How do I pay for my care – property and other assets

This factsheet explains how any property or other assets (such as savings, stocks and shares or land) that you own may affect what you must contribute towards the cost of your care.

Some sections are about any type of care, others are specific to moving permanently into a residential care home, as the rules on what is counted vary between them.

Navigating this document

This document contains electronic links to other online documents. If you are not able to access the documents via the electronic links please consider one of the following options:

- further information can be accessed via Paying for care
- Or for paper copies please e-mail ASCengage@leics.gov.uk

This factsheet supplements our main factsheets on residential care and care in your home or the community:

- Living in a care home – how do I fund my care
- How do I pay for my care at home

To avoid this factsheet becoming out of date when money or interest values change, we provide links throughout it to our fees, costs and allowances page which is regularly updated.

What is capital?

This section applies to all types of care, both residential care and care in your home or the community.

How much capital (property, land, savings, shares, bonds and the like) you have affects whether you are eligible for support from us, and if you are, how much you must contribute to the cost of your care.

Some types of capital are not counted in calculating your total amount in the financial assessment for example:

- Your personal possessions

- The surrender value of any life insurance or annuity
- Trust funds that were awarded for personal injury or criminal injuries compensation.

Capital normally belongs to the person in whose name it is held or registered: if it is held in joint names, we assume that you hold an equal share with the other owners, unless there are legal agreements showing a different split.

Sometimes people 'look after' capital on behalf of someone else. In this case we will look for proof of who benefits from the capital is being held – if this is you, the capital will be counted in your assessment.

How capital affects your care

This section applies to all types of care, both residential care and care in your home or the community.

- If your capital is over £23,250, we cannot provide you with financial support. However, some capital may not be counted, so we strongly recommend that you ask us for a financial assessment so that we can check if your total capital is above the upper threshold.
- If you have capital between £14,250 and £23,250, your financial assessment will include 'tariff income' at a rate of £1 per week for every £250 (or part of £250) that you have above £14,250. For example, if you have capital of £16,622, your tariff income will be:

  £16,622 minus £14,250 = £2,372

  Divided by £250

  Equals = £9.48 which is rounded up to £10.00 per week.

  This £10 per week is added to your other income to calculate your weekly contribution towards your care
- If you have capital below £14,250 it will be not counted in your financial assessment (although you may still pay a contribution based on your income alone).

What we count as your capital depends on the type of care you are going to receive. If you are receiving care in your home or the community you will continue to live in your current property, so if you own it, we will not count it in calculating how much capital you have. However, any second property will be counted.

If, however, you own your current home, but you are moving permanently into a residential care home, we will normally count your home as a part of your capital – as in the next section.

Giving away your capital assets

This section applies to all types of care, both residential care and care in your home or the community.

Knowing that you may have to pay for care and support in the future might tempt you to give money away to friends or family before you need care, but this is called **deprivation** and can have serious consequences for you and anyone you've gifted (given it away) it to.

If you give away capital - including property, savings, or investments accounts – we may decide that you have done this so that you have less capital when we assess you and so will not have to contribute as much towards the cost of your services.

The law expects us to make sure you have not deprived yourself of this capital, so we will look carefully at the reasons why you no longer have it. There may well be valid reasons why you no longer own it, so we must decide if you knew:

- that you would need a care and support service:
- that you might have to contribute toward the cost of your care and support

When we are making this decision, we will consider:

the timing of when you gave the capital away (although there is no time limit on how far back we can look)

the date you were assessed as requiring any care and support service

whether you suddenly started spending large sums of money which were not in line with previous spending

whether a gift of capital that you made was a one-off or part of a pattern of gifting

If we decide that you have deliberately deprived yourself of capital, then it can be counted in your financial assessment as if you still had it. As a result, your assessed contribution will be higher for a time.

Alternatively, we may take action to make the person you gave the capital to contribute towards the cost of your care to cover the "lost" capital. This can include us taking legal action in the County Court.

What owning a property means when you are going into residential care

This section only applies to living in a residential care home, not to care you receive in your own home or the community.

If you move to live permanently in a residential care home (this includes nursing homes) and you own, or part own, a property - for example your current or former home - we normally count the value of that property (or your share of it) when working out if you are eligible for care from us and what you should contribute to the cost of your care.

This means that - after any property disregard (see below) - you will have capital that exceeds £23,250 so will not qualify for help from us towards the cost of your care and will be **self-funding.** If you own more than one property, you will automatically be classed as a self-funder, and will not qualify for any help from us, nor will you qualify for any twelve-week disregard.

Being a self-funder means that you will be responsible for arranging and paying for your placement directly with the care home. This does mean that you can choose whichever home you want, but please note that care homes often charge significantly higher care fees for self-funding residents, rather than the rate negotiated by the council.

