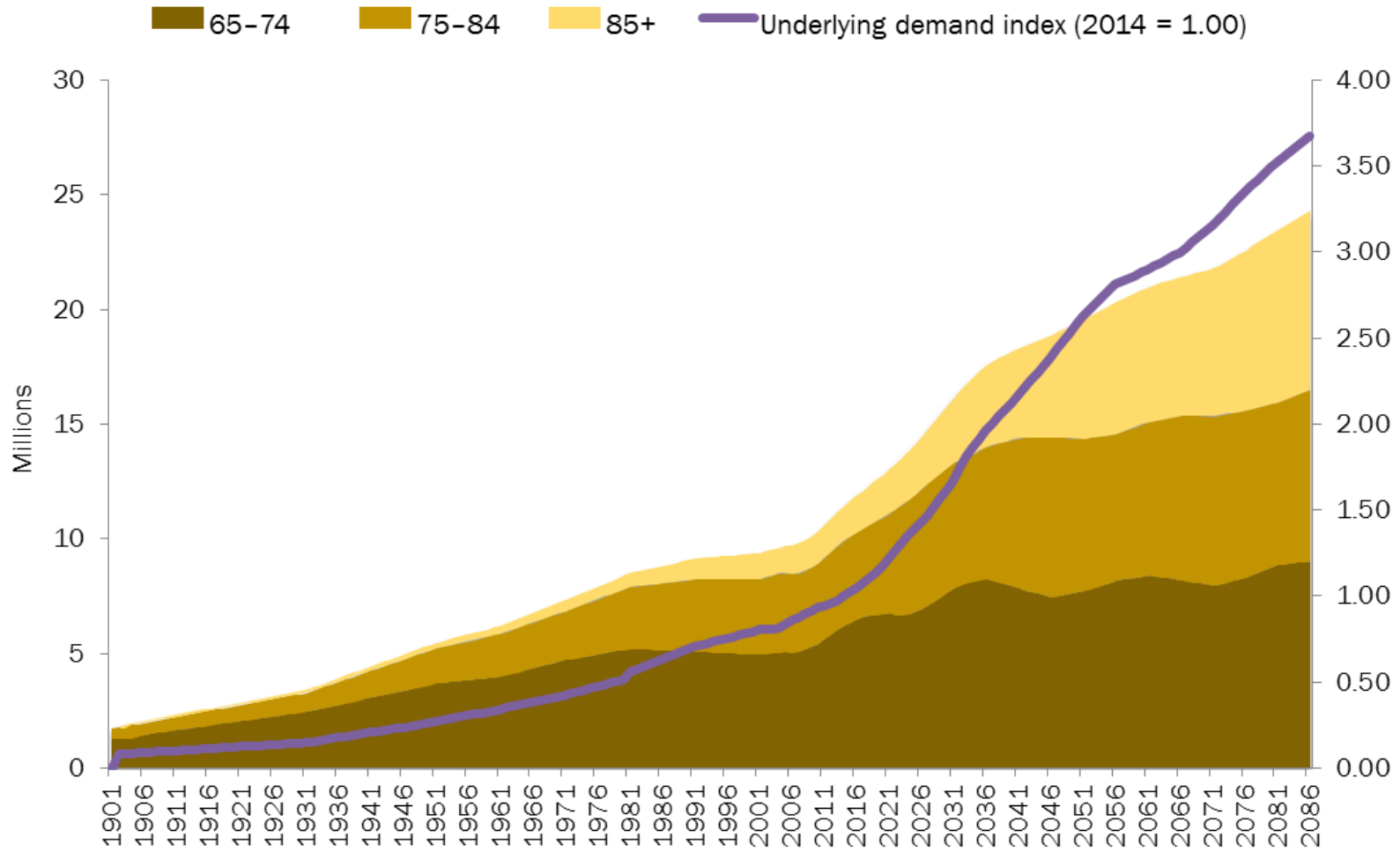


## The Total Care Market £55.6bn



# Growth in the number of older people

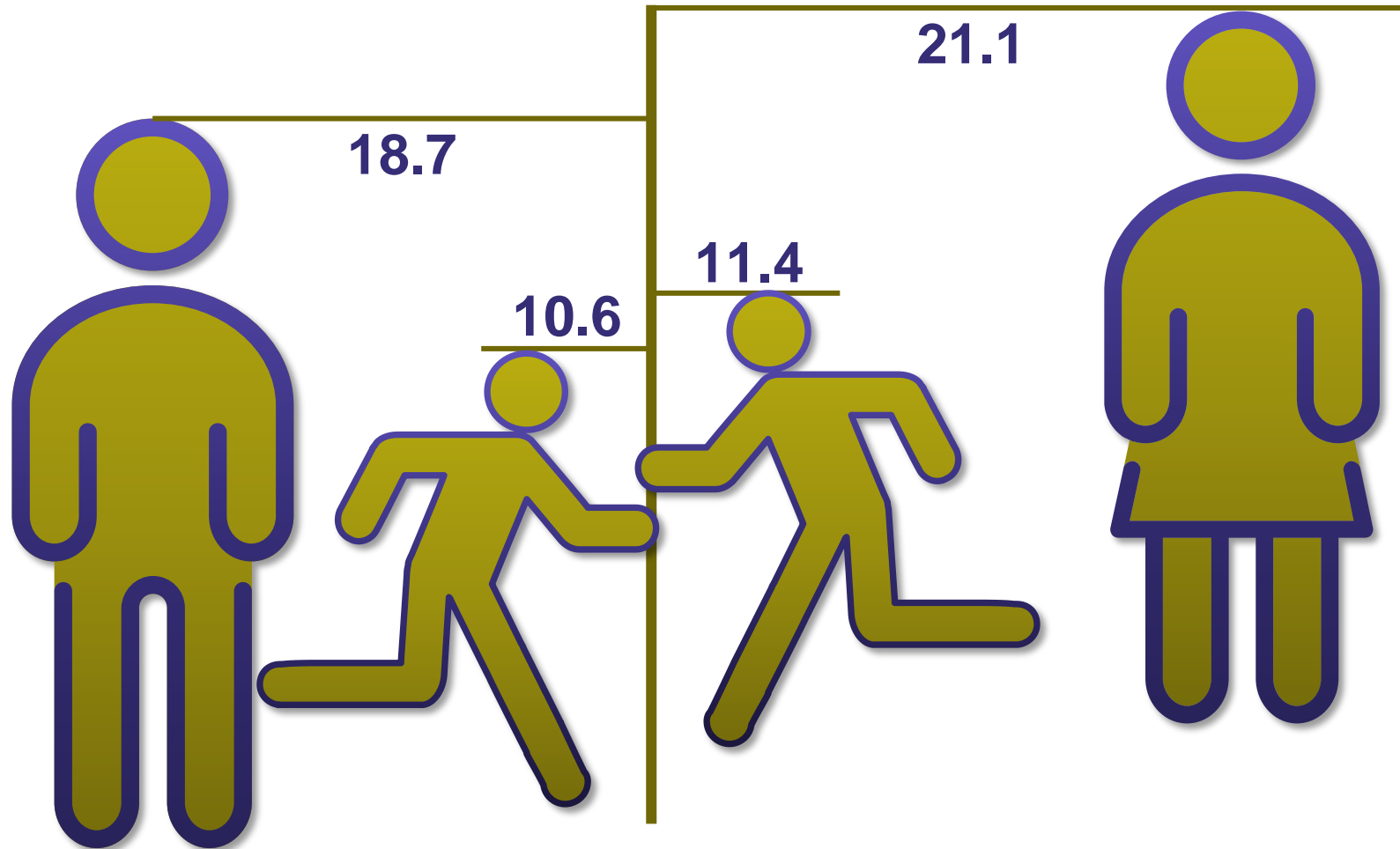
## UK Population aged 65 and older



Source: Laing Buisson 2015 and ONS

