Paying for care:
A clear guide to care home funding

Understanding care home fees, property, benefits and your options.



carehome.co.uk

Introduction

When care is needed, money is often one of the biggest worries.

Finding the right care is one of life's biggest decisions. It often comes at a time of uncertainty. Health may be changing. A hospital discharge may be approaching. Or the support that has worked at home is no longer enough.

Alongside concerns about care itself comes another question:

How will we pay for it?

For many families, this is where things feel most uncertain.

You may be wondering what happens to savings, whether you'll get financial help, or what happens if the money runs out. Care funding isn't straightforward. The rules depend on where you live, the type of care you need, your finances and your health.

"Two people living in the same care home can be paying for their care in completely different ways."

You don't need to understand it all at once. Most families start with little knowledge of the system and they build their understanding step by step.

This guide will help you do exactly that.

We'll explain:

- **How care home funding works**
- **When local authorities contribute towards fees**
- **What happens to savings and property**
- **Which benefits may be available**
- **How NHS funding works**
- **What happens when savings start to run low**
- **Whether family members can be asked to pay**



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1

Understanding how care home funding works

Before looking at property, benefits or financial assessments, it helps to understand one important point:

There is no single way to pay for care.

Many people assume there is a standard system that applies to everyone. In reality, care funding is based on individual circumstances.

The amount someone contributes towards their care can depend on:

- Their savings
- Their income
- Whether they own property
- Their care needs
- Their health needs
- Which part of the UK they live in

As a result, two people receiving similar care may have very different funding arrangements.

One person may pay the full cost themselves.

Another may receive support from their local authority.

A third may receive help from the NHS.

Many people receive a combination of different types of support. Understanding where you fit within the system is the first step towards understanding what your options may be.

Self-funding vs. Local Authority funding

When people talk about paying for care, they are usually talking about one of two broad categories.

Self-funding

A self-funder is someone who pays some or all of their care costs themselves.

This may involve using:

- Savings
- Pension income
- Investments
- Rental income
- Proceeds from the sale of a property

Around half of older people living in care homes fund their own care, either entirely or partially.

Many families are surprised to learn that self-funding is common.

Local authority funding

If someone meets the relevant financial criteria, their local authority may contribute towards the cost of care.

The amount of support depends on both:

1. Their care needs
2. Their financial circumstances

This is why assessments are such an important part of the process.

Two assessments that every family should understand

One of the most common misunderstandings is the belief that a financial assessment determines whether someone needs care.

It doesn't. There are actually two separate assessments.

Care needs assessment

This looks at the person's care and support needs.

It considers questions such as:

- Can they wash independently?
- Can they dress themselves?
- Can they prepare meals safely?
- Are they at risk of falls?
- Do they need supervision?



The purpose is to understand what support is needed.

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Financial assessment

Once care needs have been established, a separate assessment looks at finances.

This considers:

- **Savings**
- **Income**
- **Investments**
- **Property**

The purpose is to determine how care should be funded. Understanding the difference between these assessments can help families feel more confident when navigating the process.

Why care funding can feel so confusing

Families often tell us that they struggle to find clear answers. That's understandable. The care funding system brings together several different areas:

- **Social care**
- **Property**
- **Benefits**
- **Tax**
- **NHS funding**
- **Local authority rules**
- **Legal arrangements such as Lasting Powers of Attorney**

It's a lot to take in, especially when decisions need to be made quickly. The key is not trying to understand everything at once. Instead, focus on the next decision in front of you.

The current savings / assets thresholds for 2025/2026 financial year are below:

Region	Lower Limit (£)	Upper Limit (£)	What it means
England	14,250	23,250	**Below £14,250:** council pays most. **Between limits:** you contribute. **Above £23,250:** you pay all.
Scotland	21,500	35,000	**Below £21,500:** council support. **Between limits:** partial contribution. **Above £35,000:** you pay all.
Wales	—	50,000	**Below £50,000:** council support. **Above £50,000:** you pay all.
Northern Ireland	14,250	23,250	**Below £14,250:** council support. **Between limits:** partial contribution. **Above £23,250:** you pay all.

