

A GUIDE TO PAYING FOR LONG-TERM CARE



WHO ARE WE?

We are Just. We help people achieve a better later life.

We're one of the UK's leading providers of insurance products to fund care fees - whether in a care home, or at home with a registered carer. As everyone's needs are different, we offer tailor-made care plans to suit each one of our customers. We also look at your health and then adjust the amount needed to pay for your care accordingly.



THE REALITY OF FUNDING CARE

Advances in medicine and a better overall quality of life have greatly improved many areas of our lives.

However, many people may still face challenges such as serious illness and disability in later life. This can make simple tasks like washing, moving about the house and preparing meals more difficult. In many cases, professional care can be the only solution.

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You must speak with a financial adviser before taking out a care plan with us. For more information about our care plans please refer to our Care Plan Key Features document.

THE MAIN TYPES OF CARE



Care at home

More of us may want to receive care at home – and we're encouraged to do so. However, it has become much more difficult to get help from the government, with only the most in need getting financial assistance.

The cost of home care is around £22.03¹ per hour. On the basis of just two hours per day, the cost could be just over £16,000 a year. This doesn't include higher rates charged for weekends and bank holidays.

If you need 24-hour care, costs can rise significantly. In these circumstances, residential care is usually a more cost-effective option.

There are two main types of care provided at home.

Domiciliary care (sometimes called community care) is usually needed in cases where individuals can't care for themselves and when the care given by carers, such as relatives/friends, is no longer sufficient.

Intermediate care is provided by the NHS for patients who need a relatively short burst of intensive care. It's usually provided in the individual's home, but can also be provided in a care home. This is usually only available for up to six weeks.



Residential care

Currently, the average cost of a **residential** care home is £1,042 per week. This rises to an average of £1,372 if **nursing** is needed¹. Some care homes may charge considerably more than this, depending on where they are and the facilities available.

The cost of residential care also comes with the uncertainty of not knowing how long it'll be needed for.

If care costs are funded by savings or investments - or families – there's a possibility of running out of money. This is particularly the case if the person needs care for much longer than expected.

¹Laing and Buisson Care Homes for Older People, UK Market Report, March 2025



HOW TO PAY FOR CARE

There are six main ways care can be paid for. Depending on circumstances, any property owned may need to be sold to release funds.

1. Cash in the bank

If possible, money in the bank (including any private or state pensions) can be used to contribute towards care costs. An advantage of this option is that on death any leftover funds fall to the estate. However, as the time spent in care increases, so does the chance of running out of funds.

2. Investments

Another option is to put money into investments, such as stocks and shares and ISAs. The money in these investments will have to provide a better return than it would have done if left in a savings account. However, as investments can go down as well as up, should the markets fall, this could lead to problems paying for your care.

3. Immediate Care Plans

These plans can help pay for your care fees for the rest of your life. How it works is that you make a one-off policy payment and in return your registered care provider will be paid an agreed tax-free² amount regularly (for example monthly).

How much you pay for the plan will depend upon your age and state of health, and also whether or not you want the amount paid to your carer to increase between 1% and 8% each year, or in line with inflation using the Retail Price Index (RPI). This is known as escalation.

4. Deferred Payment Agreement (DPA)

A deferred payment agreement is when your local authority agrees to help pay for your care costs, but uses your home as collateral. The money owed to them is repaid (plus interest) after your home is sold. In order to follow this option, you must meet certain criteria.

This option is worth considering, though local authorities charge both interest on this 'loan' and administrative fees to set up the agreement. However, in the long-term a DPA can result in a significant loss in value to your property. Also, a DPA can simply delay the unavoidable need to sell the property to a later date, when the value of the estate may be worth less, after the loan has been repaid (along with the interest already paid).

5. Letting the property out

If someone wants to keep a property while they're in care, renting it out is a good way of contributing an income towards care costs. This could be done as a standalone option or in addition to a deferred payment agreement.

However, there's no guarantee that the rental income will be enough to pay the cost of care. Rental expenses such as tax, insurance, management fees and repairs will all have to be paid first.

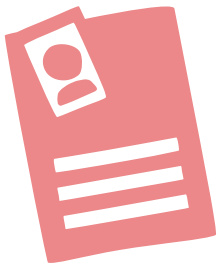
6. Equity Release

Equity release is a way to fund care costs by borrowing money against the value of your home.

