Independent Age

Trusted Information Creator
Patient Information Forum

Paying for your care in England

What you may need to pay towards your own care

Thank you

We would like to thank those who shared their experiences as this guide was being developed, and those who reviewed it for us.

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We spoke to older people about their experiences. Their quotes appear throughout. We have changed the names of some of the interviewees who wished to be anonymous. Some of the images seen throughout this guide are posed by friends of Independent Age.

The PIF TICK is the UK-wide Quality Mark for Health Information.

About this guide

While some people will qualify for full funding from their council, many will end up paying for at least some of their care. This can be difficult, financially and emotionally, but it's best to plan ahead and avoid snap decisions.

This guide explains council assessments and how they could help you. Whether you're looking at residential care or need care at home, it's important to consider your options carefully and review them regularly.

If you're likely to be paying for all of your care, make sure you're getting everything you're entitled to and thinking about what you can afford in the long term.

In this guide, you'll find references to our other free publications. You can order them by calling **0800 319 6789**, or by visiting **independentage.org/publications**.

Future changes to charging for social care

The government plans to change the way that charging for social care in England works from October 2023. The plans currently state that:

- if you have capital (such as property or savings) of less than £20,000, you will not have to pay towards the cost of your care from your capital, but you may have to contribute from your income
- if you have capital worth between £20,000 and £100,000, you will have £1 per week added to your available income, for every £250 of capital (or part of £250) you have over £20,000. You may also have to contribute from your income
- If you have capital over £100,000, you will have to pay for all of your care.

The government also plan to introduce a cap on care costs of £86,000. This won't apply to anything you spend on care before October 2023 and guidance has not yet been produced on exactly which costs will count towards the cap.

For your care costs to count towards the cap, you must have a care needs assessment by your local council. We explain the assessment later in this guide.

If you are already receiving social care services through your council, they may be in touch before these changes are in place to start planning what this will mean for you and how much you pay towards your care.

If you are currently paying for your own care and believe you may be entitled to financial support after these changes come in to place, you may want to contact your local council shortly before October 2023.

See our webpage **independentage.org/social-care-reform** for more information, or call our Helpline for general advice. (Please note we are not yet able to give detailed advice on how the changes will affect individuals.)

1. Terms you might come across

The social care system can be full of jargon. In this chapter, we've listed a few words and phrases you may come across.

Social care

Help and support services provided to people who need them, for example because of illness, disability or old age. Social care helps people to carry out everyday tasks, like washing, dressing and household chores – it doesn't include healthcare. It might be provided at home or in a residential care home.

Personal care

This is one part of social care. It describes help and support with everyday tasks to care for yourself, such as washing, dressing, eating and going to the toilet. It doesn't include help with household chores like laundry and shopping.

Self-funder

A person who is paying for all their own care themselves (self-funding), rather than getting financial help from the local council.

Means testing

Looking at your finances to work out whether you qualify for financial help from the government or local council. Social care is usually means-tested.

Capital

Wealth in the form of money or items that have a financial value, such as savings, investments and property (buildings and land).

> Don't be put off if people from the council use phrases you don't understand when discussing your care arrangements – ask them to explain in simple terms.

2. Getting started

Before you do anything else, make sure you're getting all the help you're entitled to from your local council.

Getting help from the council doesn't just mean financial help – council assessments can help you to work out what your needs are and what might be the best way to meet them. Councils must also give you information and advice about social care, even if you're self-funding.

If you just need a bit of help with household chores rather than personal care, take a look at our guide **Getting help at home**. This has information about services, equipment (including telecare) and adaptations to help you stay independent in your own home.

Get a care needs assessment

This is the best place to start if you think you need some extra help to look after yourself. Call the adult social services department of your local council to arrange an assessment. Their number will be in the phone book or search online at **gov.uk/apply-needs-assessment-social-services**.

The council must carry out an assessment if you appear to need care and support, regardless of your finances or whether you might qualify for help. They mustn't charge you for the assessment.

An assessment might sound intimidating, but it's your opportunity to explain how you're managing, and what difficulties you're having.