Remember

- **Your home may or may not be counted as capital depending on the type of care and who continues to live there. For care provided in your own home, your main residence is generally ignored.**
- **Eligibility for support also depends on a care needs assessment, not just your finances.**
- **Scotland, Wales, and Northern Ireland have different thresholds and rules.**

Most families find that once they understand the basics, the bigger picture starts to make more sense.





Practical example

Margaret is 84.

She owns her home and has savings of **£70,000**.

Following a hospital stay, her family begin exploring residential care in a care home.

Initially, they assume they will need to sell her property immediately.

They also worry that the family may become responsible for future care fees.

After speaking to professionals and understanding the funding system more clearly, they discover:

- **Several funding options are available**
- **Property decisions do not need to be rushed**
- **The local authority will eventually become involved if circumstances change**
- **Family members are not automatically responsible for fees**

Understanding care funding won't necessarily reduce the cost, but it can help you feel more in control. By understanding your options, you'll have the knowledge and clarity to make decisions with confidence.

What this means for you

Many families start by asking:

How much will the care home cost?

It's a natural question, the table across gives an indication of regional costs.

Regional care home costs across the UK

Region	Self-funded residential care	Self-funded nursing care	Self-funded residential dementia care	Self-funded dementia nursing care
England	£1,302	£1,558	£1,346	£1,583
Scotland	£1,539	£1,646	£1,603	£1,656
Wales	£1,156	£1,394	£1,217	£1,440
UK average	£1,298	£1,535	£1,343	£1,564

But a better first question is:

What funding might be available?

Understanding that answer can influence every decision that follows. Before worrying about selling a property, using savings or making long-term plans, it helps to understand how the funding system applies to your situation. The more informed you are at the beginning, the more confident you're likely to feel about the decisions ahead.



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How care home funding is assessed

Understanding the financial assessment

Once it has been established that someone needs residential or nursing care, the next question is usually:

Who will pay for it?

This is where the financial assessment, often called a 'means test', comes in. The purpose of the assessment is to understand what financial resources are available and whether the local authority should contribute towards the cost of care.

Many families worry about this stage. They imagine a complicated process designed to catch them out. In reality, the assessment is intended to build a picture of someone's financial circumstances so that funding decisions can be made fairly.

The assessor will usually look at three main areas:

Income	Savings & Investments	Property

Together, these help determine whether someone is likely to fund their own care, receive support from the local authority, or contribute alongside local authority funding.

The difference between income and capital

One of the easiest ways to understand a financial assessment is to separate finances into two categories.

Income

Income is money that comes in regularly. Examples include:

- State pension
- Private or workplace pension
- Pension credit
- Rental income
- Certain benefits
- Investment income

Income is normally taken into account when calculating how much someone contributes towards their care.

Capital

Capital refers to assets that have already been accumulated. Examples include:

- Savings accounts
- ISAs
- Investments
- Premium bonds
- Stocks and shares
- Property in some circumstances

Capital is used to determine whether someone qualifies for financial support and, if so, how much support may be available.

What information will be needed?

The financial assessment process is usually easier if documents are gathered in advance.

Families are often asked to provide:

- Bank statements
- Pension statements
- Details of savings accounts
- Investment information
- Property information
- Details of benefits being received
- Evidence of regular income

The more complete the information, the smoother the assessment tends to be.

Does everyone have to have a financial assessment?

Not necessarily.

Some people know from the outset that their assets are well above the relevant thresholds and choose to arrange care themselves. Others prefer to have a formal assessment so they understand exactly where they stand.

Even if someone expects to self-fund initially, understanding the assessment process can be useful because circumstances often change over time.

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Summary

The three areas that affect funding decisions:

Income

- State pension
- Private pensions
- Benefits
- Rental income

Savings & Investments

- Bank accounts
- ISAs
- Premium bonds
- Stocks & shares

Property

- Home ownership
- Additional properties
- Property interests

Together these help determine how care should be funded.



What happens to pension income?

This is a question families ask frequently.

Most pension income is taken into account when calculating contributions towards care fees.

