Financial Protection

R05 2023–24 edition

Web update 2: 20 September 2023

Please note the following update(s) to your copy of the **R05** study text:

Chapter 8, section B2, page 8/4

Should now read (amendment in **bold**):

This is paid for by the Department **for** Work and Pensions (DWP).

Chapter 8, section B6, page 8/5

The section should now read:

Local authorities must use national guidance in making assessments. These are contained in the regulations and guidance for the Care Act 2014 (in particular the Care and Support (Charging and Assessment of Resources) Regulations 2014). The Care Act 2014 and its supporting guidance contains details of both the income and capital that needs to be taken into account when determining whether local authorities can assist with the payment of care fees.

Most income, including pension income and most State benefits will be fully taken into account.

Some income is fully disregarded, such as council tax reduction and any income from employment or self-employment. Some income may be partly disregarded, for example, 50% of an occupational or personal pension may be paid back to a spouse or civil partner who is not in the same care home.

In determining someone’s assets, the local authority takes account of all their assets including:

- money in cash, deposit and savings accounts, as well as National Savings;
- shares, at their market value;
- property;
- businesses that are owned or part-owned;
- individual savings accounts (ISAs); and
- other pooled investments such as unit trusts, investment trusts and open-ended investment companies (OEICs).

However, the local authority does exclude personal possessions, provided they weren’t acquired extravagantly. In light of the pension freedoms introduced from April 2015, guidance has been given in terms of how personal pensions are to be treated. Annex C of the Care and Support Statutory guidance broadly says that where no or minimal income is being taken, the pension fund should be deemed to produce a notional income equal to the level of annuity that could be purchased with the fund.

One very important disregard, which still applies, relates to the surrender value of insurance bonds where there is an element of life assurance. The surrender value is excluded from the calculation because the rules apply a blanket exclusion to the surrender value of a life assurance contract. Most bonds are structured as single premium, non-qualifying, whole of life assurance contracts. This means that the surrender value of the bond will be exempt.

Although the Department of Health consulted on this in 2014, such policies continue to be excluded at present.

Chapter 8, section C1, page 8/8

Should now read (amendment in **bold**):

Some 2.5 million people were providing care for 20 hours or more each week, with 1.5 million of these caring for more than **50 hours** each week (Source: ONS).