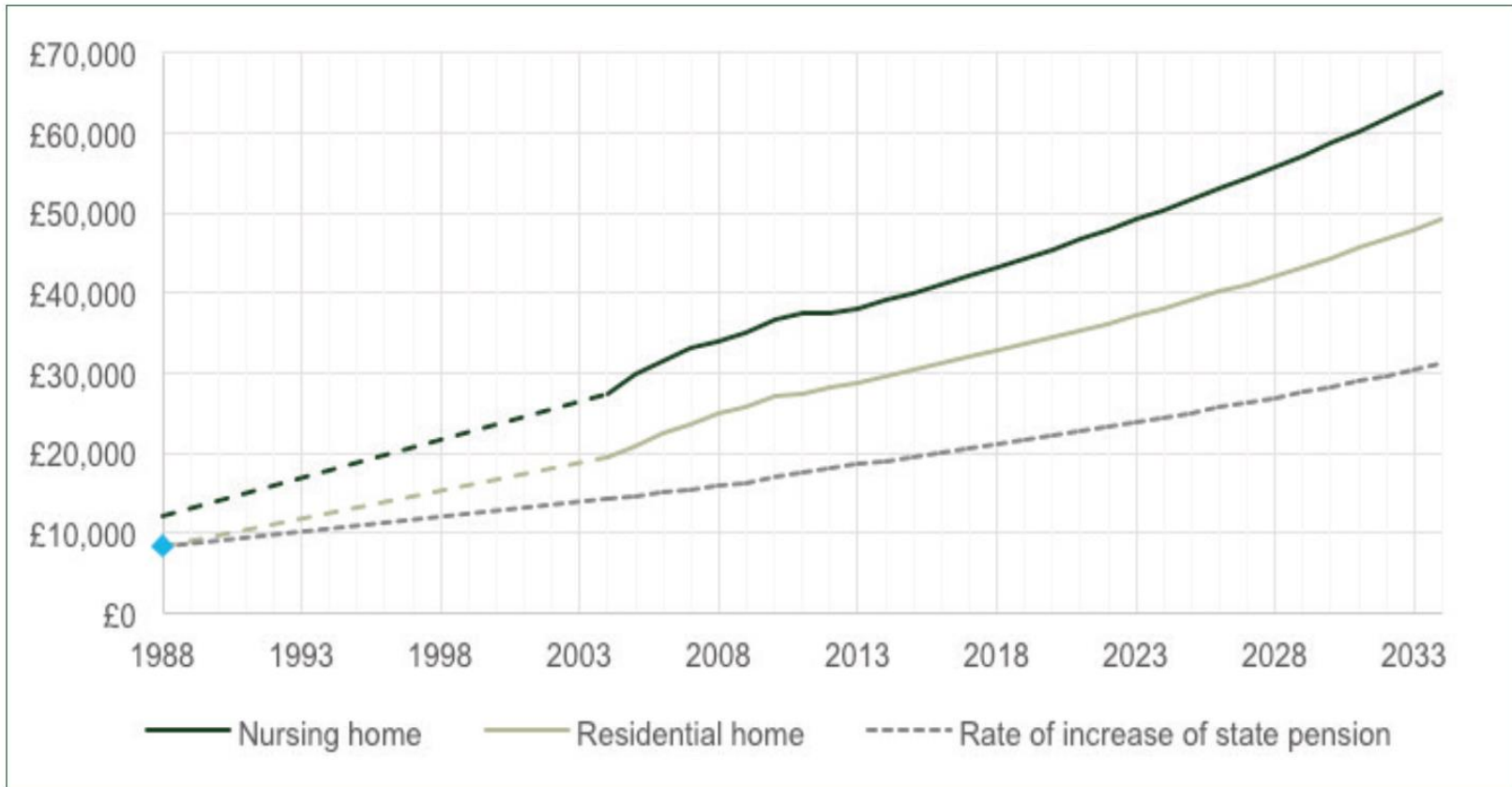
# Increases in life expectancy

## Years of retirement, aged 65



Office for National Statistics July 2015

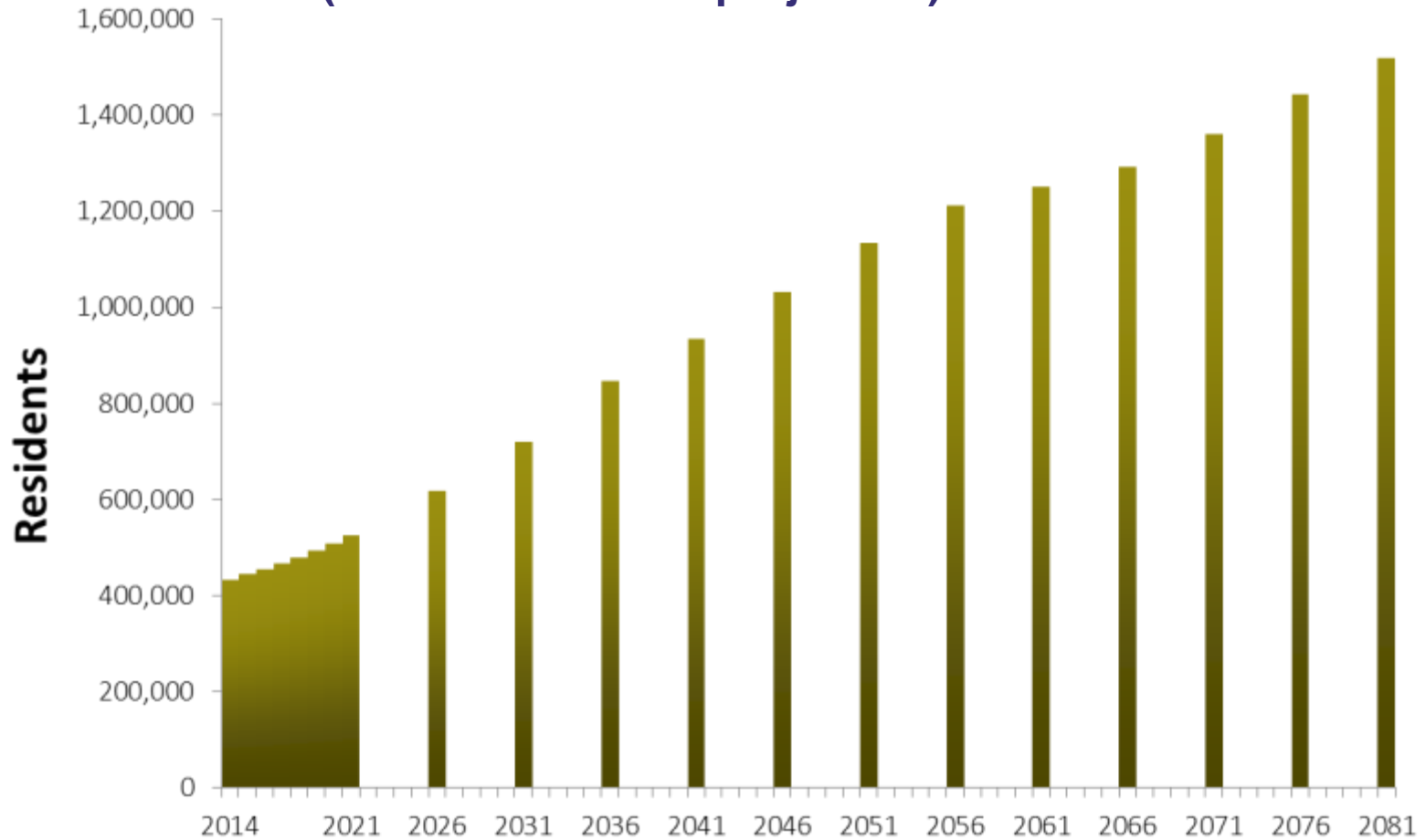
## The Annual cost of Residential Care Homes