This includes:

- State Pension
- Occupational pensions
- Personal pensions

However, there can be exceptions depending on individual circumstances. For example, where a spouse remains at home, part of an occupational pension may be allocated to them.

This is one reason why individual advice can be so valuable. Two families with seemingly similar finances may receive different outcomes.

What about savings?

Savings play a significant role in the assessment.

The local authority will look at the total amount of capital someone holds and compare this with the relevant thresholds in place at the time. The exact figures change periodically and differ across the UK. For this reason, it's always important to check current guidance.

What matters most is understanding the principle:

The more savings and capital someone has, the more they are likely to contribute towards their own care.

As assets reduce, eligibility for financial support may increase.

What if someone owns their home?

Property is often the area families worry about most.

The important thing to know is that property is not automatically included in every financial assessment.

Whether it is taken into account depends on several factors, including:

- Whether a spouse or partner still lives there
- Whether certain relatives continue living there
- The type of care being arranged
- How long someone has been receiving care

The rules can be complex.

We'll explore property in much more detail later in this guide. For now, it's enough to understand that ownership of a property does not automatically mean immediate decisions have to be made.

Common misunderstanding

"The council will tell us how much the care home costs."

Not quite.

The financial assessment and the care home's fees are two separate things.

- The care home sets its fees.
- The financial assessment determines how much the individual may be expected to contribute towards those fees.

Understanding the difference helps avoid confusion later.



Practical example

David is moving into residential care.

His finances include:

- State Pension
- Small occupational pension
- £45,000 in savings
- A house that is currently empty

Before the assessment, his family assume the council will either pay everything or nothing. The reality is more nuanced. The local authority reviews David's finances and determines what contribution he should make.

Depending on the value of his assets and the relevant rules, he may initially pay a significant proportion of his own fees. As circumstances change over time, the level of support available may also change.

The assessment is not a one-off judgement. It is part of an ongoing process that can be reviewed as circumstances evolve.

What this means for you

Many families worry that a financial assessment is designed to take control away from them.

In practice, it is simply a way of understanding how care can be funded. The more organised you are before the assessment, the easier the process tends to be.

Start by gathering information about:

Your income, property ownership, savings and investments. *See the family checklist below.*

Once you have a clear picture of these areas, many of the funding questions become easier to answer. Remember, the assessment is not about judging past decisions. It's about understanding what support may be available now and in the future.

Family checklist

Before a financial assessment, try to gather:

- [ ] **Recent bank statements**
- [ ] **Savings account information**
- [ ] **Pension statements**
- [ ] **Investment details**
- [ ] **Property ownership documents**
- [ ] **Details of benefits received**
- [ ] **Lasting Power of Attorney paperwork (if applicable)**
- [ ] **Contact details for financial representatives**

Having these documents ready can make conversations with local authorities, care homes and financial advisers much simpler.

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Property, inheritance and protecting family assets

The questions almost every family asks

For many people, their home is their largest asset. It may represent decades of hard work, family memories and financial security. So when care home fees enter the picture, it's natural for concerns about property to follow.

Families often ask:

Will the house have to be sold?

Can the council take the property?

Can we protect it?

What happens to the inheritance?

These are important questions. The answers aren't always straightforward, but understanding the rules can help you make informed decisions and avoid costly mistakes. Most importantly, it can help you separate myths from reality.

Let's start with one common misunderstanding

MYTH

The council takes your house to pay for care.

REALITY

Local authorities do not take ownership of someone's property. Instead, they assess whether the value of the property should be taken into account when calculating how care is funded. That may sound like a small distinction, but it's an important one. The property remains part of the person's estate.

The question is whether its value should be considered when determining how much they contribute towards care costs.

When is a property included in a financial assessment?

This depends on individual circumstances. In some situations, the value of a property may be included. In others, it may be disregarded entirely.

The rules can be complex, but there are several common situations where a property is often ignored.

When a spouse or partner still lives there

One of the biggest fears families have is that a husband or wife will be forced to leave their home.

In most cases, this does not happen.

Where a spouse, civil partner or long-term partner continues living in the property, its value is generally disregarded during the financial assessment. This protection exists because the system recognises that one person's care needs should not automatically leave another person without a home.