The council can then work out what your care needs are and help you decide what to do next. If you have a carer, they can get a carer's assessment to look at their needs at the same time.

> The assessment made me realise I did need help. Initially I just felt my family were fussing.

At the assessment, you and the assessor will look at what your needs are so you can start thinking about what types of support might help best. For example, it might find you need help with washing and dressing, preparing or eating food, or using your home safely.

You will be involved throughout, and your views, wishes and beliefs must be taken into account as well as your needs. You can have someone with you at the assessment if you want to, such as a close friend or relative, or an advocate.

For more information about how the assessment works, read our factsheet **First steps in getting help with your care needs**.

After the assessment, the assessor will work out whether your needs meet the national eligibility threshold for help. This is based on whether your needs stop you doing certain things – such as moving around your home safely – and the impact this has on your wellbeing.

If your needs do meet the threshold, the council must make sure your needs are met. They may do this by giving you information and advice, or by helping to arrange the care you need.

They will also set your 'personal budget' figure, which is the amount they believe is required to meet the needs identified in your assessment. This doesn't necessarily mean the council will pay for your care; that is looked at in a separate financial assessment.

If your needs don't meet the threshold, they must still give you information about how to make your own arrangements to meet your needs.

> "The assessment really brought home the extent of his care needs. It's not always obvious when you're close to someone – you don't notice the gradual deterioration.

If you're assessed as needing adaptations that cost £1,000 or less each (such as grab rails or a ramp) or equipment (such as a mobile hoist), these must be provided free of charge regardless of your finances.

For more information, read our factsheet **Adapting your home to stay independent**.

If your needs are urgent, for example if your situation could get worse very quickly, the council may provide immediate help and carry out an assessment later.

3. Home care or a care home?

Deciding where to receive your care will depend mainly on your needs, but it's important that your wishes are also considered, along with other factors like your current home environment.

Care at home

Care at home from a professional care worker may be suitable if you don't need the level of care provided by a residential care home. Home care is flexible. For example, you may benefit from:

- regular visits from a care worker
- short-term care, so a family carer can take a break
- 24-hour care from a live-in carer
- temporary care after leaving hospital
- emergency care.

Home care may allow you to stay independent in your own home.

How much does care at home cost?

The cost of home care varies a lot, depending on where you live, how much care you need and at what time of day, and whether you employ care workers through an agency or directly. You could expect to pay at least £20 an hour, but full-time care, for example, could cost a lot more than this.

Think about how these costs will add up if you need regular care. You can ask for a quote before making a decision. A live-in carer may cost more than moving to a care home.

Arranging care at home

If you're self-funding and your assessment shows you have needs that meet the threshold for support, you have a right to ask the council to arrange services to meet your needs. If you ask them to, they must help. However, they can charge you an arrangement fee for this.

Alternatively, you can find a care worker yourself, either directly or through an agency. If you employ a care worker directly, you'll have more control over who cares for you and what they do, but you'll also have certain legal responsibilities as an employer. For more information, visit **gov.uk/employing-staff**.

Many people find it simpler to use an agency, although it may cost more. You can find one through:

- your council – call them to ask for a list or check their website. They must provide you with information and advice
- the Care Quality Commission (CQC) (**03000 616161**, **cqc.org.uk**), which inspects and rates care services, including home care agencies
- the Homecare Association (**020 8661 8188**, **homecareassociation.org.uk**).

For more information, see our factsheet **Arranging home care**.

> I don't need help at the moment but may do in the future, and I want to think about it while I still have a sound mind. There's a lot of work to do to investigate it all if you want to do it properly. It's not a five-minute decision.

Care homes

Care homes provide care and accommodation. There are different types depending on what care you need:

- residential care homes, offering personal care
- nursing homes, offering personal care and nursing care.

Some care homes offer some places only for personal care, and some for personal and nursing care, which could be helpful if you're a couple with different care needs who want to move together. Some care homes have other specialisms, such as dementia care.