Source: CEBR – Cost of Care in Later Life

# Potential growth in Care market

## Number of older / physically disabled living in UK residential settings (non Conservative projection)



Source: Laing Buisson 2015

# Key customer considerations

## People generally don't know:

### If they are going to need care

- 150,000 people enter a care home each year
- The need for Care increases with age
- 16% of the UK population over 85 live in a care home / hospital

### How much the care will cost them

- The average cost of residential care home is ~£30,000pa , or £40,000pa with Nursing Care
- The cost of care varies according to the complexity of the client's needs
- The cost of a care home can be 45% more expensive in the SE compared to the NE

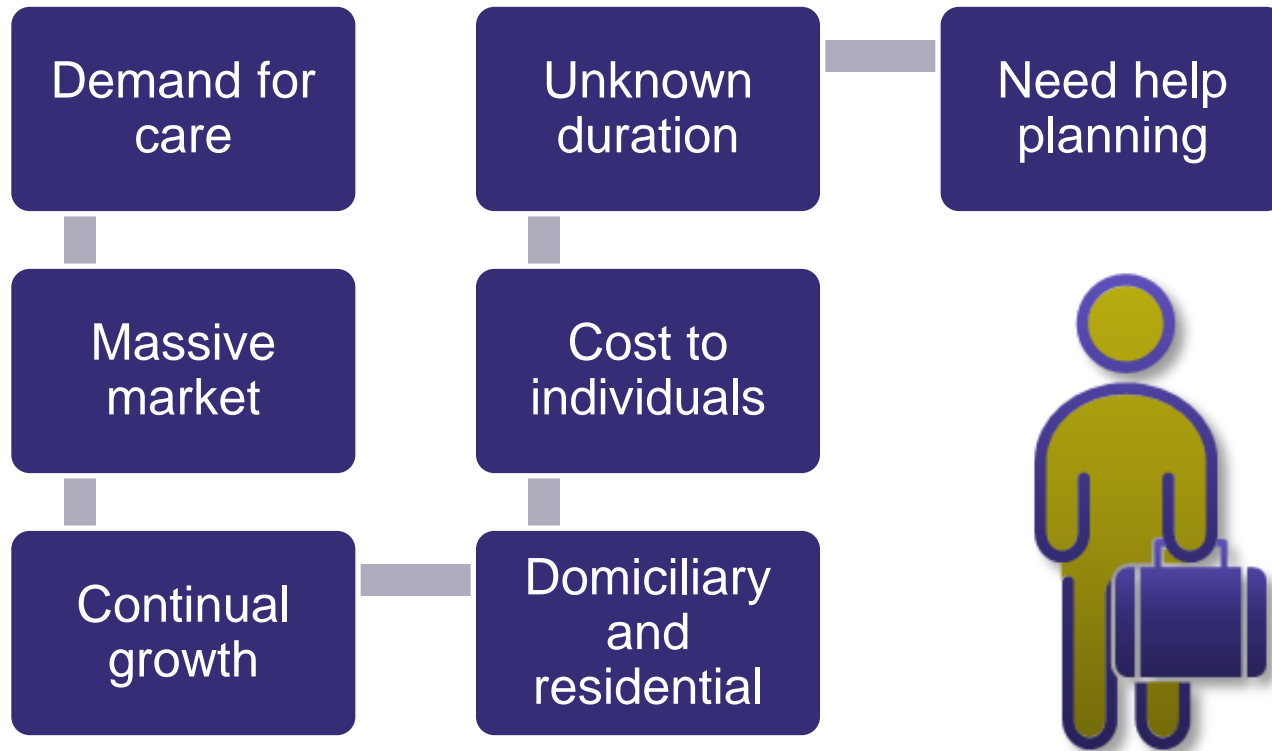
### How long they will need care for

- The Non-healthy life expectancy for a male aged 65 is 7.3 years
- The Non-healthy life expectancy for a female aged 65 is 8.6 years
- On average, people stay 2 years in a Care Home (3.5 years if self funding)
- Around 10% of residential care home residents stay for 8 years +

### How they will fund their care

- Different rules on State benefits apply in different parts of the UK
- Proposals for a Care Cap in England have been pushed back to 2020
- Between 30,000 and 40,000 people need to sell their property to pay for residential care each year
- Access to advice is limited

# The Care market opportunity



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# The Long Term Care Market



# Key points

- Who needs care
- When do they need care / what type of care do they need
- Impact on your clients
- How you can help your clients
- Key things to know when giving advice on care issues

# Typical care resident

- Female
- Single / Widowed
- Age 82
- All types of socio economic group
- Asset Rich, Income poor
- One or more medical conditions (not just frailty)



# Average care costs – England – 2013/14

Average cost of care in residential home with nursing care per week	£756	
Average cost of care in residential home with no nursing care per week	£563	
Live for:	8 years	£314,496

Source: Laing & Buisson Surveys of Care Homes, Care of Older People UK Market Report 2014/15