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Practical example

John moves into a nursing home after a stroke.

His wife Susan remains living in the family home. Although John now requires permanent care, the value of the property would usually be disregarded while Susan continues living there.

This means she would not normally be expected to sell the property because of John's care needs.

Other situations where a property may be disregarded

In some circumstances, other relatives living in the property may also qualify for protection.

Examples can include:

- A relative aged 60 or over
- A dependent child
- A disabled relative

The specific rules can be complex and depend on individual circumstances. If a property is occupied by a family member, it's important to seek advice before making assumptions about how it will be treated.

What if nobody lives in the property?

This is where things often become more complicated. If someone moves permanently into a care home and their property becomes empty, the value of the property may eventually be included in the financial assessment.

This does not necessarily mean immediate decisions are required. There are often options available. The key is understanding what those options are before acting too quickly.

What this means for you

Many families assume they need to make immediate decisions about selling a property. Often, they don't.

Before taking any action, make sure you understand:

- Whether the property is likely to be included in an assessment
- Whether any disregard rules apply
- What alternative funding options may be available
- Whether independent advice would be helpful

Good decisions are usually informed decisions. And informed decisions rarely need to be rushed.

Understanding the 12-week property disregard

One of the lesser-known protections available to some people is the 12-week property disregard. This can apply when someone enters permanent residential care and their property would normally be taken into account.

For a limited period, the property may be ignored while longer-term funding arrangements are considered. The purpose is simple. It gives families breathing space.

Rather than facing immediate pressure to make decisions about a property, they have time to understand their options and plan appropriately.

Why this matters

Care decisions are often made during periods of stress. Adding urgent property decisions into the mix can make an already difficult situation harder. The 12-week disregard is designed to reduce some of that pressure.

Selling a property isn't the only option

Many people assume there are only two possibilities:

1. **Sell the house**
2. **Pay the fees**

The reality is often more nuanced.

Depending on circumstances, options may include:

- **Using savings initially**
- **Rental income from the property**
- **Deferred Payment Agreements**
- **A combination of different funding sources**
- **Local authority support where eligible**

Every situation is different. The best approach depends on personal circumstances, financial resources and long-term goals.

Deferred Payment Agreements

A Deferred Payment Agreement allows some people to delay paying part of their care costs.

Instead of selling a property immediately, the local authority may pay certain care costs on their behalf and recover the money later.

Typically, repayment happens when:

- **The property is sold, or**
- **The estate is settled**

Why families choose this option

The main benefit is time. Families can make decisions about the property when they are ready, rather than feeling pressured into a quick sale.

For many people, that breathing space is invaluable.

Things to consider

Like any financial arrangement, Deferred Payment Agreements come with conditions, interest and eligibility requirements.

It's important to understand these fully before proceeding.

It's a question many families think about, even if they don't always say it out loud:

Will there be anything left to inherit?

It's a difficult question. And it's a completely understandable one. Most parents spend years building financial security for their family. Many hope to leave something behind.

The reality is that care costs can affect the value of an estate. But inheritance should rarely be viewed in isolation. Care funding exists to help ensure someone receives the support they need when they need it.

For many families, the priority becomes balancing quality care today with preserving as much financial security as possible for the future. That balance will look different for every family.

Protecting assets: what is possible and what isn't?

There is a great deal of information online about "protecting assets from care fees." Some of it is useful. Some of it is misleading.

The most important thing to understand is this:

Legitimate planning and asset avoidance are not the same thing.

Planning ahead can be sensible. Trying to deliberately avoid care charges can create serious problems.

What is deprivation of assets?

A local authority may investigate whether someone has deliberately reduced their assets in order to avoid paying for care.

This is known as deprivation of assets.

Examples might include:

- **Giving away a property**
- **Transferring ownership to family members**
- **Making unusually large gifts**
- **Selling assets for less than their true value**

The local authority will usually consider:

- **When the transfer took place**
- **Why it happened**
- **Whether care needs could reasonably have been anticipated**

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Practical example

Valerie transfers ownership of her house to her son shortly after receiving a diagnosis that makes future care increasingly likely.

