

A Guide to Later Life Care Planning

Understanding your options, funding, and how to plan ahead for the care you or your loved ones may need.

This guide contains 15 pages and will take approximately 12 minutes to read



What's Inside

This guide covers the key aspects of planning for later life care in the UK, from understanding your options to protecting your assets and making informed decisions.

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Understanding Your Care Options

When you reach later life, there are several paths you can take. The right choice depends on the level of support required, personal preferences, and financial circumstances.

Planning early gives you time to consider all the decisions that will face you.

Key Considerations

- Level of care needed now and in the future
- Preference for staying in your own home
- Family support and financial resources
- Personal preferences and financial circumstances



Home Care vs Care Home

Understanding the differences between care at home and residential care can help you make the right choice for your situation.

Home Care	Residential Care
<ul style="list-style-type: none"> ✓ You can continue living in your own home ✓ Maintain independence longer ✓ Flexible care hours ✓ Stay safe and healthy ✗ Not suitable for dementia ✗ May need more support 	<ul style="list-style-type: none"> ✓ 24/7 professional support ✓ Social interaction with others ✓ All meals provided ✓ Specialised dementia services ✗ Less personal space ✗ Fixed routines
<p>2025 Fee Home care costs are often lower than residential care.</p>	<p>2025 Fee Residential care is more expensive.</p>

Residential Care
 If medical conditions require qualified nursing, a residential home provides both personal care and medical support. Costs are higher, although government help may include both funded nursing care contributions.

How Much Does Care Cost?

Costs can vary significantly depending on the type of care, location, and level of support needed. These figures represent an average for 2025/26.

£27-32

Per hour for home care

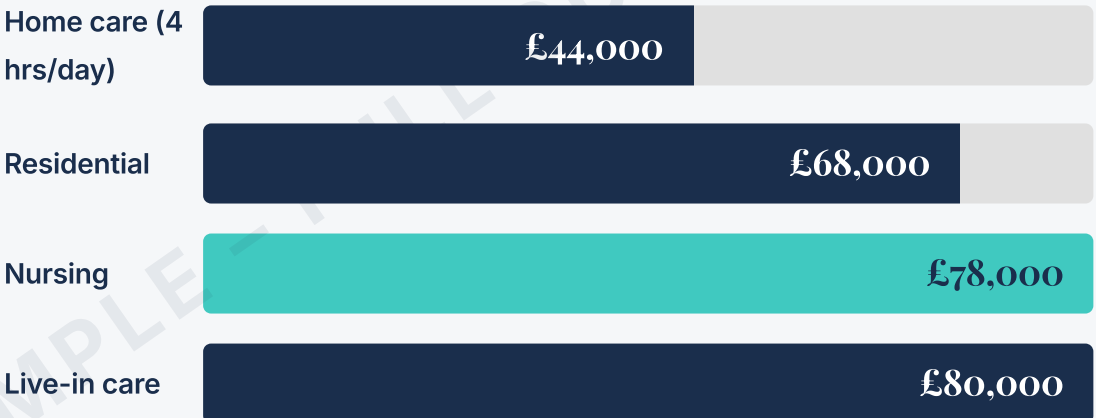
£1,300

Per week residential care

£1,500

Per week nursing care

Annual Care Costs Comparison



Did you know?

The average cost of care in the UK is £44,000 per year. This is significantly higher than the £10,000 per year that the state provides through the NHS. This means that most people will need to pay for care themselves, either through their own savings or through a care plan.

The Means Test Explained

When you need care, your local council will assess your finances to determine whether you qualify for funding support. Understanding these thresholds is essential for planning.

Capital Thresholds (England 2025/26)

Your savings, investments, and property value determine your funding level.

- **Below £23,250** You pay the full cost of your care (self-funded)
- **£23,250 to £14,250** You contribute from income plus £1 per week for every £200 over £14,250
- **Above £14,250** Council pays most costs, you contribute only from income

What Counts as Capital?

The assessment includes savings, investments, property, and other assets. Your main home is usually excluded for the first £336,000, and may be disregarded if certain people still live there.

Key Thresholds for 2025/26

£23,250

Upper capital limit
(England)

£14,250

Lower capital limit

£30.65

Weekly personal
expenses allowance

Benefits That Can Help

Several benefits can help cover care costs or provide additional income. Some are means tested, while others are available regardless of your financial situation.

Attendance Allowance

Attendance Allowance is a means tested benefit for people over State Pension age who need help with personal care. You do not need to have a care in 2025.

- Lower rate: £72.60/week (up to 4.5 hours care)
- Higher rate: £101.90/week (up to 8 hours care)

NHS Funded Nursing Care (FNC)

If you live in a nursing home, the NHS covers the cost of care provided by registered nurses. This is paid directly to the care home.

- Standard rate: £200/week
- Higher rate: £275/week

NHS Continuing Healthcare

If you have a health care need that is complex, you may qualify for fully funded NHS care. Eligibility is based on clinical assessment and financial means.

Key Figures

£5.74B

Total Attendance Allowance paid in 2025

£1.2B

Total NHS Funded Nursing Care paid in 2025

100%

of care costs for Continuing Healthcare

Planning Ahead

The best time to plan for later life is before you reach 65. Early planning gives you more options and helps protect your assets for future generations.

Understanding the investment process and your rights can make a significant difference to returns.