# Financial position of clients

70% of  
those 75+

Home  
owners

95% of  
those 80+

Debt Free

£25,000  
if 65+

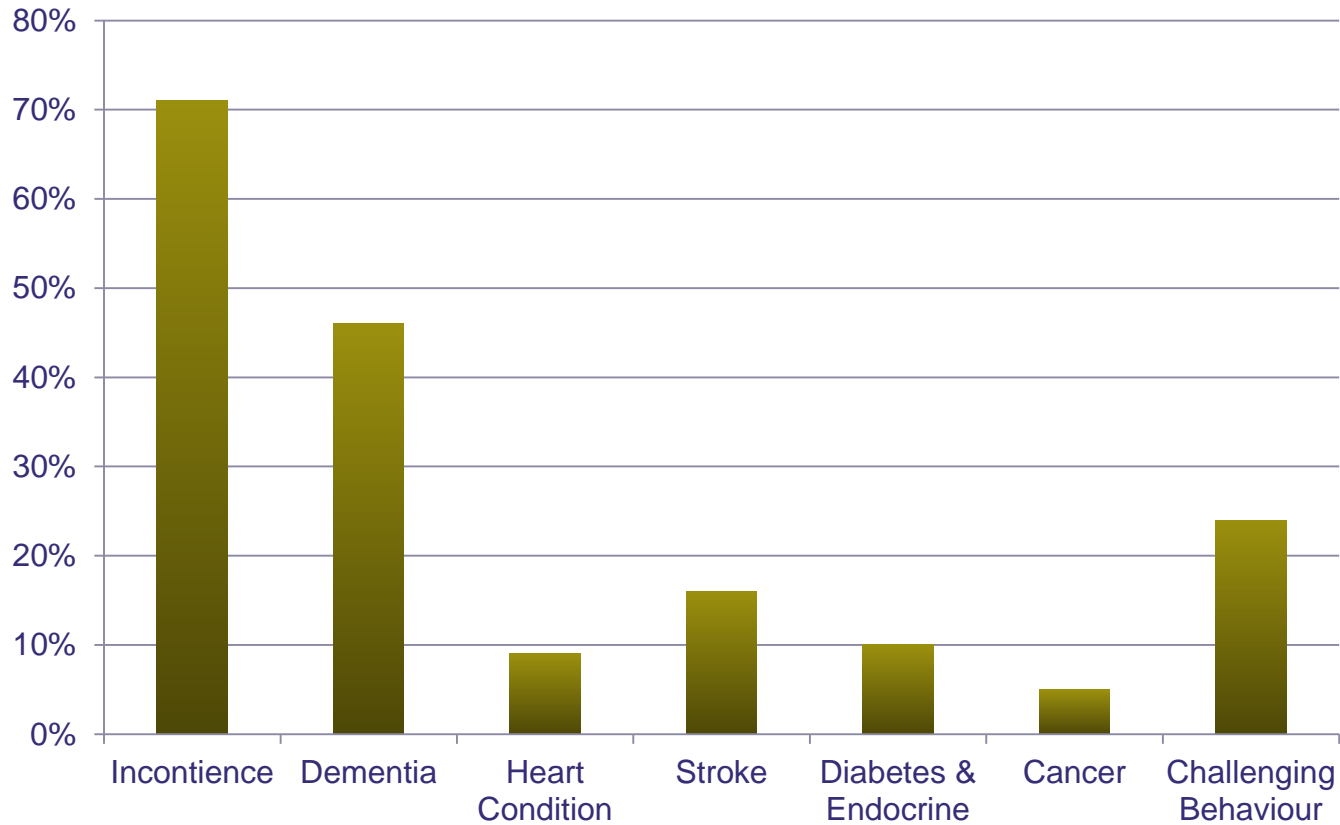
Savings

£200 –  
£300pw

Income

# What care do they need

## Prevalence of Medical Conditions of Care Home Residents



# Dementia in the UK

One  
person  
every  
three  
minutes  
develops  
dementia

£26.3bn

225,000  
people  
develop  
dementia  
every year  
in the UK

1,475,302

Friends and Champions

Creating dementia friendly  
communities

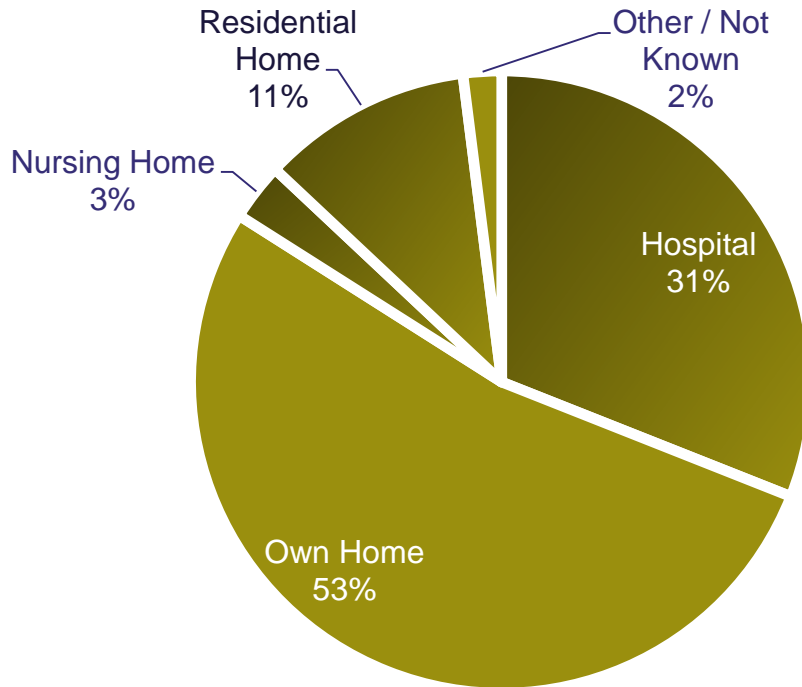
Changing perceptions

# Dementia Friends

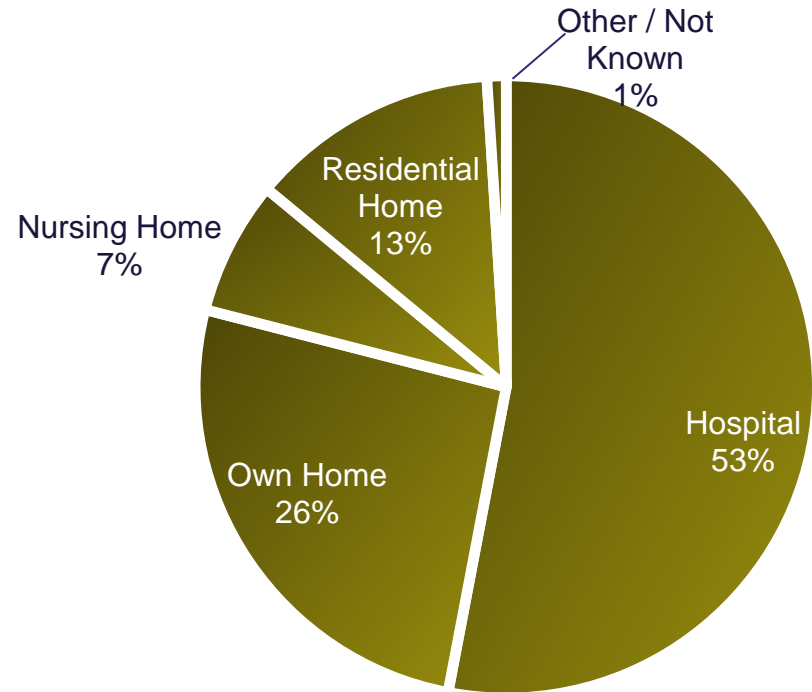
<https://www.dementiafriends.org.uk/>

# Sources of admission to care homes

## Residential Care



## Nursing Care





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# Impact on your clients

# Who is your client?

- Female
- Single / Widowed
- Age 82
- All types of socio economic group
- Asset rich, Income poor
- One or more medical conditions (not just frailty)



# Who is your client?

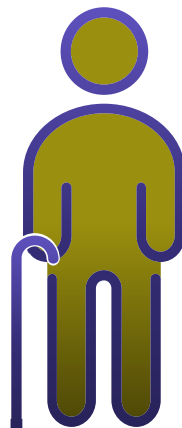
The children of :

- Female
- Single / Widowed
- Age 82
- All types of socio economic group
- Asset rich, Income poor
- One or more medical conditions (not just frailty)



**I need to organise residential care – urgently!**

**What if things get even worse and costs go up?**



**What impact will this have on the estate?**

**Should we register the Power of Attorney now?**

## Questions to ask

- Fact find ALL existing clients about expected inheritance
- Establish how parents' needs are funded - can inheritance be protected?
- Is there appropriate Power of Attorney in place – for both Property & Financial Affairs and Health & Welfare?
- Are you willing to set aside an amount for possible future care costs?
- Are you acting as an attorney for anybody?
- Are there any special considerations you would like me/us to take into account when.... (access, hearing, sight)
- If you were to need care/now that you need care, where would you like that to happen?