Several years later, she requires residential care. During the financial assessment, the local authority investigates the transfer. If it concludes the transfer was intended to reduce care charges, it may still treat Valerie as though she owns the asset.

The intended protection may not work.

MYTH

If we transfer the property now, the council can't touch it.

FACT

There is no simple rule that guarantees a transferred property will be ignored. Local authorities can investigate past transactions and consider why they took place. Timing and intention both matter.

What families can do now

There are several steps that can help families feel more prepared.

- **Consider a Lasting Power of Attorney**

This allows trusted individuals to make decisions if capacity is lost in the future.

- **Keep financial records organised**

Good records make future assessments much easier.

- **Review wills regularly**

Estate planning remains important, regardless of care needs.

- **Seek independent advice early**

The earlier conversations happen, the more options are usually available.

What this means for you

The goal is not to "beat the system." The goal is to make informed decisions that protect the interests of the person who needs care. Most families aren't looking for loopholes. They're looking for clarity.

The good news is that informed decisions are usually better decisions. Understanding the rules, getting the right advice and planning ahead can help you avoid costly mistakes. When it comes to protecting your assets, it's always better to plan early rather than wait until care is urgently needed.

Property planning checklist

- [ ] Do we understand whether the property is likely to be included in an assessment?
- [ ] Does anyone still live in the property?
- [ ] Have we explored whether any property disregard rules apply?
- [ ] Do we understand Deferred Payment Agreements?
- [ ] Have we reviewed any previous gifts or transfers?
- [ ] Is a Lasting Power of Attorney in place?
- [ ] Have wills been reviewed recently?
- [ ] Have we sought independent financial advice?
- [ ] Have we considered both care needs and inheritance planning?
- [ ] Are we making decisions based on facts rather than assumptions?

The more confidently you can answer these questions, the better prepared you'll be for the conversations ahead.



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Benefits, NHS funding and financial support many families miss

Support may be available, even if you're paying for care yourself

Many people are entitled to financial help they don't know about. Others assume they won't qualify and never apply. Some forms of support are linked to income or savings. Others are based on care needs or health conditions.

Understanding what might be available can help you make more informed decisions and ensure you're not missing out on support that could make a meaningful difference.

The first thing to know

Benefits and funding support are not all assessed in the same way.

Some are based on:

Care needs

Some are based on:

Income and savings

Others are based on:

Health needs

This means someone may not qualify for one form of support but still be eligible for another. It's often worth exploring every option rather than assuming one decision determines everything.

Attendance Allowance: **One of the most overlooked benefits**

Attendance Allowance is a benefit for older people who need help with personal care or supervision because of illness, disability or a long-term condition. Importantly, it is not based on income or savings. That surprises many families.

Eligibility depends on care needs rather than financial circumstances.

The benefit can help with costs associated with:

- **Personal care**
- **Supervision**
- **Support during the day**
- **Support during the night**
- **Additional help needed because of disability or illness**



Why families miss out

Many people assume they need a professional carer to qualify. Others think they must already be receiving care services.

Neither is necessarily true, and has resulted in only 30 – 40% of people eligible claiming this support.

The assessment focuses on the help someone needs, not simply the help they currently receive.



Practical example

Joan lives alone and struggles with mobility. Her son helps with dressing, shopping and medication.

Joan doesn't consider herself a "care recipient" and never applies for Attendance Allowance. After seeking advice, she discovers she may be eligible because of the support she requires day-to-day.

The benefit provides additional income that helps contribute towards her care needs.

What this means for you

Attendance Allowance is often worth exploring before care becomes urgent. Even if someone appears to be managing independently, their care needs may be greater than they realise.

Eligibility is based on need, not income and remains one of the most under claimed benefits in later life.

Attendance Allowance Rates (England & Wales) – 2025/26

Rate	Weekly Amount	Four-Weekly Payment	Annual Equivalent	Typical Eligibility
Lower Rate	£76.70	£306.80	£3,988.40	You need frequent help or supervision during the day OR night. (GOV.UK)
Higher Rate	£114.60	£458.40	£5,959.20	You need help or supervision during both day AND night, or you are terminally ill. (GOV.UK)

Can I claim Attendance Allowance in Scotland?

