

# FINANCIAL PLANNING FOR LATER LIFE CARE

TALKING POINTS | LATER LIFE PLANNING

## ALTHOUGH YOU CAN'T PREDICT HOW YOUR LIFE WILL UNFOLD, THERE ARE SOME AREAS AROUND LATER LIFE CARE THAT WE CAN HELP YOU PREPARE FOR FINANCIALLY AS BEST AS YOU CAN.

We're all living longer, and in addition to the opportunities this brings for pursuing our dreams or extending our working life, it also means more of us will require some form of care – whether in our home or in a residential care setting.

There has been a rise in the cost of living in recent years due to various factors including inflation and increasing demand for goods and services. This makes it even more important to take control of your long-term financial future.

Areas that you might be keen to address when it comes to your later years include:

- Funding the costs of care to ensure your lifetime care needs are sustainable
- Keeping loved ones informed and involved in your decisions
- The type of care you would like, which meets your needs and expectations
- How your choice of care will affect your ability to pass wealth to your children

When planning for your long-term care needs, professional guidance from a financial planner can help you make decisions that remove some of the financial stress for you and your family at these difficult times.

### Later life costs – key numbers

The Department of Health and Social Care estimates that one in seven people will face costs of more than £100,000 for their later life care. For about one in ten, it will cost above £120,000 over their lifetime.<sup>1</sup>

The following annual costs highlight the need to take control of your financial health to meet your care needs in later years:

Location	Residential	Nursing (with dementia) <sup>2</sup>
London and the South East	£71,916	£88,504
UK	£64,064	£79,768

These figures give you a general idea, but your own situation and needs will affect your costs, such as the type of care you need, where you live and your financial picture. It's also important to remember that you are responsible for funding your care and the NHS will only contribute in certain circumstances, which could limit your options.

### Rathbones financial wellbeing research

Our research over the past few years suggests that general wellbeing is intrinsically linked to financial wellbeing. It has always been assigned high importance and consistently ranked as a top concern. In 2023, general wellbeing was once again the number one priority for our respondents.

Many interviewees spoke to us about their concerns around the general uncertainty in the financial markets but also said that they weren't taking action in terms of their financial arrangements. For some this was because of information overload; others a sense of caution.

The most important concern for women is a deterioration in wellbeing in other walks of life e.g. mental or physical, with 42% saying they are most worried about this compared with 36% of men. In contrast, men are more concerned about a long-term rise in inflation than women, with 43% of men regarding this as a key concern compared with only 25% of women.

Scan to read the full findings from the Rathbones financial wellbeing research report.



Source:<sup>1</sup> Department of Health and Social Care

<sup>2</sup> <https://lottie.org/fees-funding/care-home-costs>/<https://lottie.org/home-care-services-guides/care-at-home-costs/> (2024)

### Understanding your options for funding care

There are options your financial planner can explain in further detail that could help you plan for later life care. Your decision could be influenced by any number of factors, depending on your finances. Options include:

- Using cash
- Selling shares
- Selling property
- Releasing equity from your home or downsizing
- Buying a care annuity
- Using savings and investments

Exploring these choices might seem daunting at first but the process can be made much easier with some expert advice. Your financial planner can also help you explore:

- The value of your assets
- The tax implications of selling or gifting your assets
- The impact of your assets on your eligibility for local authority funding or benefits
- The risk and return of your investments
- The emotional and practical consequences of downsizing your home.

### The value of advice

Funding your later-life care is one of several key areas to consider. But others include inheritance planning, having an up-to-date will and powers of attorney, and documenting your funeral plans.

By starting the planning process sooner rather than later you will be able to take some time to ensure you're making the best decisions for you and your loved ones, both emotionally and financially.

### SIX FINANCIAL QUESTIONS FOR LATER LIFE

1. Have you considered if your property is suitable to meet your future care needs?
2. Are you postponing helping loved ones financially because you are concerned about your future care costs?
3. How much capital have you earmarked to meet your care needs?
4. What state benefits have you claimed?
5. How will your capital support your income to meet changing care needs?
6. Should you consider a care annuity to preserve your choice of care and capital?

### KEY TAKEAWAYS

- Take some time now to think about how your later years might look when it comes to your long-term care needs.
- Costs can vary depending on the type of care you need, where you live and your financial situation.
- There are many options for funding later life care. Your financial planner is best placed to help you identify the best option.

Our financial planners have relevant experience and qualifications including being accredited members of the Society of Later Life Advisers. Once we have identified your care needs, we can measure how your income, savings and investments meet them during your lifetime. This could then take away some of the complexity that can often be overwhelming – and provide some peace of mind.



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