Moving to a care home might feel like a big change, but it could bring benefits that home care doesn't. For example, you'd have more regular company, your meals and accommodation would be taken care of as well as your personal care, and you'd have the reassurance that staff were on hand when you needed them.

How much does care in a care home cost?

As with home care, care home costs vary depending on where you live and the type of care you need. In 2020, the average weekly cost in the UK for a single room in a residential care home was £667, and the average for a nursing home was £924. Check your contract to find out:

- when the fees can be increased and what the increases will be based on
- what is included in the fees and what costs extra.

Bear in mind that the more expensive the care home you choose, the less likely it is that the council would fund the full cost if your capital dropped below £23,250. You might then be asked to move to a cheaper home, or pay a top-up fee to cover the difference between what the care home costs, and what the council thinks your care should cost.

> “Find out what the council would pay for your care home place. It’s good to know even if you’ll be paying the fees.

Finding a care home

Your council may be able to provide a list of local care homes, although the information they provide varies. You could also:

- ask for personal recommendations from friends and neighbours
- use an online directory like **caresourcer.com**
- get information from the CQC (**03000 616161**, **cqc.org.uk**), which inspects and rates care homes.

Take a look at our guide **How to find the right care home** for more tips.

If you're self-funding and a care home is assessed as the best option for your needs, you can ask the council to arrange your care home place. Unlike with home care, the council can usually choose whether they help you or not. If they do choose to help, they can't charge you an arrangement fee.

Good to know

Mental capacity is the ability to make a decision when it needs to be made.

If you're self-funding and lack mental capacity to make arrangements for your care, and there's no one who can do this for you, the council must help and they must not charge an arrangement fee for this.

The contract

Whether you're getting care at home or in a care home, you will have a written contract with either the care agency or care home.

Check it carefully – it should include information on how much you need to pay, what payments are for, and when they need to be made. It should also cover notice periods and the procedure to follow to make a complaint. Make sure that you understand it and are happy with it before signing.

If in doubt, get advice from the Citizens Advice consumer helpline (**0808 223 1133**, **citizensadvice.org.uk/consumer/get-more-help/if-you-need-more-help-about-a-consumer-issue**).

If your council is helping pay for your care, they'll agree the contract instead and give you a copy. Ask if you don't get one.

If you're employing someone directly, you'll need to draw up your own contract with them. Ask your local council about organisations that can help with this.

4. The financial assessment

After you've had your care needs assessment and your personal budget amount has been agreed, you'll usually be given a financial assessment (or means test).

4. The financial assessment

The financial assessment checks whether the council should be paying for any of your care, if they're meeting some or all of your needs. You may not need to have a financial assessment if the NHS should be paying for your care. See **chapter 6** for more information.

How the financial assessment works depends on whether you need care at home or in a care home – both types of assessment are described later in this chapter.

In some situations, the council might treat you as having had a financial assessment without actually carrying one out. For example, if you have significant financial resources that mean you'd be able and willing to pay for care services, but still need support to arrange them. This is called a light-touch assessment. You can still ask for a full assessment if you want to.

The financial assessments for both care at home and in a care home look at:

- **your income** – for example, pensions and most benefits
- **your capital** – for example, savings and investments. Whether the value of your home is included or not depends on your circumstances and type of need.

Only your income and capital is looked at, not your partner's, if you have one.

Capital limits for care at home or in a care home

You have over £23,250 in capital or a weekly income greater than the care fees.	You may have to pay for all of your care yourself, depending on your circumstances.
You have between £14,250 and £23,250 in capital.	Most capital between these amounts will be calculated as providing you with an income of £1 a week for every £250 (or part of £250) of your savings. You may also have to make a contribution from your income.
You have under £14,250 in capital.	You won't have to use this towards your care costs but you'll still have to make a contribution from your income.

Even if the council isn't contributing to your fees, it's worth asking what they would pay for the type of care that you need, should you need them to step in later. This can also help you to plan your finances.

If your financial situation changes, make sure you're given a new financial assessment – see **chapter 8**.

Good to know

The way charging for social care in England works is changing from October 2023 (see **page 3**).