Attendance Allowance is usually not paid to people living in care homes in Scotland.

This is because people aged 65 and over who have been assessed by their local authority as needing personal care are entitled to free personal care, regardless of their income or savings. You may still need to contribute towards accommodation, meals and other living costs, depending on your financial circumstances.

If you're unsure what support you're entitled to, it's worth speaking to your local authority or seeking independent benefits advice.

Pension Credit: **A benefit that opens doors to other support**

Pension Credit is designed to help older people on lower incomes. Many eligible households do not claim it. In some cases, claiming Pension Credit can also provide access to additional forms of assistance.

These may include support with:

- **Housing costs**
- **Council Tax**
- **Energy-related support schemes**

The rules change periodically, so it's worth checking current eligibility even if someone has been declined in the past.

Why this matters

A successful Pension Credit claim can sometimes increase overall financial support significantly. Families often focus on larger care costs while overlooking smaller benefits that, over time, can make a meaningful difference. According to the Dept of Work & Pensions only 62% of those entitled to Pension Credit claimed the benefit in the financial year ending 2024. That equates to over 900,000 pensioner families.

NHS-Funded Nursing Care: Support for people receiving nursing care

Some people living in nursing homes in England and Wales may qualify for NHS-funded Nursing Care. This is a contribution from the NHS towards the nursing element of their care. The funding is paid directly to the nursing home. This is not available in Scotland as people aged 65 and over who have been assessed by their local authority as needing personal care are entitled to free personal care.

The resident does not receive the money personally.

Who might qualify?

People who:

- **Live in a nursing home**
- **Have nursing needs assessed by the NHS**

Not everyone living in a nursing home will qualify. An assessment is required.

Why families should know about it

Many people assume moving into a nursing home automatically means paying the full cost themselves. In reality, NHS-funded Nursing Care may reduce the amount that needs to be paid privately. NHS-Funded Nursing Care is not means-tested and can reduce nursing home fees by more than £13,900 per year.

How much is it worth?

For England, the NHS standard FNC contribution is currently £267.68 per week (from April 2026). The payment is made directly to the nursing home.

Example:

Weekly Nursing Home Fee	FNC Contribution	Resident Pays
£1,500	£267.68	£1,232.32
£1,800	£267.68	£1,532.32
£2,000	£267.68	£1,732.32

MYTH

If I'm paying my own care home fees, I can't get any NHS help.

FACT

Many self-funding residents in nursing homes qualify for NHS-Funded Nursing Care. Because the payment goes directly to the nursing home, families often don't realise it exists or don't check that it has been applied to their fees. *Source: Beaconchc.co.uk*

NHS Continuing Healthcare

The funding many families have never heard of

Of all the support available, NHS Continuing Healthcare is often the least understood. Yet for some people, it can have the biggest impact. Unlike local authority funding, NHS Continuing Healthcare is not based on savings, income or property.

Instead, it focuses on health needs.

What is NHS Continuing Healthcare?

NHS Continuing Healthcare is funding arranged and paid for entirely by the NHS for people with significant ongoing health needs. If someone qualifies, the NHS may pay the full cost of their care. NHS Continuing Healthcare can be worth £50,000–£100,000+ per year and is not means-tested.

This can apply whether care is delivered:

- **In a care home**
- **In a nursing home**
- **In another care setting**

The key difference

Local authority funding looks primarily at finances. NHS Continuing Healthcare looks primarily at health needs.

That distinction is important. Someone with substantial assets may still qualify if their health needs meet the relevant criteria.



Practical example

Bob has advanced Parkinson's disease and complex health needs.

His family assume they will need to pay the full cost of nursing care because he owns property and has savings. During discussions with healthcare professionals, NHS Continuing Healthcare is considered.

Following assessment, Bob is found eligible. The NHS takes responsibility for funding his care.

The family's financial assumptions turn out to be very different from the reality.

