Lifetime Care Plan case study

This case study looks at how a Lifetime Care Plan can help Mary fund her care.

Mary, 90, widowed

Mary and her family would like:

- Peace of mind that Mary is receiving the full-time care that she needs.
- The security of knowing that the majority of Mary's care costs are guaranteed to be paid for the rest of her life.
- To mitigate the risk of ongoing care home costs eroding her assets.

Mary is 90, widowed and lives in Norfolk. She has dementia and a heart condition. Her husband passed away a number of years ago but she has two daughters who live locally; they support her with regular visits and help around the home.

Mary's family have recently become increasingly concerned with her ability to cope in her own home, so made the decision to move Mary into a care home in the local area.

Before being diagnosed with dementia, Mary set up a Lasting Power of Attorney for her health, welfare, property and financial affairs, so her daughters are now able to manage her affairs for her.

Mary is not eligible for any assistance from the state and will have to pay for her own care.

This case study is not a real customer example and is for illustration purposes only. Created April 2024. For Advisers only.

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Financial costs

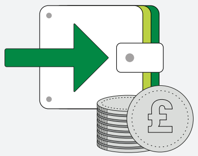
Mary's assets:

Current house value

£225,000

Savings

£25,000



Annual pension and benefits income

£12,188.80

Expected outgoings:

£40,000

Mary has found a care home that she likes near to her family that costs £40,000 a year.

£30.15 per week

Mary will keep a weekly allowance of £30.15 to pay for treats and personal expenses.

Suggested action

Please note this example is not real, it is for illustration purposes only.

Based on Mary's circumstances, her financial adviser suggests that Mary's annual State Pension and benefits income will cover her personal expenses of **£1,567.80** per year, leaving **£10,621** to go towards her annual care costs. The shortfall (**£29,379**) could be covered by selling Mary's home, and in exchange for an upfront premium of **£111,254** a Lifetime Care Plan could cover this shortfall for the rest of her life. Mary's daughters decide to ask the adviser to invest the money left over from the sale of her house.

Mary's annual pension and benefit income pays

£12,188.80

Year 1 care home costs and personal expenses are

£41,567.80

This leaves a shortfall of

£29,379

which can be made up by her Lifetime Care Plan payments

Happy that the majority of her care home costs are guaranteed for life. Mary leaves the rest of her assets

£138,746

with her adviser to invest for the purpose of leaving as inheritance

Buying a Lifetime Care Plan is a once and for all decision. Your client can buy one with us or another provider and by shopping around they may be able to get a better deal.

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Benefits for Mary

Peace of mind that a guaranteed amount of Mary's care home costs will be paid each month until she dies.

In just under four years Mary will have recouped the initial amount she paid for her Lifetime Care Plan.

Under current tax legislation, no income tax should be due on payments we make to a UK registered care provider.

Reassurance for Mary's family that she is in a care home with access to the support and facilities she needs.

As our Lifetime Care Plan provides Guaranteed Premium Protection for the first six months, a proportion of the fund would be returned to Mary's estate in the event of premature death in the first six months, less any payments we've already made.

Premature death in month	**% of premium returned** (less any payments made to date)	**Monetary amount** (less care costs to date)
1	100%	£111,254
2 to 3	50%	£55,627
4 to 6	25%	£27,813.50

Actual payments from the Guaranteed Premium Protection will depend on individual circumstances. Any amount paid to a client's estate may be subject to inheritance tax.

Get a quote today

To find out how to get a quote for our Lifetime Care Plan use the link below
legalandgeneral.com/adviser/annuities/products/lifetime-care-plan/getting-a-quote/

Call: 0345 070 2459 Lines are open Monday to Friday, 9am to 5pm.

Email: lcp@landg.com

Visit: legalandgeneral.com/adviser/lcp

Call charges will vary. Calls may be recorded and monitored. If you're contacting us by email, please remember not to send any personal, financial or banking information, because email is not a secure method of communication.

Risks

When meeting a financial adviser they would tell Mary and her family about the risks involved with the product:

- Mary's Lifetime Care Plan does not include escalation so the amount she receives will not increase over time. The care home costs may rise over time, and Mary's family will need to cover the additional costs from other income.
- If Mary dies after the first six months then her estate won't get any money back. Mary could have chosen to protect a percentage of her original premium for more than the first six months of her plan by selecting Additional Premium Protection.
- The total amount of monthly payments we make, plus any payment from the Guaranteed Premium Protection, may be less than the premium Mary paid for the plan.
- Directly receiving payments from the plan may affect Mary's ability to claim for means-tested benefits.
- If Mary no longer requires care or becomes eligible for NHS funding the plan can't be cancelled but payments will continue to Mary as she has an income for life.
- While no income tax should be due on payments to Mary's care provider under current law (2024), the rules governing tax may change in the future and affect Mary's income. In addition, any payments we make directly to her or anyone other than a UK registered care provider or local authority will be subject to income tax.
- Mary's care provider may continue to charge costs even after she dies, but the payments from us would stop from the date of Mary's death.
- As Mary's daughters want to invest the remaining assets, their adviser makes them aware that the investments are not guaranteed and can go down as well as up.

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