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## Protecting assets from care home costs

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Recent developments in inheritance tax law have benefited many people, particularly married couples and civil partners with value in their homes. However, more and more people are becoming concerned about their estates being diminished by care home fees. Many worry that the homes they hoped to pass on to their children will have to be sold to fund nursing care.

This is an understandable worry. If you do go into a care home and are ineligible for free care you will currently have to meet most, if not all, of the cost of your care. With care home fees ranging from £300 to £1,500 per week, it is unsurprising that many couples can face the virtual elimination of their home and savings in a relatively short period of time. In fact around 50,000 to 70,000 homes are being lost on an annual basis to fund such care.

### **Can't I just give most of my assets to my children now?**

People often consider protecting inheritance by making lifetime gifts of assets to their children. Unfortunately though, whilst this may give some inheritance tax advantages if you survive for sufficient time, the local authority can consider the gift to be a deliberate attempt to reduce assets in order to receive assistance towards nursing care fees. They will look for these deliberate disposals of assets and can treat you as still having the notional value of gift. This can leave you in a worse position: not only will you have to pay the fees but you will not have the assets with which to do so.

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## **So what can I do?**

Many people pay at least part of their care home fees but this does not always mean that they have to sell their home and other assets. With forward planning, you can make sure that you still have something of value to leave your children.

Considerable protection can be provided through the use of trusts in estate planning. If done correctly, this can guarantee that there will be something left over for loved ones.

In the context of will planning, an elderly person with a spouse in a care home may not wish to leave assets to that spouse as that might affect ability to claim means-tested benefits. For example, if you are concerned that on your death your spouse may go into a care home in the future (or vice versa), you could both make wills leaving a life interest to the other. In that way only the income from the estate would be assessed for the purpose of means-tests, not the capital.

## **What should I do now?**

The private client department at Gard and Co offers free advice sessions for anyone interested in receiving guidance in protecting assets for their families. If you would like to make an appointment, please contact Jane or Robert who will be happy to assist or visit [www.gardandco.com](http://www.gardandco.com).

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