## Other sources of leads

- Professional Connections such as Solicitors?
- Care Homes
- Estate Agents
- Local Voluntary Groups
- Local Authorities

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# Helping your client

# How you can help your client?

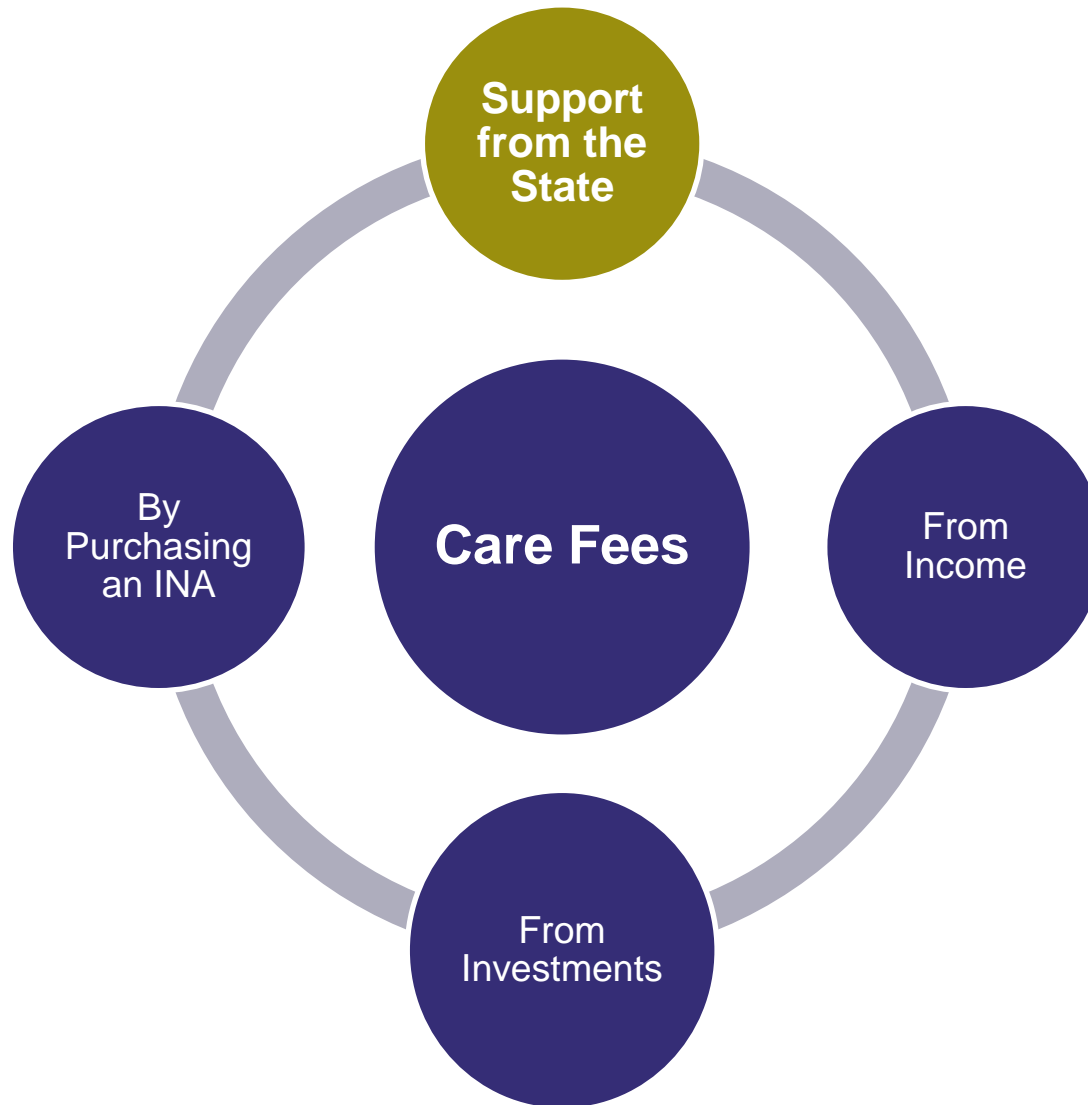
- Understanding their care needs
- Outlining everything they need to consider
- Explaining their care fee funding options



# Care funding options







# Care funding options



# Eligibility for local authority support



# Local Authority means tested thresholds

		Lower Threshold	Upper Threshold
England		£14,250	£23,250
Scotland		£16,250	£26,250
Wales		£23,750	£23,750
N Ireland		£14,250	£23,250

- Please note that these capital amounts include the value of any property owned, unless 'disregarded'
- All rates are applicable for 2015/16.

# Deferred payment agreement - eligibility



- Not disregarded
- Suitable security

## Pension freedoms and deliberate deprivation

If you spend, transfer or give away any money that you take from your pension pot, DWP will consider whether you have deliberately deprived yourself of that money in order to secure (or increase) your entitlement to benefits. If it is decided that you have deliberately deprived yourself, you will be treated as still having that money and it will be taken into account as income or capital when your benefit entitlement is worked out.



- Package of care arranged and funded by NHS
- No financial means test
- No personal contribution
- Most people won't qualify

# NHS funded nursing care payment

- NHS-funded nursing care payments are provided by the NHS to care homes providing nursing care, to support the provision of nursing care by a registered nurse
- It is tax free and non means tested
- To be eligible, you must need nursing care and be staying in a care home registered to provide nursing care
- Paid directly to the care home, so it is worth establishing whether the Care Home fees are net or gross of this