Key Planning Areas

- Tax and estate considerations and rights
- Investment options
- Risk protection strategies
- Living Trusts or Wills



Assessment & Deferred Payments

Understanding how the system works helps you navigate it more effectively and access the support you're entitled to.

The Care Needs Assessment

Anyone can request a free care needs assessment from their local council, regardless of financial circumstances. The assessment considers:

- Your physical, mental, and emotional wellbeing
- Daily activities you struggle with
- Impact on your quality of life
- Activities you want to continue

If you have eligible needs, the council must arrange care if you're financially assessed as eligible. How much you pay

Deferred Payment Agreements

If your home is your main asset, you may be able to defer care costs by securing them against your property. The council will cover care fees and recovers the money when the property is sold.

Key DPA Terms (2025)

- Maximum loan: £100,000
- Maximum interest: 5.5% (fixed)
- Maximum term: 10 years
- Maximum repayment: 10% of property value

10 Week Property Storage

When you first enter a care home, the value of your home is capped for 10 weeks. This gives you time to decide whether to sell, rent, or use a deferred payment agreement.

Deprivation of Assets

If you give away assets to avoid paying for care, the council can treat you as still owning them. Understanding the rules helps you plan responsibly.

Action	Likely Deprivation?	Key Factor
Gifts to children when healthy	Unlikely	No care need anticipated
Large gift after diagnosis	Likely	Care need was foreseeable
Paying off legitimate debts	No	Valid financial reason
Selling home below market value	Likely	Disposing of asset value
Continuing regular gifts	Unlikely	Established pattern
Transfer after assessment	Very likely	Clear avoidance intent

There is the '12 Month Rule' for Care Fees

Under the Care Act 2014, there is a 12-month rule for care fees. This means that if you give away assets to avoid paying for care, the council can treat you as still owning them. Understanding the rules helps you plan responsibly.

Lasting Power of Attorney


As you plan for the future, you need to make decisions on your behalf if you lose mental capacity. Having one in place is essential for effective care planning.

1 Property & Financial Affairs This type of LPA allows you to manage your property and financial affairs if you lose mental capacity. It covers things like selling your house, paying bills, and managing investments.	2 Health & Welfare This type of LPA allows you to make decisions about your health and welfare if you lose mental capacity. It covers things like medical treatment, care, and where you live.
3 Property & Financial Affairs (Lasting) This type of LPA allows you to manage your property and financial affairs if you lose mental capacity. It covers things like selling your house, paying bills, and managing investments.	4 Health & Welfare (Lasting) This type of LPA allows you to make decisions about your health and welfare if you lose mental capacity. It covers things like medical treatment, care, and where you live.
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What is a Lasting Power of Attorney?
A Lasting Power of Attorney (LPA) is a legal document that allows you to appoint one or more people to make decisions on your behalf if you lose mental capacity. There are two types of LPA: Property and Financial Affairs, and Health and Welfare. You can also create a Lasting Power of Attorney for both Property and Financial Affairs and Health and Welfare.

Funding Strategies in Practice

Margaret's situation shows how proper planning can protect assets and ensure quality care.



Margaret Wilson, 78
Widowed, no children, lives in her own home, good health.

Her priorities: Quality care
Leave something for family
Peace of mind

Home value	£320,000
Savings	£45,000
State Pension	£11,500/yr

Margaret's care funding strategy

Annual care cost (residential)	£68,000
Less: State Pension contribution	- £11,500
Less: Attendance Allowance	- £5,741
Annual shortfall to fund	= £50,759

What can Margaret do to fund her care?

With the £50,759 shortfall, Margaret's care funding strategy is to use her savings to fund her care. She can also use her home as security for a loan to fund her care. The £50,759 shortfall can be funded by a combination of these methods. Margaret's care funding strategy is to use her savings to fund her care. She can also use her home as security for a loan to fund her care. The £50,759 shortfall can be funded by a combination of these methods.

Your Next Steps

Take these practical steps to prepare for later life care, whether for yourself or a loved one.

- 1 Create Lasting Powers of Attorney** 1-2 HOURS

Set up both Property & Financial Affairs and Health & Welfare LPA while you have capacity. Register them promptly with the Office of the Public Guardian.
- 2 Review your financial position** 30 MINS

Take up your assets including property, savings, and investments. Consider your inheritance when you do decide to make your Will.
- 3 Check benefit entitlements** 20 MINS

Use the gov.uk benefits calculator to check benefit status. Many people are not in receipt of benefits they are eligible for.
- 4 Meet the care adviser**

Get to know the advisers about care preferences, wishes, and practical arrangements. These conversations are made before a crisis.
- 5 Seek professional advice**

A financial adviser specialising in later life planning can help you explore options for immediate needs, services and asset protection strategies.

Ready to take the next step?
Contact us on [0203 000 0000](tel:0203 000 0000) or email info@willshere.com to arrange a free planning consultation.



Your Logo Here

Let's Plan for the Future Together

When life gets busy, it's easy to lose sight of the most important things you
can do for yourself and your family. With the right advice and
guidance, you can protect your assets, manage your cash flow
and more effectively, and ensure peace of mind for your future
generations.

Ready to take the next step?

Our team of experienced financial advisers is here to help
you navigate the complexities of care planning with clear,
practical guidance.

Your Financial Adviser | 123 High Street, London EC1A 1AA

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