Why NHS Continuing Healthcare can be challenging to understand

The assessment process is detailed. Eligibility is not based on a diagnosis alone.

Instead, professionals look at:

- **Complexity of needs**
- **Intensity of needs**
- **Nature of needs**
- **Unpredictability of needs**

Although NHS Continuing Healthcare (CHC) follows a national framework, eligibility decisions are made by local Integrated Care Boards (ICBs). As a result, families can experience regional differences in how the criteria are interpreted and applied.

MYTH

If someone has dementia, they'll automatically qualify for NHS Continuing Healthcare.

FACT

Eligibility is based on the overall nature and complexity of health needs, not on a diagnosis alone.

Can I get NHS Continuing Healthcare (CHC) in Scotland?

No. Scotland does not have the NHS Continuing Healthcare (CHC) scheme used in England and Wales.

Instead, people with very complex healthcare needs may be eligible for Hospital Based Complex Clinical Care (HBCCC). This is NHS-funded care for people whose needs can only be met in a hospital setting.

If you move into a care home in Scotland, you may be entitled to free personal and nursing care if you've been assessed as needing it. This support is funded by the NHS and local authority, regardless of your income or savings.

Don't assume today's funding is permanent

One important thing to remember is that circumstances change. Someone who does not qualify for a particular benefit today may qualify in the future. Health needs can change.

Care needs can increase.

Financial circumstances can evolve.

This is why periodic reviews are so important. The funding picture may look very different in a year's time than it does today.

What this means for you

Many families focus entirely on savings and property. Those are important. But they are only part of the picture.

Before making major financial decisions, it is worth checking:

- **Attendance Allowance**
- **Pension Credit**
- **NHS-funded Nursing Care**
- **NHS Continuing Healthcare**
- **Local authority support**

Understanding all potential sources of funding can help you build a much clearer picture of what care may actually cost.

Funding Support Checklist

Before making long-term care funding decisions, ask:

- [ ] **Has Attendance Allowance been checked?**
- [ ] **Has Pension Credit been explored?**
- [ ] **Are all current benefits being claimed?**
- [ ] **Has NHS-funded Nursing Care been discussed?**
- [ ] **Has NHS Continuing Healthcare been considered?**
- [ ] **Have changing health needs been taken into account?**
- [ ] **Do we understand which support is means-tested and which is not?**
- [ ] **Have we reviewed entitlement recently?**
- [ ] **Have we asked for assessments where appropriate?**
- [ ] **Do we know where to seek further guidance?**

The earlier these questions are explored, the easier it becomes to make informed decisions about care and funding.

Support Type	Based on Finances?	Based on Care Needs?	Based on Health Needs?
Attendance Allowance	No	Yes	No
Pension Credit	Yes	No	No
Local Authority Funding	Yes	Yes	No
NHS-Funded Nursing Care	No	No	Yes
NHS Continuing Healthcare	No	Yes	Yes



5

What happens when savings start running out?

One of the biggest worries families have

Many people begin paying for care using their own savings and assets. For some, that arrangement continues for years. For others, there comes a point when the question changes from:

How much is care costing?

to:

What happens when the money starts running low?

It's a concern we hear from families every day. The good news is that there are usually options available. The earlier you start exploring them, the more time you'll have to make informed decisions.

Don't wait until the money has gone.

One of the most common mistakes families make is delaying conversations about future funding. It's understandable. Nobody wants to think about savings running out. But planning ahead can make a significant difference.

Ideally, discussions should begin while there are still sufficient resources available and time to consider the options carefully.

This allows:

- **Financial assessments to be arranged**
- **Funding options to be explored**
- **Care providers to be consulted**
- **Family discussions to take place**

Without the pressure of an immediate deadline.

What happens when capital reduces?

As savings and assets fall, eligibility for local authority support may change. Someone who originally paid the full cost of their care may become entitled to assistance later. This is why regular reviews of financial circumstances are important.

The funding position someone had when they entered care may not be the same position they have several years later.



Can the local authority become involved later?

Yes. Many people assume the local authority is only involved at the beginning of the care journey. In reality, involvement often happens much later.