England 	Scotland 	Wales 	N Ireland 
£112	£78	£140.90	£100


All rates are applicable for 2015/16 at the standard rate


In Scotland, a personal care allowance may be added







# DWP Welfare Benefits

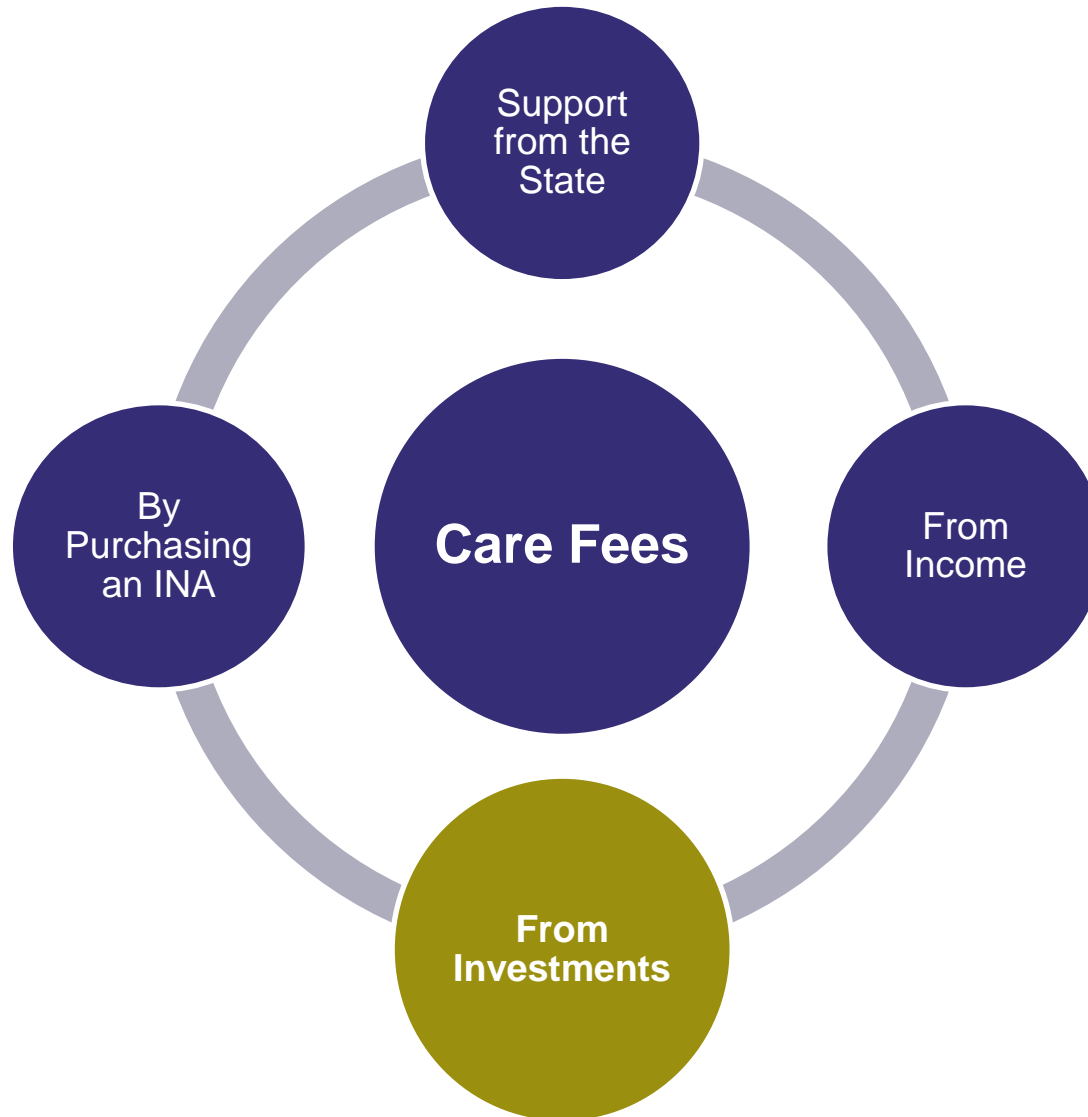
 Means tested

 Non Means Tested - non CB

 Non Means Tested - CB

<p><b>Families</b></p>  <p> <b>Child Benefit</b>  <b>Child Tax Credit</b>  <b>Guardians Allowance</b>  <b>Maternity Grant</b>  <b>Maternity Allowance</b>  <b>Statutory Paternity/Maternity/Adoption Pay</b>  <b>Widowed Parents Allowance</b>  <b>Free school meals/milk</b>  <b>Universal Infant Free School Meals</b>  <b>Healthy start scheme</b> </p>	<p><b>Work</b></p>  <p><b>Jobcentre Plus 0800 055 66 88</b></p> <p> <b>Job Seekers Allowance</b>  <b>Employment Support Allowance</b>  <b>Working Tax Credit</b>  <b>Universal Credit</b>  <b>Incapacity Benefit (no new claims since 2008)</b>  <b>JCP - Disability employment adviser, access to work grant (disability)</b>  <b>State Retirement Pension</b>  <b>Statutory Sick Pay</b> </p>
<p><b>Health</b></p>  <p> <b>Attendance Allowance -0345 605 6055</b>  <b>Disability Living Allowance</b>  <b>0345 7 123456</b>  <b>Personal Independence Payment</b>  <b>0800 917 2222</b>  <b>Carers Allowance - 0345 608 4321</b>  <b>Statutory Sick Pay</b>  <b>Industrial Injuries Disablement Benefit</b>  <b>Bereavement Allowance</b>  <b>Bereavement Payment</b>  <b>Winter Fuel Payments</b> </p>	<p><b>Low Income</b></p>  <p> <b>Pension Credit - 0800 991 234 (GOV.UK)</b>  <b>Universal Credit</b>  <b>Income Support</b>  <b>Local Emergency support</b>  <b>Budgeting advance/loans</b>  <b>Housing Benefit/costs</b>  <b>Council Tax support/reduction/exemption</b>  <b>Cold weather payments</b>  <b>Funeral Payments</b>  <b>Health costs – prescription, dental costs, eye tests/glasses, travel to hospital, wigs</b>  <b>Boiler Grant</b>  <b>Loft and cavity wall insulation grants</b> </p>

