

# Use horse sense to rein in the strain of care

Mental decline can cause misery but, by planning finances carefully, families can take steps to minimise the worst effects

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‘Get proper advice’: Hugh Thompson and his wife Fiona

Dementia and Alzheimer’s were the leading causes of death in 2018, accounting for 12.8% of the 541,589 deaths registered in England and Wales, according to the Office for National Statistics.

Sadly, many of those who die of these cruel diseases have lived with the symptoms for years. It leaves millions of Britons shouldering the burden of managing their relatives’ finances, as well as their care.

About a third of adults in Britain have had to look after an elderly relative, while 41% think they may have to at some point, according to Fidelity International’s recently published Modern Life report.

Providing this care costs the average person £5,545 a year in lost income and other costs, according to the study, which surveyed more than 2,000 people. For one in 10, the annual outlay is more than £10,000.

## **Cutting the cost of care**

Paying for care is just one aspect of the financial toll on the partners and relatives of people with dementia or Alzheimer’s. While many unpaid carers are elderly, a growing number are working adults who face losing earnings as a result.

Of the 29% of people that told Fidelity they had provided care for an elderly relative, a fifth reduced their hours at work to do so, and one in 10 quit their job altogether. There is some state support for families in this position. This includes a carer's allowance of £66.15 a week, which you may be able to claim if you provide at least 35 hours of care each week. There is also attendance allowance of up to £87.65 a week for the person needing care.

Sukhi Kaur, policy officer at the Alzheimer's Society, said: "Make sure you are not missing out by checking what you could claim on the [turn2us.org.uk](https://turn2us.org.uk) charity website."

Other ways to keep costs down include taking advantage of local groups and services such as the Alzheimer's Society's free Side by Side companionship scheme. This helps you get in touch with local volunteers.

You can further lighten your load by — where possible — allowing your loved one to continue to manage some aspects of their finances.

Jane Vass, a director at charity Age UK, said: "Losing the ability to manage your money can be very distressing, so our advice is to allow people to continue making some decisions for as long as possible.

"You might, for example, open up a separate account with a low balance so they can manage small purchases without too much risk."

Talking to your employer about working more flexible hours may also help you to avoid sacrificing some or all of your salary.

Boma Adoki, an employment specialist at law firm Stevens & Bolton, said: "The law provides a limited right for employees to take a reasonable amount of time off work to deal with dependants.

"Eligible employees with care obligations are also entitled to make a flexible working request, although employers are not obliged to grant this."

### **How to avoid becoming a burden**

Sit down with your family and talk about what you want to happen if you become incapacitated, for example whether they should or could sell the family home or use equity release — where you borrow against your home and your estate repays the debt on death — to cover costs.

Emily Deane, technical counsel at inheritance planning association Step, said: "It's important to check how the family home is registered with the Land Registry, something you can do easily on its website.

"If, for example, the property is registered as owned by just one person and they become unable to make financial decisions, you would face a long and complicated process to release funds to pay for their care."

Ensure that you have an up-to-date will in place, as this sets out how you wish your estate to be divided.

Then set up lasting powers of attorney (LPAs) that nominate at least one person to make decisions on your behalf if necessary.

These legal documents cover two areas — property and financial affairs and health and welfare. They offer important protection for people with dementia, as long as you choose the right attorneys.

“Careful consideration and diligent planning are needed,” Deane said.

Other sensible steps include simplifying your financial affairs by, for example, closing old accounts and checking life insurance and pension nomination forms are up to date.

You may also want to consider investing a lump sum in a specialist annuity that provides an income to help pay care fees for the rest of your life.

“A specialist care annuity caps the cost of care, so there’s no risk that the money runs out,” said Sarah Coles, personal finance analyst at adviser Hargreaves Lansdown. On the flip side, however, you and your heirs will lose that lump sum — usually £70,000 or more — if you never need care.

Either way, don’t be lured in by companies peddling trusts they claim can help you avoid care home fees.

“Do not be tempted,” Deane said. “These schemes can be challenged by your local authority and could even lead to you facing criminal charges.”

### **‘Get proper advice’**

Hugh Thompson and his wife Fiona, a management consultant, took out lasting powers of attorney for each other a few years ago.

“As a solicitor, I recognise how important it is to protect yourself and your family, should one of you lose the capacity to make decisions,” said Hugh, a partner at law firm Lupton Fawcett.

Hugh, 55, and Fiona, 56, chose to draw up LPAs for both health and welfare, and property and financial affairs.

“For us, health and welfare LPAs were just as important,” said Hugh, who lives near York.

“But for couples who run their finances separately, a property and financial affairs LPA may be a more immediate concern.”

Either way, Hugh would advise anyone taking out an LPA to seek professional advice.

“An LPA could be in effect for 10 years or more, so I would say taking advice on the matter is at least as important as it is when you are writing a will,” he said.



Beate Herrmann and her late partner John

### **‘Make a will’**

Beate Herrmann gave up her job as a PA in the City to provide care for her partner John from 2014 until his death in 2017, aged 73. “John was diagnosed with dementia in 2011,” said Beate, who is 48 and lives in east London.

The age gap between the two meant it was even more important to plan early.

“Giving up my job was necessary because running two people’s lives is a full-time job,” Beate said. “But I went from earning a good salary to receiving about £250 a month in carer’s allowance, so it was lucky I had some savings.”

Her advice is to make wills before your partner becomes unable to do so, and to take out LPAs. “It’s not expensive and it really is essential,” she said.