

## IMMEDIATE CARE PLANS

# QUESTIONS AND ANSWERS FOR CARE PROVIDERS



### **We believe everyone deserves a fair, secure and fulfilling retirement.**

We're dedicated to meeting the needs of people thinking about, approaching and in retirement.

We support people in their post-work life stage, helping them tackle and embrace the challenges of later life. We use our underwriting expertise and data to provide:

- enhanced pension income to those entering retirement
- immediate needs annuities to those needing to fund their long term care fees, and
- specialist lifetime mortgages for those who want to access the cash in their homes.

### **What is our Immediate Care Plan?**

Our Immediate Care Plan (ICP) is also known as an Immediate Needs Annuity. It's a financial plan that makes a regular, set payment for the remainder of the client's life - however long they live.

As the payment is made directly to a Registered Care Provider, it's paid tax-free\*.

A client may be concerned about increases in the cost of their care. If they are, they can choose to have their benefit payment increase annually, at a predetermined rate.

### **Who is most suitable for an Immediate Care Plan?**

Our Immediate Care Plan (ICP) is for clients already in a care setting, or those about to go into care.

It's also particularly suited to clients who:

- need a guaranteed income to help pay for their care fees with immediate effect, and
- want these to be paid for the rest of their life.

\* The rules governing taxation are subject to review and can change and depend on individual circumstances

### **What are the benefits of the ICP to a care provider?**

- The main benefits of the ICP for you are shown below.
- We make guaranteed monthly or four-weekly benefit payments to our client's registered care provider for the rest of their life.
- These payments reduce the risk of the client running out of funds and being unable to pay for their care.
- Payments are made directly to your care home bank account, by bank transfer.

### **What if the client's care fees are more than the benefits received through the ICP?**

The ICP is a contract between us and the client.

We can guarantee payments for the rest of the client's life. However, we can't guarantee these payments will meet the full cost of their care fees.

Before entering into the ICP, we explain this to the client and/or their family.

We also explain that, should the care home fees exceed the benefits payable under the ICP:

- the client is responsible for making up the shortfall, and
- they'll have to arrange to do this directly with you – the care provider.

It's important to note that the payment of care fees ultimately remains the responsibility of the client and their family.

### **What if the client needs to move to a more specialist care provider?**

If the client moves from their original care provider, their ICP payments will transfer to the new provider. There may be some unpaid costs relating to the client after they've left their original care home. If this is the case, it'll be the client's responsibility to cover these.

We always recommend that you contact us immediately if the client's circumstances change, so we can advise you accordingly.

### **What happens if the client becomes fully funded by the state?**

If the client receives full local authority or NHS funding, their care plan payments will be paid into their personal bank account. If this happens, these payments will lose their tax-free status.

If the funding circumstances change at any point, we can restart making benefit payments directly to the Registered Care Provider. It's the responsibility of the client, or their attorney, to tell us if they start receiving funding from the State. Alternatively, you can contact us to let us know.

### **What happens if the client goes into hospital?**

If the client goes into hospital, you might still need their payments to keep their place at your care home. If this is the case, we'll carry on making their payments to you.

If you can't keep their space/room open, we can temporarily suspend the payments. If we do this, we can restart payments once our customer is discharged and returns to the Registered Care Provider.

The payments are guaranteed until the client dies. We'll make payments to the new care provider, if the client can't keep their room at their current care home.

### **What are 'existence checks' and how frequently do you perform them?**

We check if the client is alive and still receiving care on a regular basis - these are called 'existence checks'. We do them to make sure we're not making payments when we shouldn't be.

These existence checks are done either by ourselves, or our appointed third parties. For the monthly checks, we'll ask you to confirm that the client's situation hasn't changed.

### **What happens when the client dies? And when do their benefit payments stop?**

You, the client's attorney or their family should tell us immediately if our customer dies while they're in your care.

You can tell us in writing, or by calling us. We'll then stop the payments at the end of the payment cycle during which the client died.

We won't ask for any part payment to be returned between the date they died and the next payment date.