# Care funding options

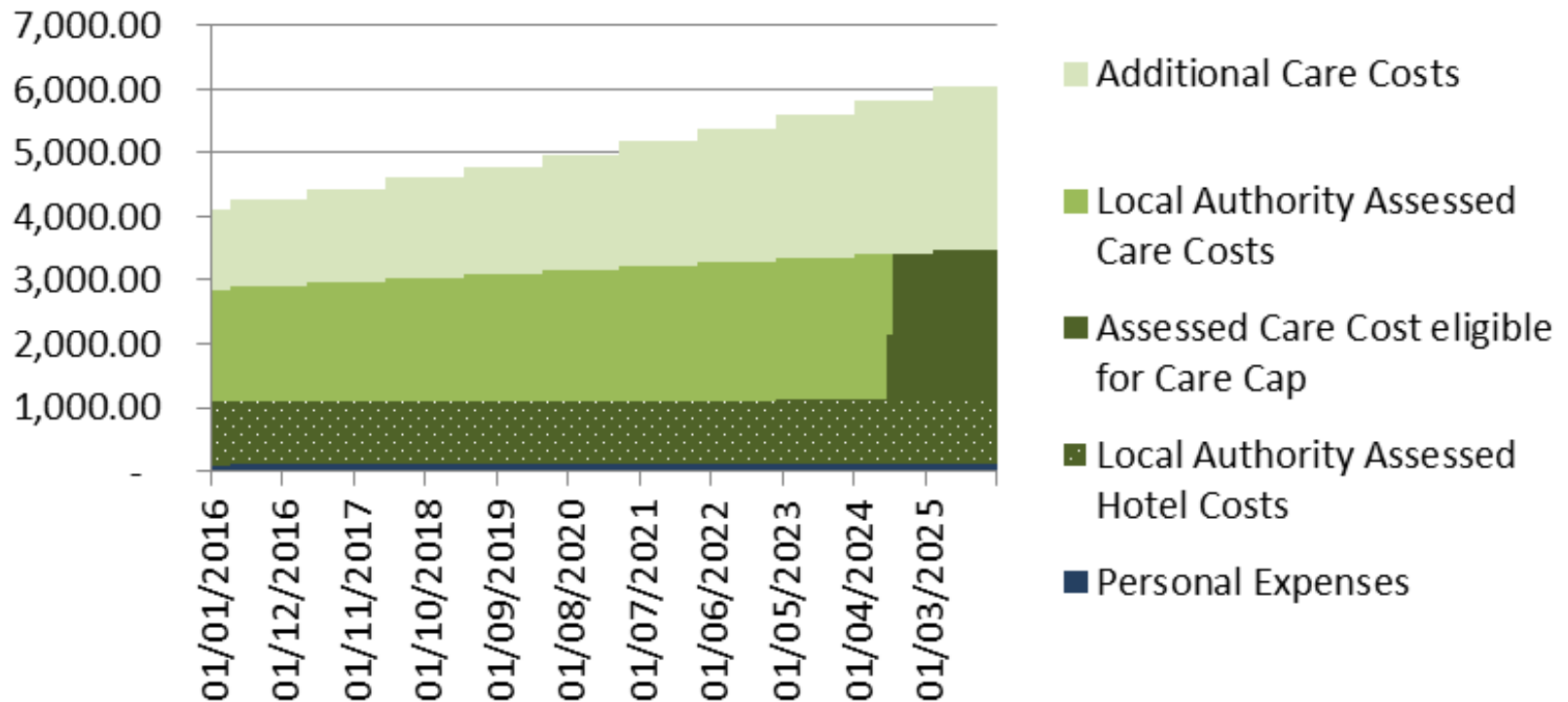


## Questions to ask, things to consider

- How should the family home be used?
- Evaluate likelihood of continuing care costs being met by client's assets
  - How long will funds last?
  - Is the cost of care greater than the amount Local Authority will be able to fund if money runs out?
- Consider full range of funding options
- Risk profile of client
- What are your preferences for your estate?
- Is there a will? Who are the main beneficiaries?
- Establish what level and type of extra help/care is needed
- Have you checked eligibility for NHS CHC funding?