This can be a major decision, and you need to make sure that this is the right type of care for you. You should look at all the options available before you decide that permanent residential care is the best solution to your circumstances and can get more information from the council's Customer Service Centre on 0116 305 0004 where you can also request a care act assessment assuming your are 18 years old or over, living in Leicestershire & appear to needs for care and support or see our webpage Choosing the best place to live.

We strongly recommend that you also take independent financial and legal advice, and that you use an advisor or company that is registered with the Financial Conduct Authority. Alternatively, the Society of Later Life Advisors (SOLLA) is a not-for-profit organisation and will be able to help you find an accredited financial advisor.

Some properties are not counted in a residential financial assessment

This section only applies to living in a residential care home, not to care you receive in your own home or the community.

We will ignore or disregard the value of some property either in full, or for a certain length of time when deciding if you are eligible for our assistance:

- We will ignore the value of your former home if it is (and has been) lived in by a "qualifying relative", as shown below. This disregard will normally carry on while that person is living in the home.
  - your partner, or a former partner that you are not estranged from,
  - a former partner who is a lone parent,
  - a close relative who is either:
    - aged 60 or over, or
    - a child aged under 18, or
    - any age and is incapacitated. This includes, for example, people who are getting a benefit such as Employment and Support Allowance, Universal Credit on the grounds of limited capability for work, Personal Independence Payment, or Disability Living Allowance.
- We may also agree to ignore the value of your former home if it is lived in by someone who gave up their own home to look after you and so has nowhere else to live. However, this disregard may be only for a set amount of time and can be reviewed by us at any time
- Property bought under the 'Right to buy' scheme – if your property is a former council house and someone else has helped you with the purchase through the Right to Buy Scheme, it may be possible to disregard a proportion of its value. The person who helped you buy it will have to give us evidence of what they paid. The minimum value attributable to you will usually be the percentage discount obtained from the council at the time the property was purchased
- Even if you do not qualify for your former home's value to be ignored, we normally ignore its value for up to twelve weeks, to give you time to decide what to do with it. This is described in more detail under the twelve-week disregard.

Working out the value of a property

This section only applies to living in a residential care home, not to care you receive in your own home or the community.

When we work out the value of a property for the financial assessment, we take the current market value. However, we:

- First deduct the lower government capital threshold of £14,250 – this is because you must always be left with this sum, so it is not counted as part of the value:
- may reduce the value we count by 10% if there will be actual expenses involved in selling the property:
- will reduce the value we count by how much debt you may have secured on the property (that will be a mortgage or equity release policy).

If you have taken an Equity Release Plan out on your property, please provide us with the paperwork showing us details of the plan. Depending on how much equity you have released, it may be that you do not have much or any share in its value left.

The twelve-week disregard

This section only applies to living in a residential care home, not to care you receive in your own home or the community.

If you own your former home, when you first move to live permanently in a care home, we may ignore or disregard its value for up to twelve weeks. This means is that for a maximum of twelve weeks we ignore the value of your former home when working out how much you need to contribute for your care, which will reduce what you must pay us.

After those twelve weeks, unless your property is being disregarded completely because it is occupied by a qualifying relative (see above), you will need to take action to fund your care.

The twelve weeks is given to allow you to decide how you are going to pay for your care in the longer term since owning a property will nearly always mean that after the twelve weeks, you become a self-funder – as described above, this means that you will be then responsible for arranging and paying for your placement directly with the care home, and we will stop funding.

Your options will be:

- to sell the property to pay for your care
- to rent it out and use the rental income to pay your care home fees
- if you have very little capital other than your former home and you satisfy the relevant eligibility criteria, you might be eligible for our Deferred Payment Scheme which allows you to delay selling your home – please see our Deferred Payment Scheme factsheet

We strongly recommend that you take independent financial advice about how best to use your property to help pay your care home fees. We recommend that you use an advisor or company that is registered with the Financial Conduct Authority. Alternatively, the Society of Later Life Advisors (SOLLA) is a not-for-profit organisation and will be able to help you find an accredited financial advisor.

Please note:

- The 12-week property disregard applies to everyone who owns or has a share in a property, that was their main or only home, for the first 12 weeks of your permanent stay. If you sell your home within the first 12 weeks, the disregard will no longer apply, and the proceeds of the sale will usually be included in the financial assessment.
- If you are living permanently in a care home and have been paying for this yourself you will not usually be allowed the 12-week disregard, however, if you experience a sudden and unexpected change in your finances and you still own your former home the council may offer you a discretionary 12-week property disregard in your financial assessment.
- Although your property may be disregarded in the financial assessment for up to the first 12 weeks, you will still have to contribute towards your care home charges based on your other income and capital. Leicestershire County Council will meet the costs of the difference between your agreed personal budget (the normal rate for your care) and the assessed contribution you are required to pay.