

Careful planning needed to meet cost of living longer

Funding care in old age can be complex, says JIM BARR, independent financial adviser with Almary Green Investments

THE last century has seen huge improvements in healthcare and as a result we can generally expect to live longer than our grandparents did. However, later life can bring its challenges and more of us than ever before will, at some stage, find ourselves in need of assistance with our daily living activities.

Care, whether in our own home or in a care home, can be hugely expensive and the degree to which the state will support this is strictly limited.

Funding the care provision of our choice for as long as is needed requires careful planning.

The following statistics (based on 2009/10 figures) tell their own story:

- Over 4% of the UK's population is aged over 80

- A 65-year-old stands a 50% chance of living to at least 85 and a 30% chance of reaching 90

- By 2033 the number of people aged 85 and over is projected to be around 3.2 million

- One in four of us will need some form of long-term care

- The average cost of a residential home in the UK in 2009 was £467 per week.

Almary Green Investments has recently published a free, detailed guide to help families understand what funding they can claim from the state and what we can do to offer support at the moment that care is needed, as well as helping to plan for potential future care costs.

There are three kinds of financial support available from the state if you are in need of care: state benefits, support for NHS care and local authority funded care.

The main state benefit available is the Attendance Allowance. The amount of benefit paid varies according to the level of disability – the higher rate of £71.40 per week (2010/11) is payable when care is needed both during the day and at night, and the lower rate of £47.80 per week (2010/11) is payable when care is needed either for during the day or during the night (not both).

It is available if you are aged 65 and over and have a physical and/



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or mental disability that prevents you from successfully caring for yourself.

If a relative or companion is providing care for more than 35 hours per week, he or she may qualify for a Carer's Allowance.

Other state benefits that may be payable include the Disability Living Allowance, which is paid to individuals under the age of 65 who have qualifying levels of disability.

These benefits are available whatever your financial circumstances and your income or savings will not have any impact on your entitlement.

If nursing care is needed, a contribution is made towards the cost of the nursing element. NHS

Continuing Care funding may be available for certain cases where the local Primary Care Trust determines that your care should be completely funded by the local authority.

The amount of benefit you may receive in respect of NHS care is based on need rather than means and eligibility is not affected by income or savings.

My column next month will look at local authority care and private funding solutions for care, including whether selling your home is the best way forward. In the meantime, please contact me using the details below for a copy of Almary Green's care fees planning guide.

Independent financial adviser Jim Barr is based at the Ipswich office of Almary Green Investments. He looks after the financial needs of a mix of individual and corporate clients on a wide range of protection, pension and investment needs. To contact Jim Barr, call Almary Green on 01603 706740 or visit www.almarygreen.com.



LOVEWELL BLAKE

Keep it simple as things get better slowly

Look for the seeds of recovery in a strange new world says JOHN MEE, director of Lovewell Blake Financial Planning Ltd



WATCHING the landscape during much of December was a great metaphor for the strange new world we all live in.

What used to be obvious has indeed become buried in the financial landscape.

In this new landscape the relentless flow of liquidity from central banks is distorting what used to be pretty robust relationships in the investment world.

In general, if a central bank is printing money at a great pace, you would expect currency to devalue and interest rates to rise.

Yet now we have the reverse. Interest rates are at historic lows, with global currencies relatively stable. How do investors make sense of this, and more importantly, position themselves to profit from this bizarre 'climate'?

The first point to remember is that this time will inevitably pass, and things will get better. Consumers around the world, are not all in debt, and many more of them are in employment than not.

For those individuals and families falling prices and low borrowing costs are a significant bonus, and in their spending lie the seeds of recovery.

The new consumers in Latin America and Asia do not have significant levels of debt and have rapidly rising disposable incomes.

The second point is not to think too hard or too far forward. We do not fully know the long-term effect of printing money – the so-called quantitative easing – and of the current austerity packages.

So what is to be done? At its simplest, cheap money and rising living standards will encourage people to buy more things – and things are made of stuff – so invest in commodities generally, both hard such as iron and copper and soft such as grains.

Glum economic conditions will make individuals more cautious, so hold on to bond funds with the income a vital part of your total return.

Look to invest globally, and wherever you invest, it is the big, well capitalised companies that have the best access to the cheapest credit.

Things will not get better in a straight line, and nor will markets. So this is a time for simple, robust portfolios – not sophisticated clever ones.

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