Paying for Long Term Care

About our care fees payment solutions

partnership

About Partnership

Partnership is one of the UK's leading providers of insurance products to fund care fees and offers a range of plans that are tailored to an individual's needs.

By taking health into consideration, Partnership is able to provide better levels of income to help meet care fees payments.

Partnership's expertise in the long term care funding industry was recognised when we won Best Long Term Care Provider at 2009's Health Insurance awards.

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The reality of funding care

Thanks to advances in medicine and a better overall quality of life, people are now living longer than ever before. The downside of this however, is a higher prevalence of serious illness and disability in later life. Simple tasks such as washing, moving about the house and preparing meals can become more difficult, and in many cases, professional care can be the only solution.

Care at home

Whilst more people may wish to receive care at home and indeed are encouraged to do so, the eligibility criteria for government support has become more stringent and only the most needy of cases get the desired levels of care.

The average cost of home care is £17.30 per hour* so on the basis of just two hours per day, the cost would be in the region of £12,600 per year. This does not include higher rates charged for weekends and bank holidays etc. If 24 hour care is required costs could rise to more than £150,000 based on the above hourly rate. In these circumstances residential care is usually more cost effective.

Residential care

Approximately one in three people will need long term residential care at some stage in their lives and the costs can be high: the average annual fees for residential care for 2009/10 is £24,908 which increases to £34,788* if nursing care is required. It also comes with the uncertainty of not knowing for how long it will be required.

This years figures increased by 2.6% on average from last year*.

If care costs are met from savings or investments, or perhaps with help from families, there is a real possibility of running out of money, particularly if the person requires care for much longer than expected.

That's why Partnership offers a variety of care fees payment solutions. These can guarantee a regular income for the rest of your life or for as long as you need care giving you more certainty that you'll be able to continue to pay for your care, however long that may be.

Whether you need care payments to start immediately, or you want to self fund initially and defer your income payments until you need them, Partnership can help.

** Source: Laing and Buisson - Care of Elderly People - UK Market Survey 2009*

Choosing the most suitable option

Partnership is dedicated to providing clear and straightforward solutions, as choosing the most appropriate funding method to suit your individual circumstances is essential. What makes Partnership's plans different is that we take your health and your ability to perform basic daily tasks into account when calculating the amount of income we provide and the cost of the plan. Our unique underwriting data enables us to more accurately predict how long you might need care and potentially give you a better income as a result.

Immediate Care Plan

A guaranteed regular income to help pay care fees

An Immediate Care Plan could be suitable for you if:

- You need funding for care to start immediately
- You have access to a lump sum to purchase the Care Plan
- You want the certainty of payments for the rest of your life
- You understand that return of any money from your plan, if you die after the first six months, is only available if you select Capital Protection Insurance.

How an Immediate Care Plan works

The Immediate Care Plan is an annuity which will pay a regular, tax-free income to your registered care provider, starting immediately and continuing for the rest of your life. Payments are guaranteed and do not depend on investment performance.

If, for whatever reason, you leave care at any point the income will be paid directly to you, rather than your care provider, but it would lose its tax-free status. However, it can be converted back to being tax-free should you require care again in the future.

Deferred Care Plan

A Guaranteed income to help cover the cost of care in the future

A Deferred Care Plan could be suitable for you if:

- You have funding for the short term but need security against care costs for the remainder of your life
- You are looking to reduce the costs of your premium, but require maximum benefits
- You have access to a lump sum to purchase the Care Plan
- You want the certainty of payments for the rest of your life.

There is no return of capital from your plan if you die after the first six months.

How a Deferred Care Plan works

The Deferred Care Plan is an annuity which will pay a regular, tax-free income to your registered care provider. Payments are guaranteed and do not depend on investment performance.

You choose how long you want to defer the care payments for – anything from one to five years. The longer the deferment period, the lower the cost of the Care Plan.

When deciding whether or not to opt for deferment, you should consider that if you die during the deferred period your estate will not be reimbursed with any of the money you invested in your plan.

If, once the payments have started, you leave care at any point the income will be paid directly to you, rather than to the care provider, but it would lose its tax-free status. However, it can be converted back to being tax-free should you require care again in the future.

Protection against inflation

Care fees can increase over time due to inflation. If you want to protect your investment against the effects of inflation you can consider:

- **Escalating benefits** – when you buy the plan you can choose to increase the income you receive by a rate between 1% and 8% per annum
- **Retail Price Index (RPI)** – linking your Care Plan to the RPI would mean that the payments you receive would be based on the 12-month movement in the RPI three months prior to your anniversary date, with adjustments coming into effect on the anniversary date.

***Note** – RPI linking cannot be taken out in conjunction with the escalating benefits and income will reduce in the event of deflation.*

Paying for an Immediate or Deferred Care Plan

- You buy an Immediate or Deferred Care Plan via a single one-off premium
- Your premium is based on the monthly benefit amount you want as well as whether you elect to protect your investment against inflation or choose Capital Protection (Capital Protection Insurance is available with an Immediate Care Plan only)
- It is also based on your age, gender and state of health at the time you apply
- All applications are fully underwritten so your medical history may also affect the premium.

Care Plan Payment Option

In many cases the only realistic way to pay for care home fees is through the sale of the family home. Partnership Care Plan Payment Option provides an innovative way to be able to purchase your Immediate or Deferred Care Plan, without having to sell your home immediately.

Essentially, it is a loan, secured against your property, which is then used to purchase a Partnership Care Plan. Interest is payable on the loan but is 'rolled up' and does not become payable until the property is sold, or upon death, when the loan and all accrued interest becomes payable in full. Care Plan Payment Option typically means that the funding of care home fees can start much earlier than waiting for the property to be sold. It also means that the property can be retained should re-occupancy be possible, perhaps as a result of improvements in health. For more details please see the Key Features of the Partnership Care Plans and Care Plan Payment Option.

Investment Protection

Capital Protection Insurance

We understand that many people will be concerned that, should they die in the early stages of their Immediate Care Plan, they won't get value for money from their investment.

Six months protection as standard

If you die in the first six months of taking out an Immediate or Deferred Care Plan, a percentage of the capital you invest will be returned to your estate/beneficiaries. That percentage depends on how far into the six month period death occurs.

Percentage

Month 1	**100%**
Months 2 - 3	**50%**
Months 4 - 6	**25%**

Any income paid will be deducted from the capital amount returned.

If you would like more comprehensive protection for your investment, you can buy one of our two Capital Protection products when you purchase an Immediate Care Plan.

Capital Protection

Capital Protection allows you to protect up to 75% of your initial investment for a given period of time and will pay out if you die within this period.

The amount protected decreases over time in line with the amount of income payments that are paid out. Once the total payments made equal the total amount protected, your estate/beneficiaries will not receive any benefits on your death.

Capital Protection Plus

Capital Protection Plus allows you to protect the initial investment, but will provide a capital return to your estate/beneficiaries upon your death, regardless of when that may be. This amount is guaranteed and does not decrease over time.

Paying for Capital Protection

At the same time as you pay for your Immediate Care Plan, an additional single, one-off premium can buy you Capital Protection.

The cost depends on the amount you want to protect and the protection product you choose. Capital Protection is not available with a Deferred Care Plan.

Further information

If you have any questions at any time, you should discuss them with your financial adviser.

Please note that rules governing taxation are subject to review and can change and tax will depend on individual circumstances.

All details are correct at the time of going to print – 19 May 2010 – and may be subject to change.

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