However, we'll have to reclaim any payments from the next payment date after the client passes away. These are classed as 'overpayments'.

### **For example:**

- The client's payment cycle runs from 25th of the month to the 24th of the next month. So, payment for June would cover 25 June to 24 July.
- If the client dies on 27 June, we won't ask for the June payment to be returned to us.
- However, if they die on 23 June, the payment commencing 25 June would be classed as an overpayment.
- In this scenario, it would be your responsibility to return this overpayment to us.

Sometimes, your care home terms may require additional payments. If this happens, it's the responsibility of the client's family – or estate – to settle any unpaid amounts.

### **Two important points to remember are:**

- care fees ultimately remain the responsibility of the client and their estate, and
- we have no obligation to you, as we're simply making these payments on behalf of the client. We make these payments so that the client can qualify for the HMRC tax exemption.

### **What should I do if there are other residents who may be interested in your plans?**

There's a great deal of complexity around long term care financial advice. That's why we don't give advice to the general public. We recommend that anyone looking for advice regarding long term care finds a suitable, qualified financial adviser.

Financial advisers who give advice on long term care must have passed the Chartered Insurance Institute's CF8 exam, or equivalent.

### **What role do I, as a care provider, play in the Immediate Care Plan journey?**

The table on page three shows the different stages of our interaction with you. It also shows what you can expect at each stage.

## THE CARE PLAN APPLICATION PROCESS

### Application

The client sends us an application for one of our care plans. They give us authorisation to arrange a Tele-Interview (TI) with your care home and request a GP Report (GPR).

### Application for medical evidence and lifestyle information

We'll contact you to arrange for the TI to be completed at a convenient time for you. The TI will be conducted by a nurse, who will ask a series of questions about the client's health, ability to perform daily activities and, the type of care they are (or will be) receiving at your care home.

To avoid any delay setting up the client's plan, please let us know if you're unable to attend the scheduled TI as soon as possible and we'll be happy to re-book.

### Underwriting

We'll underwrite the client's case, based on the medical and lifestyle information detailed in the TI and GPR.

### Quote

We'll issue a medically underwritten quote to the client. A Care Provider Declaration (CPD) will also be included to forward to you to complete.

The CPD will ask for the bank details of your care home. This is so we can set up a bank transfer to make payments directly to your care home bank account.

Completing the CPD as soon as possible will help avoid any delay in setting up the care plan. It will also mean we can start making payments to you as soon as possible.

### Policy Issue

We'll issue the client's policy documents once we get the completed CPD (along with the client's other relevant documents).

### Policy payment

We'll send you a letter confirming the amounts you'll receive from us on behalf of the client. This letter will also confirm how frequently these payments will be made to your designated care home bank account. We'll carry on making these payments to you until the client moves out of your care home – or dies.

### The client leaves your care home

If the client permanently leaves your care home – for whatever reason – please let us know straightaway. If they die while in your care, please can you also let us know immediately.

Under current HMRC rules, payments towards the client's care end immediately when they die.

### Overpayments

We may make a payment to your bank account on behalf of the client after they've left your care home. We may also do this after they've died – because a payment's been processed before we were notified. Oppens, it's classed as an overpayment.

Any payments made after the client has moved or died must be returned to us straightaway. This is because there are strict HMRC rules regarding the operation of our care plans.

## NEXT STEPS

The questions and answers above are designed to address any queries you may have about our Immediate Care Plan.

If you have more questions, you can call our long term care team on 0333 043 7040 and they will be happy to help.

You can find qualified financial advisers at [payingforcare.org](https://www.payingforcare.org) or [societyoflaterlifeadvisers.co.uk](https://www.societyoflaterlifeadvisers.co.uk)

## FOR MORE INFORMATION

Call: **0333 043 7040**

Lines are open Monday to Friday, 8.30am to 5.30pm

Email: [ltc@wearejust.co.uk](mailto:ltc@wearejust.co.uk)

Or visit our website for further information: [wearejust.co.uk](https://www.wearejust.co.uk)

Please note your call may be monitored and recorded and call charges may apply.

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January 2025

**FT** ADVISER