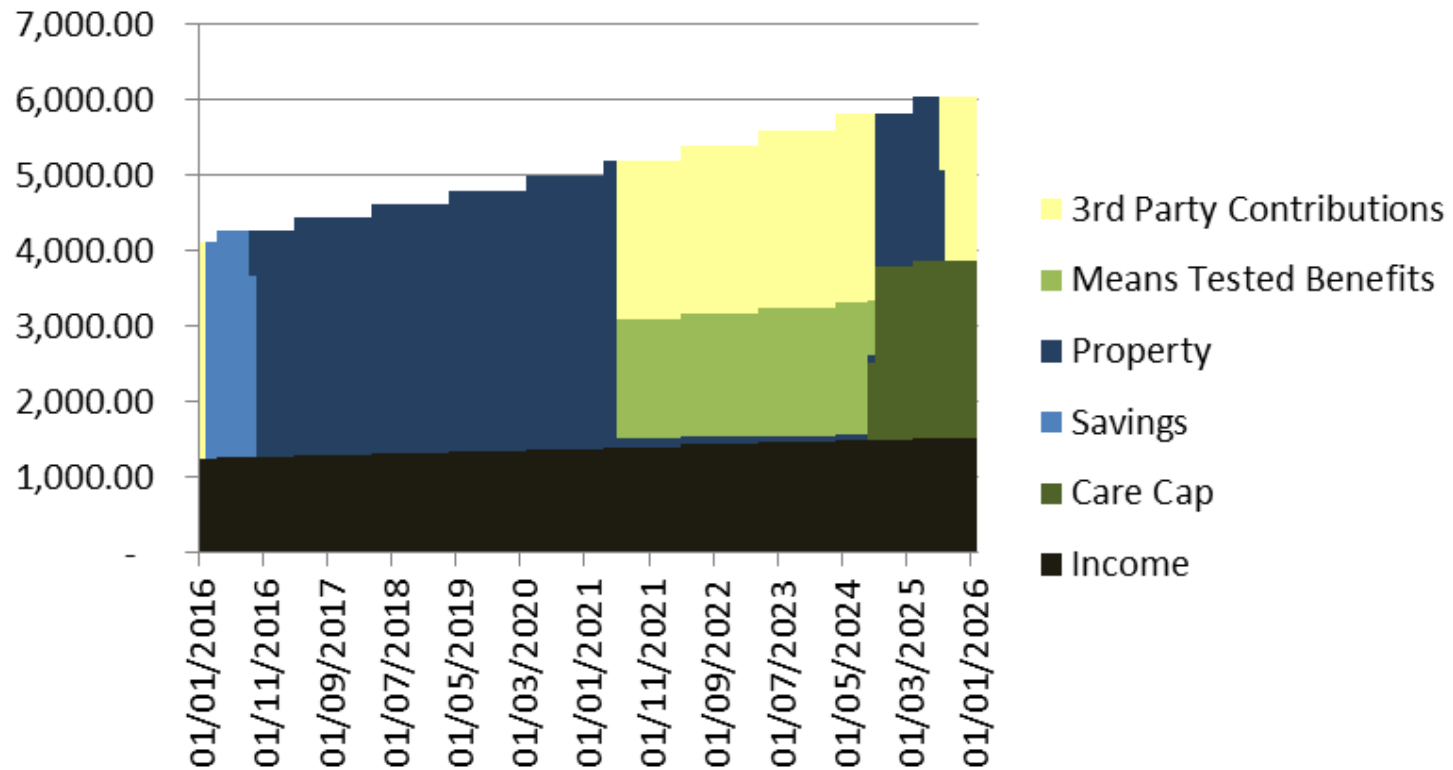
# Cash flow considerations

## Cost of Care



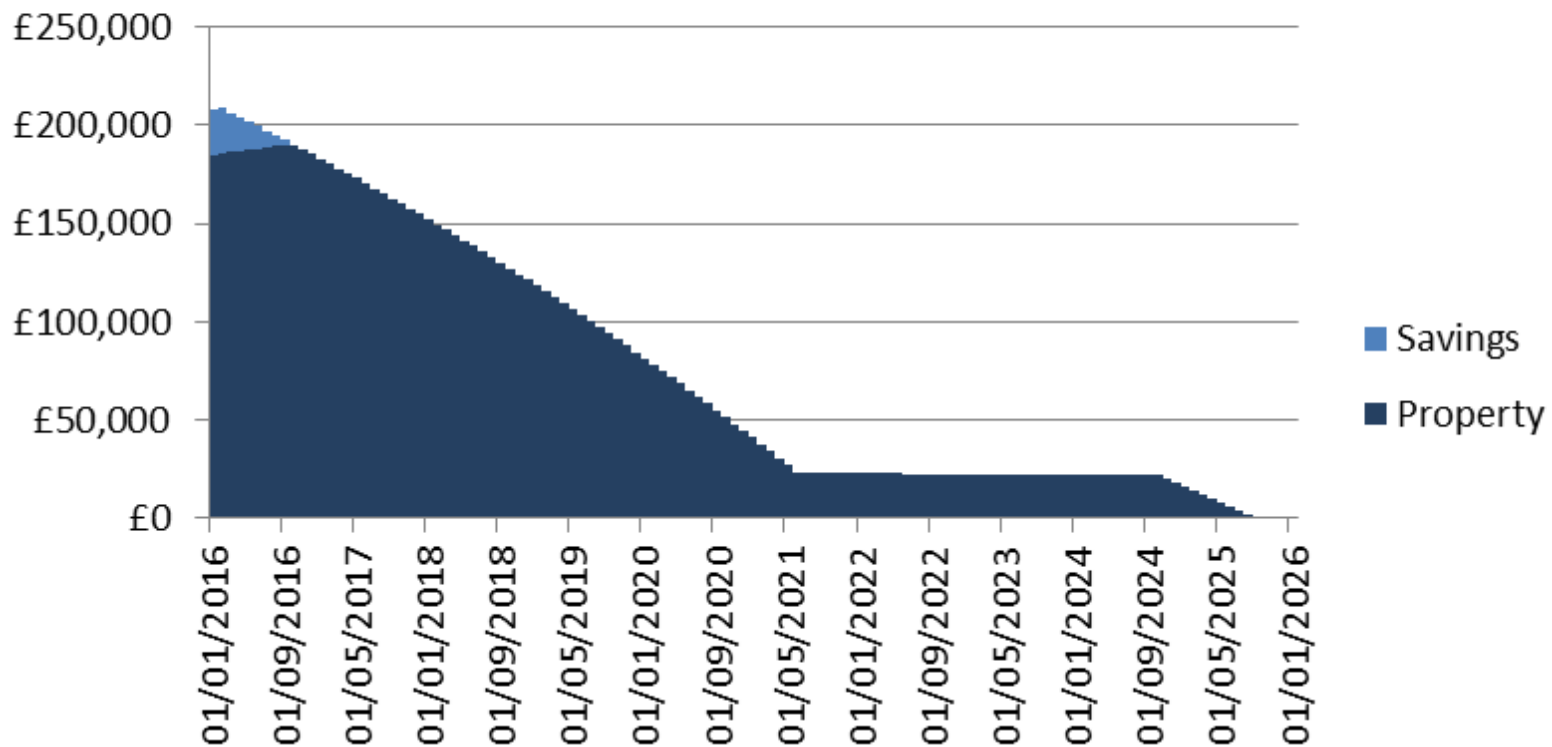
# Cash flow considerations

## Funding of Care



# Cash flow considerations

## Value of Estate



## Intermediary poll 2

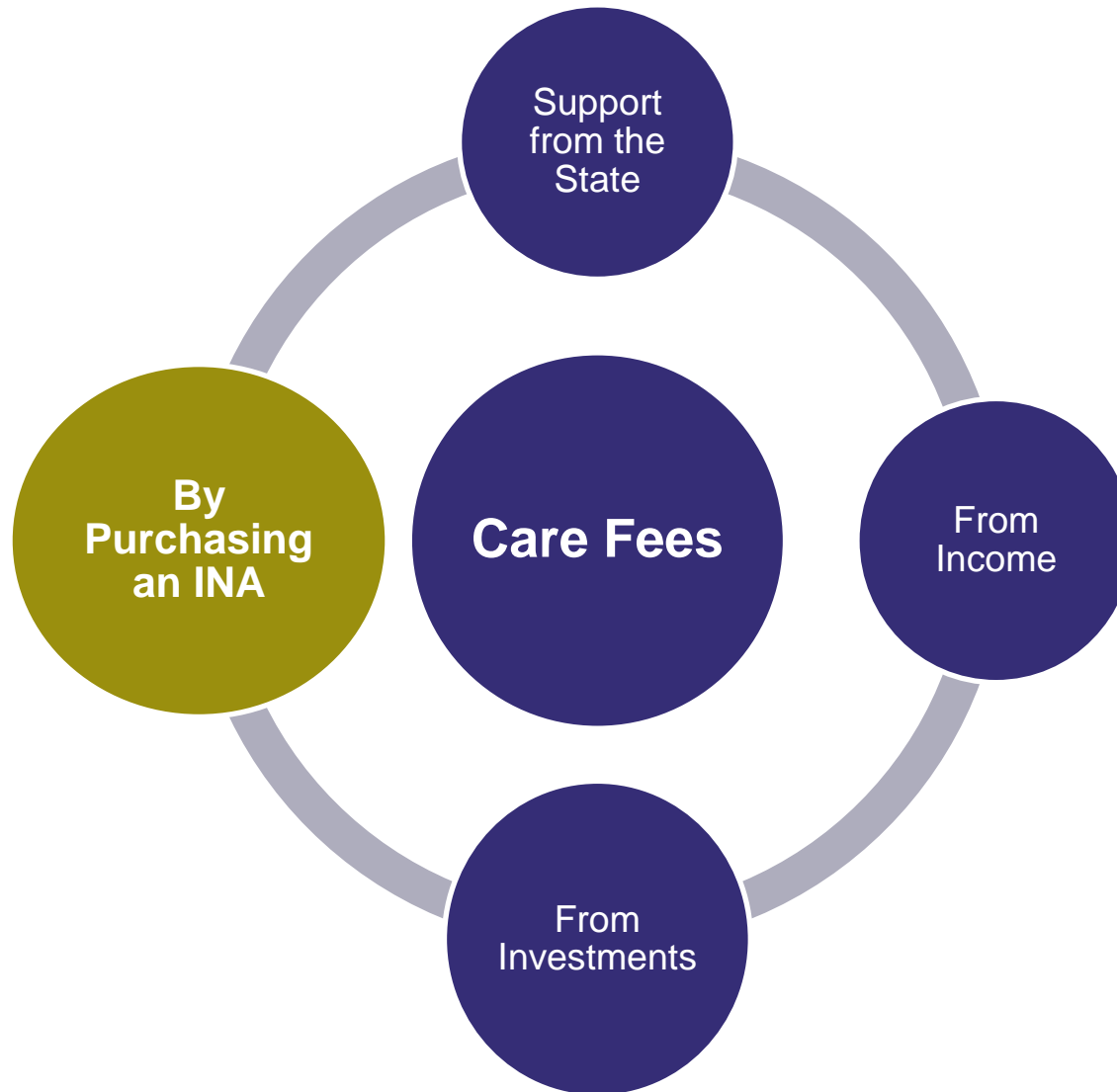
Would you like a demonstration of our care calculator tool

**Please click on one option.**

Yes

No

# Care funding options





# The Immediate Needs Annuity proposition

- The INA provides a secure income for the rest of the customer's life to help fund the costs of long term care
- Its purchased at Point of Need
- Income can be paid tax free, if paid to a Registered Care Provider
- It can include annuity style features, including escalation and a return on death
- It can also be established on a deferred basis
- Secures a regular and reliable income stream for the care home



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# How we can help

# How Just Retirement can help

## Care Advice Pack

- Checklist to make sure your clients get all the benefits they are entitled to
- Understanding Mental and Legal Capacity
- NHS Continuing Care and the Domains
- The Care Act 2014

## Care Funding Cash Flow Tool

- Estimate how long a client's savings / investments will last
- Care Cap calculation

## Additional Help and Support on:

- Dealing with Vulnerable clients
- Quote Comparison Tool

## Great product solutions

- INA - Guarantees an income for life that can be used to help meet the cost of care
- Equity Release – Frees up equity to fund care whilst allowing them to stay in their own home

# Important information

It is our intention that the information contained within this presentation is accurate. We have taken all reasonable steps to ensure that it is up-to-date and, where relevant, reflects the current views of our experts. However, we do not accept any liability for errors or omissions in the information supplied and if you require clarification on anything, our recommendation is that you contact us at the address below for verification, or call 0345 302 2287.

## Our registered address:

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[www.justadviser.com](http://www.justadviser.com)

Our dedicated intermediary site packed with useful calculators, guides, product information, topical articles and more.



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