The financial assessment for care at home

Councils must give you information about their charging policy for care in your own home. You must be left with a minimum weekly income.

If you're assessed as needing short-term care to maintain or regain your independence when you leave hospital, this must be provided free of charge for up to four weeks. This is not means-tested. You may have to pay for any care you need after four weeks. The hospital or your local council will assess you to work out whether you should be offered this.

For more information, see our factsheet **Hospital stays**.

> If you're getting care in your own home, the value of your home isn't included in the financial assessment, so you won't have to sell it to fund your care.
>
> **Michelle, Independent Age adviser**

The financial assessment for care home fees

If you own your home, its value will usually be included when calculating your capital. Sometimes it won't be included. For example, its value will be ignored if it's still the main home of:

- your partner or former partner
- a close relative who is 60 or over
- a close relative who is incapacitated (for example, they qualify for disability benefits such as Attendance Allowance).

Other exemptions may apply. The rules are complicated, so call us to arrange to speak to an adviser (**0800 319 6789**).

If you have under £23,250 in capital apart from the value of your home, and not enough income to pay your care home fees, the council won't include the value of your home in their calculation of your capital for the first 12 weeks after your permanent move to a care home. This is to give you time to sell your home or look at other options – see **chapter 7**.

If your capital falls below £23,250 during the first 12 weeks after your move to a care home, ask the council about this 12-week property disregard.

The council can also use their discretion to disregard the value of your home in other situations. For example, they might do this to give you time to sort out your finances because of an unexpected change of circumstances.

For more information on how your income and capital are assessed, see our factsheet **Paying care home fees** or call us on **0800 319 6789** to arrange to speak to an adviser.

Challenging a financial assessment

If you disagree with the outcome of your financial assessment, you might be able to challenge it. You could start by raising the matter informally with your council, or make a formal complaint using their complaints procedure.

The financial assessment is complex, so it's a good idea to get advice. Contact Independent Age on **0800 319 6789**.

5. Reducing your assets before you need care

Be wary of giving savings or property to someone else to reduce what you need to pay towards your care in future.

5. Reducing your assets before you need care

You might be tempted to give away your assets (such as money or property) to friends or family, or to buy expensive personal items so that your income or capital drops and the council has to pay more towards your care. However, this can have serious consequences for you and anyone you've given your assets to.

When the council carries out the financial assessment, they can look at assets you previously owned as well as what you own now. They will consider whether you have given away money or other assets deliberately, to avoid paying for your care – known as deprivation of assets.

There's no limit to how far back the council can look when considering this (unlike Inheritance Tax rules, there isn't a seven-year cap), but they will need to consider your reasons and whether you knew you'd need social care when you deprived yourself of assets. If you're unsure, it's best to check with the council before you do anything.

If the council decides you have deprived yourself of assets with the intention of avoiding paying for care, they can:

- treat you as still having the asset and include its value in your financial assessment
- recover the difference between what the council charged you and what they would've charged you, from the person who received the asset.

For more information, read our factsheet **Can I protect my assets if I need care?**.

> People try and hide money thinking they're doing it legally, but they're not. We looked into that.

6. NHS help to pay for care

In some situations, the NHS may be responsible for paying for your care – usually if you mainly need healthcare rather than social care.

If you have a particularly high level of health and care needs, you might qualify for NHS Continuing Healthcare. If you do, the NHS will arrange and pay for all the care you're assessed as needing.

This might be provided at home, in a care home or in a hospice. You'll need to have an NHS Continuing Healthcare assessment, as there's no set list of health conditions that mean you'll qualify.

Healthcare or social workers involved in looking after you – such as your GP – may consider whether it would be appropriate for you to be assessed. If they haven't and you think they should, ask them or your local Clinical Commissioning Group (CCG) about arranging an assessment.

If you don't qualify for NHS Continuing Healthcare but have been assessed as needing nursing care in a nursing home, you will qualify for NHS-funded nursing care. This will give you £209.19 (2022 rate) a week towards your nursing care.

Remember, if you don't qualify for NHS Continuing Healthcare now, you may still qualify in the future. If your needs change, you should be reassessed, especially if you only narrowly missed qualifying when you were first assessed.

