

# CASE STUDY



## LATER LIFE CARE FEE PLANNING

Angela is 89 and lives independently, within a development that offers independent living, assisted living and full residential care. She moved from the family home with her late husband, who lived with dementia. The care required became more challenging after she suffered two falls. She and her children that she needed additional help.

Angela was not ready to move into a care home and found a home that provided on site care, tailored, and delivered based on her needs whilst still retaining her independence and own front door.

Angela had established a Lasting Power of Attorney and appointed her son and daughter as her attorneys. The cost of care is expensive and together they decided they needed advice to ensure that Angela could stay in her home and pay for the care she may need for the remainder of her life and leave a legacy for the children.

After being recommended by a family friend, Albert Goodman Financial Planning completed a full fact find with Angela. We discussed and identified what was important to Angela and her children as and agreed the main objectives.

Angela's children wanted to ensure the sale of the home was sufficient to provide the financial security needed, so that she could remain in her current environment for her lifetime. Angela wanted to know that she would be able to leave something behind for her children.

After making sure that Angela had applied for and obtained all the benefits available to her, having identified her income and expenditure, a shortfall between the two was identified

A potential option discussed was an Immediate Need Annuity where a sum of money is used to provide an income for life. The amount of income being based on medical information after an actuarial assessment takes place. That income being paid to the Care Home provider for maximum tax efficiency

A cash flow model was prepared to illustrate the impact on Angela's wealth over her statistical life expectancy and beyond to demonstrate after applying some assumptions for inflation and investment returns, where the proceeds of the sale of her home was left in cash, along with her other investments.

Further cash flow models were prepared to illustrate the different options available which included leaving some of the money on cash and investing the remainder, as well as the purchase of an Immediate Need Annuity and the potential monetary outcome that may result for each of these, to determine what may be the best financial outcome for Angela.

Having considered all the options available and having demonstrated to Angela and her children the potential outcomes of the options available, using the funds from the sale of the property to buy an annuity and retain adequate funds in cash for a contingency and emergency allowed the investments in place to remain with the knowledge that they could be left in place to grow.

With longevity in the family Angela's objective to ensure that she could leave her legacy to the children regardless of how long she lived and although it was unlikely that she would run out of money altogether, if she lived as long as her mother and aunt, it would make a significant difference.

For her children, they were able to feel confident that Mum would be able to stay in her home, receive the care she needs, in the environment she chose and is comfortable in.

\*The names and relationships cannot be identified as a real client.

**MIKE SEAGROVE**  
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