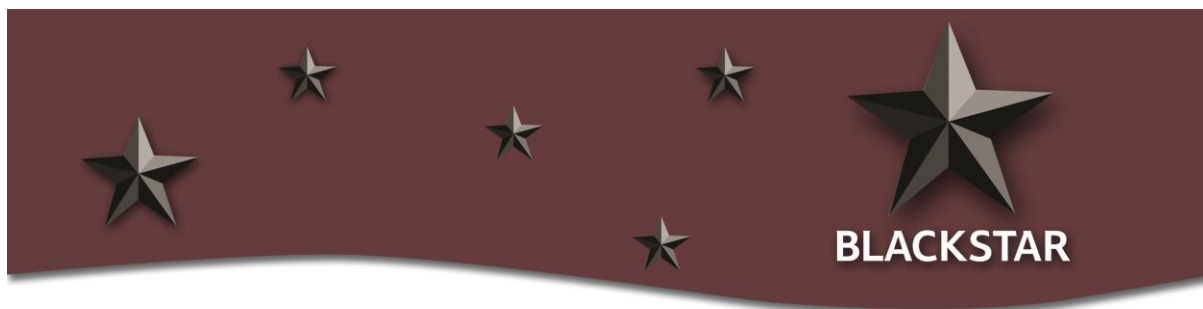




Revisiting social care in the election campaign

The general election campaign provided a reminder that the issue of funding social care remains unresolved.

Who pays how much for long term care in England came to the fore last month. It is one of those subjects which successive governments have repeatedly kicked down the road. Nearly 20 years ago the then Labour government established a Royal Commission to examine the problem. Its proposals that personal care should be free were rejected. Ever since, there have been further reviews and reports, all of which have met a similar fate.

The last (2011) set of recommendations, from Sir Andrew Dilnot's review, were accepted (with several modifications) before the start date was summarily deferred for four years to April 2020, shortly after the 2015 election. It was these reforms that the Conservative manifesto proposed to abandon completely, causing much controversy. Within four days, the Prime Minister had been prompted into something which looked remarkably like a U-turn, even if she said it was only a clarification.

The original 2020 plan would have placed a cap on the total personal contribution you would make to social care fees. While the figure most often quoted is £72,000, this is a substantial understatement because:

1. The figure is index-linked, so will probably be nearer £80,000 by 2020.
2. It excludes the "hotel costs" of food and accommodation.
3. It is based on what a local authority would pay for care, not what a self-funding individual would be charged by a care home – normally a much higher amount.

It has been suggested that the true figure would be more like £200,000.

At present, there is no direct way of insuring against social care costs before they arise: the few providers who were in the market withdrew some years ago and only 'immediate care' plans remain. One current potential solution is to build some provision into your retirement planning, using pension flexibility to draw the large sums needed to fund care home fees. To see whether and how this might work for you, please talk to us. We promise not to defer a response for two decades or longer...

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