Lenders will typically require repayment of the loan when the last borrower moves into long-term care (or dies). This means that equity release is usually only available for domiciliary care or if one partner remains at home while the other is in care. As with the Deferred Payment Agreement, it will lessen the value of the estate in the long-term.

²Taxation will depend on individual circumstances and are subject to change

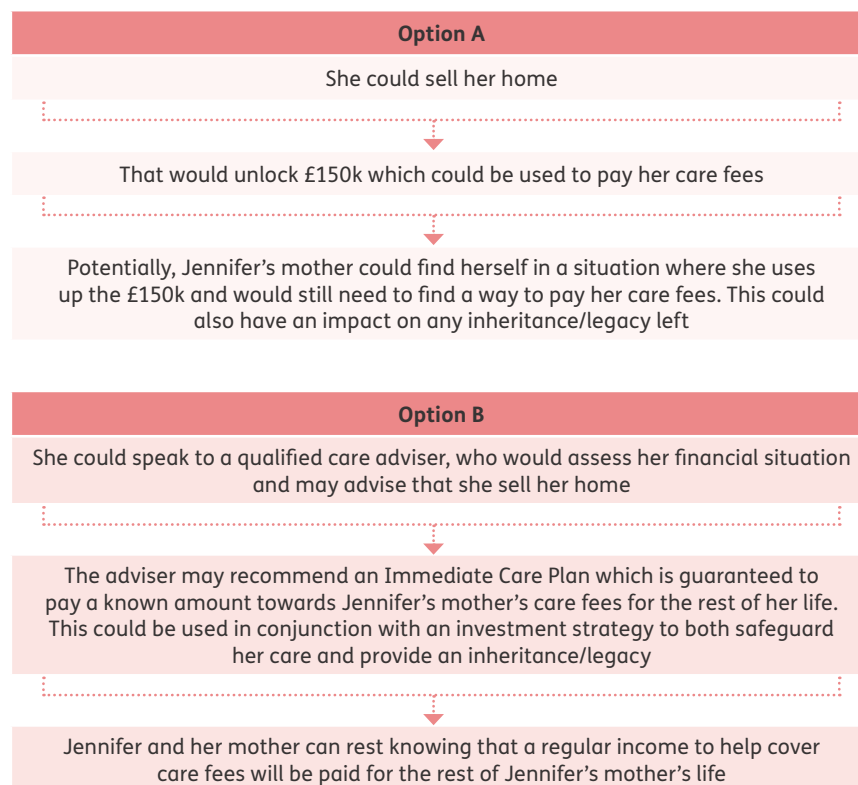
CASE STUDY



JENNIFER'S STORY

When Jennifer Smith's mother, aged 87, broke her hip and could no longer manage on her own, she knew the family would have to consider permanent care. Finding the right place was hard enough but then they were hit by the cost.

Despite the fact that Jennifer's mother lived alone and only had a modest income, she had to pay for all her own care. Local Authority funding is only available to those with assets less than £23,250*. As Jennifer's mother's house was worth £150,000 she was ineligible for help and so funding fell entirely to her. She explored two of the options that were available to her:



* Figure correct for England and Northern Ireland as at April 2025. Figures for Scotland and Wales differ.

How can we help?

We offer a variety of care-fees payment solutions. These can guarantee a regular income for the rest of your life and can provide more certainty that you'll be able to pay for your care – however long that may be.

We can help, whether you:

- need care payments to start immediately, or
- want to pay for your own care at first and delay your income payments until you need them.

OUR CARE PLANS

We're dedicated to providing clear and straightforward solutions for your care needs. We understand the importance of choosing the best funding option for you.

When working out the amount of income we provide, and the cost of the plan, we take into account:

- your age
- your health, and
- your ability to perform basic daily tasks.

This helps us to predict how long you may need care for.





01

IMMEDIATE CARE PLAN

A guaranteed regular income to help pay care fees

Our Immediate Care Plan could be right for you if you:

- are aged 60 or over
- need funding for care to start immediately
- have access to the total amount of money needed to buy the care plan, and
- want the certainty of regular, guaranteed income for the rest of your life.

02

DEFERRED CARE PLAN

A guaranteed regular income to help pay care fees in the future

Our Deferred Care Plan could be right for you if you:

- are aged 60 or over
- have funding for the short-term but need security against care costs for the rest of your life
- are looking for a lower-cost option than the Immediate Care Plan, and
- want the certainty of regular, guaranteed income starting after a deferred period, then continuing for the rest of your life.

