



The cost of care

Dispelling the myth – the maximum

I will spend on care will be £72,000

Whether you're looking ahead or have a loved one in need of care, we at Just Retirement believe it is important to understand what you will be required to pay towards the cost of care under the Care Act 2014¹.

Whilst it is expected that the cap for privately funded care costs will initially be set at an amount of £72,000, this unfortunately does not mean that this is the maximum that you will have to pay for care.

Firstly, costs incurred that are deemed to reflect general living expenses such as meals, heating and accommodation (commonly referred to as 'hotel costs'), which are deemed to be worth £230 per week or around £12,000 each year will not count towards the £72,000 cap.

you cannot find one you like within this budget, these 'top up' expenses will also not count towards the cap.

Let's illustrate this by way of an example. Average nursing care costs in the UK in 2013/14 were £732 per week (Source: Laing & Buisson). Assume that the local authority could negotiate care at a slightly lower rate – £632 per week. The amount that counts towards the care cap is £632 less the £230 hotel costs each week – so £402. The £72,000 cap will therefore be reached after 179 weeks, by which time you will have actually spent £131,028.

What is more, you will need to continue meeting these additional costs (£330 each week, based on the example above) after the cap has been reached.

It is important to get professional advice when making financial decisions that will affect the way you live. Your financial adviser will be able to assess your specific situation and explain your options. They can help you make informed decisions that can lead to a happy and secure future for yourself or a loved one.

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Source: Laing & Buisson Care of Older People 2013-14

Secondly, the amount that does count towards the cap is calculated as the difference between what the local authority would pay if they were responsible for arranging your care, and the 'hotel costs'. If you cannot find a nursing home to deliver this care at this price, or

¹Article taken from Just Retirement's Spring 2015 Essentials magazine, available for download at <http://www.justretirement.com/useful-information/essentials-magazine/>