



Care Home Dementia Case Study - Mary

Mary, suffering from dementia has been assessed as requiring nursing care in a care home, she is aged 87 and has capital totalling £260,000 following the sale of her property. Her income consists of state and private pensions totalling £8,000 per annum and the fees for the care home are £39,000 per annum. Therefore, without any allowance for personal expenses, Mary has a shortfall in income of £31,000 per annum. This level of income will need to be drawn from her available capital, but with interest rates being so low if held on deposit she would only be able to afford the care home for six years and then have to fall back on local authority funding.

Her daughter Ruth who has lasting power of attorney over Mary's affairs is concerned that because her mother is quite healthy apart from her dementia she could live for many more years and, if they had to rely on local authority funding, it would not be enough to cover the cost of the care home she has chosen. Ruth, being a single parent, could not possibly afford to top-up the care home fees if this became necessary.

Ruth was advised by a friend to contact equityCare the Specialist Care Fees Advisers who could help her arrange her mother's finances to best accommodate the care home fees.

Ruth's objectives were clear, to invest her mother's capital in the best possible way that can meet the shortfall in her mother's income for as long as she needed care whilst ideally being able to protect some of the capital. However, since the home is considerably more expensive than otherwise would be funded by the local authority Ruth also wanted the certainty that, for how ever long she needs a care home, Mary will be able to remain in the more expensive home and not either have to move to cheaper accommodation or be dependent upon her to top-up any shortfall in state support should her capital run out.

Following an initial visit with Ruth her equityCare Adviser produced a personal care fees planning report detailing the options available for Mary and the predicted outcome of those options.

The first thing Ruth's equityCare Adviser recommended was Mary should be claiming Attendance Allowance. This would increase her income by approximately £3,700 per annum. He also informed her that the local PCT will be paying a NHS Nursing Care Contribution towards the fees direct to the care home of around £5,700 per annum. These together reduced the shortfall to just over £21,000.

The Adviser's report showed three options for Mary to consider:

Option 1 was to do nothing and leave her mother's money on bank deposit. This clearly showed that her objectives could not be met over the long-term.

Option 2 was for her to follow an investment strategy that aimed to obtain higher returns than could otherwise be achieved from leaving the money on deposit and also have the flexibility to provide a regular withdrawal facility to pay the monthly fees.

Option 3 was to make an application for an Immediate Need Care Fee Payment Plan. These were plans especially designed for meeting care costs and, if appropriate, can deliver the certainty of a regular income increasing annually to meet fees for as long as care is needed, whilst, potentially not using up all of the capital. Taking into account Mary's age and health, the indicative cost of such a plan was around £90,000 which meant that the remainder of her money could be invested for growth and possibly, an eventual bequest for her daughter.

Ruth favoured Option 3 because it had the certainty of meeting her objectives but importantly, meant her mother could remain in the care home she had chosen. In deciding on this option Ruth would have to consider the possible short-term loss of capital should her mother die in the short term against the peace-of-mind factor and longer-term benefits of her mother living a long time in the care home.



equityCare, is a trading name of Directly Financial Limited which is authorised and regulated by the Financial Services Authority. FSA Firm registration number: 153420

T: 0845 004 0301
F: 01865 595581
E: enquiries@equitycare.co.uk
W: www.equitycare.co.uk