How our Immediate Care Plan works

Our Immediate Care Plan is an annuity that pays a regular, tax-free income to your UK registered care provider. This starts immediately and carries on for the rest of your life. The income is guaranteed and doesn't depend on how well investments perform. Rules governing tax can be reviewed and may change.

If you're admitted to hospital while your care plan is making income payments to your care provider, you should inform us. Some care providers may require you to continue paying fees to keep your place in the care home. Unless you request a suspension, we will continue making payments to your registered care provider.

If you leave care for any other reason while we are making income payments, you must inform us so we can stop payments to your registered care provider.

If your payments are no longer paid to your registered care provider, the income will be paid direct to you but it will lose its tax-free status. However, it can be converted back to being tax-free if:

- you need care again in the future, and
- it's paid to a UK registered care provider.

Optional benefits you can include

You have the option to:

- help protect yourself against rising costs by using one of our escalation options, and
- protect a percentage of the amount you paid for the plan by using capital protection.

How our Deferred Care Plan works

Our Deferred Care Plan is an annuity that pays a regular, tax-free income to your UK registered care provider. The income is guaranteed and doesn't depend on how well investments perform. Rules governing tax can be reviewed and may change.

You choose how long you want to defer the care payments for – anything from one to five years. The longer the deferral period, the lower the cost of the care plan.

When deciding whether or not to choose deferral, you should consider what will happen if you die early. If you die within the first six months of the commencement date of your plan, a proportion of the money will be refunded. If you die outside of these timescales, no money will be refunded. This means your estate won't be reimbursed with any of the money you paid for your plan.

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Optional benefits you can include

You have the option to help protect yourself against rising costs by using one of our escalation options.

PROTECTING YOUR CARE PLAN

We understand concerns about getting value for money if you die in the early stages of your Immediate Care Plan. That's why we offer various levels of protection with our care plans.

01

Money Back Guarantee - as standard

We offer a Money Back Guarantee (MBG) as standard on all our care plans. If you die in the first six months of taking out your care plan, we'll repay a percentage of the capital invested to your estate/beneficiaries, less any income already paid.

Month	1	100%
Months	2 to 3	50%
Months	4 to 6	25%

For more protection of the amount you paid for the plan, you can buy capital protection with your Immediate Care Plan.

02

Capital protection

Capital protection allows you to protect up to 75% of the amount you paid for the plan for a given period. It will pay out if you die within this period.

The amount protected reduces over time, in line with the amount of income payments made. Once the total payments made equal the total amount protected, your estate won't receive any benefits when you die.

If death occurs within the first six months of taking out your plan, and capital protection has been selected, the death benefit paid will be the greater of the Money Back Guarantee or the Capital Protection amount (taking into account the payments already made).

Paying for capital protection

You can buy capital protection for a single, one-off payment. You can do this at the same time as you pay for your Immediate Care Plan.

The cost depends on the amount you want to protect.

Capital protection isn't available with our Deferred Care Plan.

03

Protection against inflation

If you want to protect your benefit payments against the effects of inflation you can choose to increase the income over time. This is known as escalation, and helps your income keep track with potential rises in the cost of care. You can pick a rate of between 1% and 8% a year. You can choose to have the income increase on either the first anniversary of the commencement date of your plan or in a certain month.

Alternatively, you can link your income in line with changes to the Retail Price Index (RPI). This means payments will increase or decrease depending on the change in RPI. Any adjustments will come in to effect on the anniversary date. Please note that RPI escalation is only available on the Immediate Care Plan and can't be selected alongside Capital Protection. Escalation can be chosen when you buy the plan.

Your income will reduce if the RPI goes down.



BUYING YOUR CARE PLAN

You can buy an Immediate or Deferred Care Plan with a single one-off lump sum

The cost of the plan will be based on:

- the monthly care fees amount you require
- whether you choose to select an escalating option or choose capital protection (capital protection is available with an Immediate Care Plan only), and
- your age and state of health at the time you apply.

All applications are fully underwritten – this means your medical history may also affect the premium.

You can find more information about this in our Care Plan Key Features document.



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JUST.

FOR MORE INFORMATION

Call: **0333 043 7040**

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

Email: **ltc@wearejust.co.uk**

Or visit our website for further information: **wearejust.co.uk**

Rated Excellent on  Trustpilot



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 **FT ADVISER**



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