RUNWOOD HOMES
SENIOR LIVING

Runwood Self-funding Care Home Fact Sheet

If your relative is going to pay their care home fees, he or she can choose their own residential care home. They might also be able to claim some benefits and allowances to help foot the bills.

If your relative has capital (savings and assets) worth more than £23,250 (in England and Northern Ireland), £26,250 in Scotland £23,750 in Wales or a weekly income high enough to pay for care home fees, they will not be eligible for local authority funding. If this is the case, they will have to pay for their own care. This is called self-funding.

At Runwood Homes we do not ask people who have been self-funding to move out of the care home if their capital falls below £23,250 (they may be asked to change rooms, however they will never be asked to leave the care home) they can stay in the home they have chosen to live indefinitely.

How much choice will your relative have?

Being a self-funder in a care home is quite common, and around two-fifths of places in independent care homes are funded by private individuals.

If your relative is self-funding they are free to choose their own care home which usually means they will have a wider choice than that of people funded by the local authority. There are a number of things to think about if your relative is self-funding.

Benefits and allowances to help with living expenses

Make sure that your relative is claiming all of the benefits and allowances they are entitled to as these can help with living expenses. People who are funding their own residential care may still be able to claim attendance allowance, disability living allowance (care component) - now replaced with the personal independence payment (daily living component). Depending on their capital and income, they might also be able to claim pension credit.

Care Plan / Annunity

Also known as an immediate needs care plan, this is a type of insurance policy that provides your relative with a regular income in exchange for a lump sum investment, rather like a standard retirement annuity. The sum your relative receives in return meets the cost of paying for residential care. Immediate needs annuities can also be used to bridge a shortfall between care home fees and your relative's income for the rest of his or her life.

The downside, however, is the fact that insurers base their pricing on how long they expect someone going into care is likely to live for. So while an immediate needs annuity brings peace of mind, there is also the risk of 'wasted' premiums if your relative dies prematurely. You can insure against this by buying a guarantee, which returns 50% of the outlay on the early death of the person insured, but the cost can be prohibitive.

When savings run out

If your relative lives in a care home for a number of years, their savings will obviously decrease. In time this could bring them below the capital limit, making them eligible for local authority funding.

Your relative should inform the council (where the care home is located) and the manager of the care home of their situation at least two months before their savings drop to the upper capital limit of £23,250 in England and Northern Ireland, £26,250 in Scotland or £23,750 in Wales (2015-16). The council will arrange to review their needs and also carry out a financial assessment.

Please call Runwood Homes for free advice

Freephone: 0800 4125660

Alternatively please feel free to visit a Runwood Care Home where the home manager will be able to assist you

www.runwoodhomes.co.uk

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