For more information, see our factsheet **Continuing Healthcare – should the NHS be paying for your care?**

7. Ways to pay for your care

Long-term care can be very expensive but if you are paying for it yourself, there are a number of ways to finance it.

Get financial advice

There are many financial products and other options that could fund your long-term care, so it's important to get independent financial advice. Paying for long-term care is a specialist area, so make sure your adviser holds a relevant qualification showing they understand the care and support system in the UK – check that they have a CF8 or CeLTCI qualification.

You can find an adviser through the Society of Later Life Advisers (**0333 202 0454**, **societyoflaterlifeadvisers.co.uk**) or Unbiased (**0800 023 6868**, **unbiased.co.uk**).

Your local council must make sure that you're able to get financial information and advice to help you plan and pay for your care.

> "There are some rogue financial advisers around and you've got to be extremely careful. You do need financial advice and it's got to be correct and unbiased.

Immediate need care fee payment plans

This is a type of insurance policy, also known as an Immediate Needs Annuity. As the name implies, it's for people who need care immediately. You pay a large lump sum in advance and in exchange it pays out a guaranteed tax-free income to cover the cost of your care for life.

How much you pay upfront depends on your age, current health, life expectancy and what guaranteed income you would want. Bear in mind that you wouldn't usually be able to get your money back, although you could put in a capital protection clause to allow your family to get some money back if you were to die early – this would cost extra. It's also possible that your plan might not cover all your care costs if prices increase.

Your family or friends can take out an Immediate Needs Annuity to pay for your care too, particularly if they have power of attorney.

Deferred care fee payment plans

These work like immediate need care fee payment plans, but instead of providing an immediate income they pay out from an agreed point in the future, usually between one and five years. The longer the deferred period, the lower the cost of the plan.

> My mother was 94 and I began to worry that I'd run out of money if she lived to a grand old age. I did take out an annuity. I looked into it carefully – you do need financial advice. If my mother had lived for three years, the annuity would have paid off. She lived for one year and we've lost about £100,000. I'm at ease with this – I knew it was a gamble. I thought about it carefully and I made the correct choice in my mother's interests.

Releasing money from your home

If you're releasing money from your home, bear in mind that this could affect your entitlement to means-tested benefits such as Pension Credit.

Selling your home

This might be the most appropriate option if you're moving to a care home and you don't have any relatives you want to pass your home down to.

Downsizing

If you need home care rather than a care home, you could consider downsizing to release some money from your home. Remember, a smaller home won't always be cheaper, for example, if you're moving to a more expensive area or it's adapted for care needs already.

For more information on considering your housing options, see our guide **Choosing where to live**.

Deferred payment agreements

If you're moving to a care home, when your capital falls below £23,250 (not including the value of your home), you may be able to make a deferred payment agreement with the council. The council will pay your care home fees or loan you the money in instalments. They'll then claim back the money later – either when you move out of the care home or when your home is sold, for example on your death. The council will also charge administration fees and interest. They must provide you with information about deferred payment agreements if you're likely to qualify.

For more information, see our factsheet **Care home fees and your property**.

Equity release

Equity release allows you to release money from your home without selling it, whether you need care at home or in a care home. There are two types:

- **lifetime mortgages** – you borrow money against the value of your home and receive it as a lump sum or regular payment. The loan is repaid only when the mortgage ends. This might be if you sell your home, die, or move into residential care. Some mortgages add the interest onto the amount you owe, so as the amount increases, you'd pay interest on the interest as well as the original amount borrowed. Lifetime mortgage rates are usually higher than other mortgage rates.
- **home reversion schemes** – you sell part of your home at less than its market value in return for cash.

There are usually better options than equity release. Make sure you get independent financial advice before considering this.

Money Helper has more information (**0800 138 7777**, **moneyhelper.org.uk/en/homes/buying-a-home/what-is-equity-release**).

Investments

Investment portfolios aren't usually recommended to fund the cost of care, as older investors may not have the same flexibility to wait for a recovery if investments fall. However, you could consider investing any surplus you have after making sure you have enough to cover your likely care costs. Make sure you get financial advice before doing this.

