Guidance: Long Term Care

This factsheet provides details on the features of Long Term Care plans and should be read in conjunction with your suitability report and any provider documentation.

Immediate Care Annuities

An Immediate Care Annuity are for individuals who need, or will shortly need, long term care from a registered care provider. A lump sum is used to purchase a secured income to assist paying the costs of care. The level of income provided will depend on a number of factors including your age, state of health and benefits required. Some products may provide a measure of capital protection for an additional cost. .

Advantages

- Will provide a secure income whilst you need care usually until death.
- If you live longer than expected, the insurer will continue to pay an income until your death.
- If the benefits are paid directly to a registered care provider then the payments will be tax free.
- The plan can be set up to increase each year at a fixed rate or in line with inflation.

Disadvantages

- It is usually not possible to alter the plan once it is in force.
- It is usually not possible to stop cancel the plan and receive a return of your capital if your circumstances change and you no longer need care.
- Unless the plan includes a death benefit there will be no pay out to your estate on death.
- If you die earlier than expected then the benefit of a secure income may not offset the initial capital cost.
- There is no guarantee that the income provided will keep pace with the care costs.
- Only available to clients aged 60 and over.
- Can impact upon the availability of state benefits and grants.

Deferred Care Annuities

A Deferred Care Annuity are for individuals who need, or will shortly need, long term care from a registered care provider. A lump sum is used to purchase a secured income to assist paying the costs of care. The payment of the secured income is deferred for an agreed period which could reduce the cost. The level of income provided will depend on a number of factors including your age, state of health and benefits required. Some products may provide a measure of capital protection for an additional cost.

Advantages

- Will provide a secure income whilst you need care usually until death.
- If you live longer than expected, the insurer will continue to pay an income until your death.
- If the benefits are paid directly to a registered care provider then the payments will be tax free.
- The plan can be set up to increase each year at a fixed rate or in line with inflation

Disadvantages

- It is usually not possible to alter the plan once it is in force.
- It is usually not possible to stop cancel the plan and receive a return of your capital if your circumstances change and you no longer need care.
- Unless the plan includes a death benefit there will be no pay out to your estate on death.
- If you die earlier than expected then the benefit of a secure income may not offset the initial capital cost.
- There is no guarantee that the income provided will keep pace with the care costs.
- Only available to clients aged 60 and over.
- Can impact upon the availability of state benefits and grants