

# “Cap care costs yourself?” suggests National Friendly

Successive Governments have, for years, failed to address the issue of social care funding despite a care cap being introduced in 2014, only for this to be subsequently abandoned. It is a little-known fact, however, that it is possible for someone to cap their own care costs using an insurance product called a **care fees annuity**. It's been around for many years but, in recent times, was only offered by two Insurance Companies.

Now National Friendly, the Bristol based Insurer, has launched their own version of this product and has joined forces with care funding specialists, Eldercare Solutions, to increase awareness of this as a solution to funding care costs.

National Friendly points out that the rules around social and healthcare funding are complex and the product will not be appropriate for everyone, hence its decision to partner with an independent specialist in the field. The product is not without risk, as early death could lead to a significant loss of capital, but that's why professional advice is crucial and Eldercare Solutions can advise on the product's suitability and, of course, affordability.

The specialist nature of this advice means that consumers faced with funding long-term care costs, are not well served by the financial services sector in general. The vast majority of self-funders in care homes have never heard of a care fees annuity. A self-funder, as far as social care is concerned, is someone with over £23,250 of assessable assets in England (£50,000 in Wales)\*.

Wayne Carter, Head of Sales and Marketing at National Friendly says: “A care fees annuity, as with other types of annuities, provides a regular and guaranteed income for life in exchange for a one-off, upfront, lump sum payment. Where it differs from a standard annuity is that these are individually underwritten to take full account of the person's health (historic and current) and their day to day care needs. In addition, if the payments are made directly to a registered care provider then the income is completely tax-free. The cost will depend on how much income is needed from the annuity and the decision the underwriters make in respect of the person's potential life expectancy.”

Nicky Cave, of Eldercare Solutions, states that “the average cost of a care fees annuity taken out by our clients during 2019 was about £158,000, this was a range of ages, from people in their

early 70s to their late 90s, all with differing income requirements and different health conditions”.

Nicky goes on to explain that “the families that this solution works best for are those wanting peace of mind that funds cannot run out if care is needed for several years. It's a genuine alternative to the ‘pay as you go’ approach, keeping fingers crossed that the savings will last.”

By partnering with Eldercare Solutions, National Friendly not only launches a valuable product into the later life market but ensures the advice that accompanies this is second to none.



**National friendly** 

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**Introducing Long Term Care Annuity from National Friendly in association with Eldercare Solutions**

- **Pay a one off lump sum** and the insurer pays a guaranteed income, directly to your care provider, for the rest of your life. It is possible that at the time of your death, you may have paid more than the policy pays out in benefits.
- **Capital protection** this option will not protect the full premium you pay, although it does reduce the potential amount lost in the event of an early death.
- **Completely tax-free** payments made directly to a registered care provider. Any payments we make to you rather than a care provider will not be exempt from tax.

For a personalised quote call Eldercare Solutions\* today on:  
**0800 082 1155**  
or visit:  
[www.nationalfriendly.co.uk/es](http://www.nationalfriendly.co.uk/es)

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## Contact us

For more information, please visit [www.nationalfriendly.co.uk/es](http://www.nationalfriendly.co.uk/es) or call **0800 082 1 155**

## Data Sources

\* <https://www.nhs.uk/conditions/social-care-and-support-guide/money-work-and-benefits/paying-for-your-own-care-self-funding/>