Rent out your home

If you need to fund your care in a care home but don't want to sell your home, you could consider renting it out and using the income to help pay your care home fees. Look into this carefully if you choose this option. You will have certain responsibilities as a landlord, although you could pay a property management company to help with this. Bear in mind that rental income is taxable and you may be liable for Capital Gains Tax when you sell. It may also affect whether you qualify for some means-tested benefits, such as Pension Credit or Council Tax Support.

You could see if your council operates a private sector leasing scheme. This would involve leasing your home to the council to use as social housing. Unlike renting out your home yourself, you would be guaranteed a rental income even if the property were sometimes empty.

Get a benefits check

Make sure you're claiming all the benefits you're entitled to. Try our online benefits calculator at **independentage.org/benefit-calculator** or call **0800 319 6789** to arrange to speak to an adviser.

If you have care needs because of a long-term condition or disability, you might qualify for a disability benefit. This might be Attendance Allowance if you're over State Pension age, or Personal Independence Payment if you're under State Pension age. Whether you qualify depends on your needs; your finances aren't taken into account.

If you're self-funding, you can keep getting these benefits if you move into a care home.

For more information on who qualifies and what you could get, read our factsheets **Attendance Allowance** and **Personal Independence Payment and Disability Living Allowance**.

8. If your financial situation changes

If you are getting financial help from the council or may soon qualify for their help, make sure you tell the council about any changes to your financial situation.

If you're funding your own care, your capital may at some point fall below the £23,250 threshold for financial support from the council. Contact the council around three months before your capital is likely to drop to £23,250 to ask for reassessments of your finances and care needs.

Your capital or income could also increase – for example, if you're left money in a will. If this happens, and your council help to fund your care, you should also ask for a reassessment, or you could end up owing the council money.

Care homes fees and personal budgets

If you're living in a care home and you've had a financial reassessment which finds you now qualify for council help to pay your fees, the council will tell you how much they think your care should cost (known as your personal budget). If your care home fees are more than this amount, you may have to move to a cheaper home or ask a friend or relative to pay a top-up fee to cover the difference.

For more information, see our factsheet **Paying care home top-up fees** or call our Helpline to arrange to speak to an adviser (**0800 319 6789**).

Clare's story

Clare, 71, says: "I have chronic arthritis and have used social care services at home for a long time. I knew that as I had more than £23,250 in savings my care costs wouldn't be met by the council. I had a free occupational therapy assessment. This assessed the equipment I need – for instance, a hoist to help transfer me from bed to chair – and the council provides this free of charge.

"These days I need care assistants for several hours a day. I employ some through an agency and others directly. This is because I found it difficult to employ people directly for an early morning call to get me up, but agencies were used to this. I started employing carers directly because I was working in different parts of the country and needed help when I was staying away overnight, which the agencies weren't used to.

"In my experience, there are advantages and disadvantages to both approaches. Using an agency costs me around 50% more than employing staff myself, but employing people directly requires more work as I have to organise the payroll, PAYE and holiday pay myself.

"If you employ someone yourself, you can choose a person you get on with. You have more flexibility if you need them to come at a different time, and some offer help with other tasks, such as IT, as well as personal care. A disadvantage is that your regular carer may be unable to work because of illness and this can leave you without help."

"In my experience, there are advantages and disadvantages to both approaches.

About Independent Age

At Independent Age, we want more people in the UK to live a happy, connected and purposeful later life. That's why we support people aged over 65 to get involved in things they enjoy. We also campaign and give advice on the issues that matter most: health and care, money and housing.

For information or advice – we can arrange a free, impartial chat with an adviser – call us on freephone **0800 319 6789** (Monday to Friday, 8.30am to 6.30pm) or email us at **advice@independentage.org**.

You can also support this work by volunteering with us, joining our campaigns to improve life for older people experiencing hardship, donating to us or remembering us in your will.

For more information, visit **independentage.org** or call us on **0800 319 6789**.

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