A person may:

- **Self-fund initially**
- **Use savings for several years**
- **Become eligible for support later**

This transition is common. The important thing is making sure conversations begin early enough.



Practical example

Winifred moved into residential care four years ago. At the time, she had sufficient savings to fund her own care. Her family assumed this arrangement would continue indefinitely.

Over time, care fees increased and her savings gradually reduced. When her finances approached the relevant thresholds, the family contacted the local authority.

A financial assessment was arranged and new funding options became available. The care itself continued.

What changed was how that care was funded.

What if the local authority pays less than the care home's fees?

This is another area that causes concern. Local authorities often have their own funding rates. In some situations, these rates may be lower than the fees charged by a particular care home. This can create what's known as a funding gap.

When this happens, families may need to explore options such as:

- **Alternative funding arrangements**
- **Third-party top-ups**
- **Discussions with the care provider**

Understanding top-up fees

A top-up is an additional payment made to cover the difference between:

The amount a local authority is willing to pay and **The fee charged by the care home**

Top-ups can help someone remain in their preferred home. However, they should never be entered into lightly.

Questions to ask before agreeing to a top-up

- **Who will pay it?**
- **Can they afford it long term?**
- **Will the amount increase over time?**
- **What happens if circumstances change?**
- **What happens if the person paying can no longer continue?**

MYTH

If the money runs out, the care home will immediately ask someone to leave.

FACT

Funding transitions happen every day. There are established processes for reviewing eligibility, involving local authorities and exploring alternative arrangements.

What this means for you

Running low on savings does not mean running out of options. The most helpful thing you can do is start planning before decisions become urgent. Many families discover there is more support available than they initially realised.

6

Do family members have to pay?

A question that causes unnecessary worry

Few questions create more anxiety than this one:

Will I have to pay my parent's care home fees?

For many people, the fear sits quietly in the background. They worry about their own finances. Their mortgage. Their retirement. Their family's future.

The good news is that, in most situations, family members are not automatically responsible for paying a relative's care fees.

What does "next of kin" actually mean?

Many people assume being named as next of kin creates financial responsibility. It doesn't. Next of kin is primarily an emergency contact. It does not automatically create legal responsibility for care costs.

What about Power of Attorney?

Holding a Lasting Power of Attorney also does not make someone personally liable for care fees. An attorney may be responsible for helping manage finances and making decisions on behalf of another person. But they are not expected to use their own money to pay for care.

When might a family member become responsible?

There are some situations where responsibility may arise.

For example:

- Signing a contract agreeing to pay fees
- Entering into a formal top-up agreement
- Becoming party to a specific financial arrangement

This is why it's important to read any agreement carefully and understand what is being signed.





Practical example

James helps his mother move into a care home. During the admission process, he signs documents on her behalf under a valid Power of Attorney. Later, he becomes worried he may have personally accepted responsibility for her fees.

After reviewing the paperwork, it becomes clear he signed as her representative, not as a guarantor.

His role is to help manage her affairs, not fund her care personally.

What about joint assets?

Jointly owned assets can create additional complexity. This is one reason why professional advice may be useful when significant assets are involved. Understanding ownership arrangements early can prevent misunderstandings later.

The question behind the question

When families ask whether they have to pay, they're often asking something slightly different.

They're really asking:

Will my loved one still receive the care they need if circumstances change?

That's a completely understandable concern.

The care funding system can be complicated.

But family members should not assume that caring about someone means becoming personally responsible for all future costs.

MYTH

I'm my father's daughter, so I'll eventually have to pay.

FACT

Children are not automatically responsible for their parents' care home fees. Responsibility usually arises only where specific agreements or arrangements have been made.

What this means for you

Many families carry unnecessary worry because they misunderstand where legal responsibility sits.

Understanding the difference between:

- **Next of kin**
- **Power of Attorney**
- **Top-up agreements**
- **Personal guarantees**

can provide significant peace of mind.

If you're ever unsure about a document, ask questions before signing. Clarity at the beginning can prevent problems later.

Your care funding action plan

Turning information into practical next steps

By now, you've covered a lot of ground.

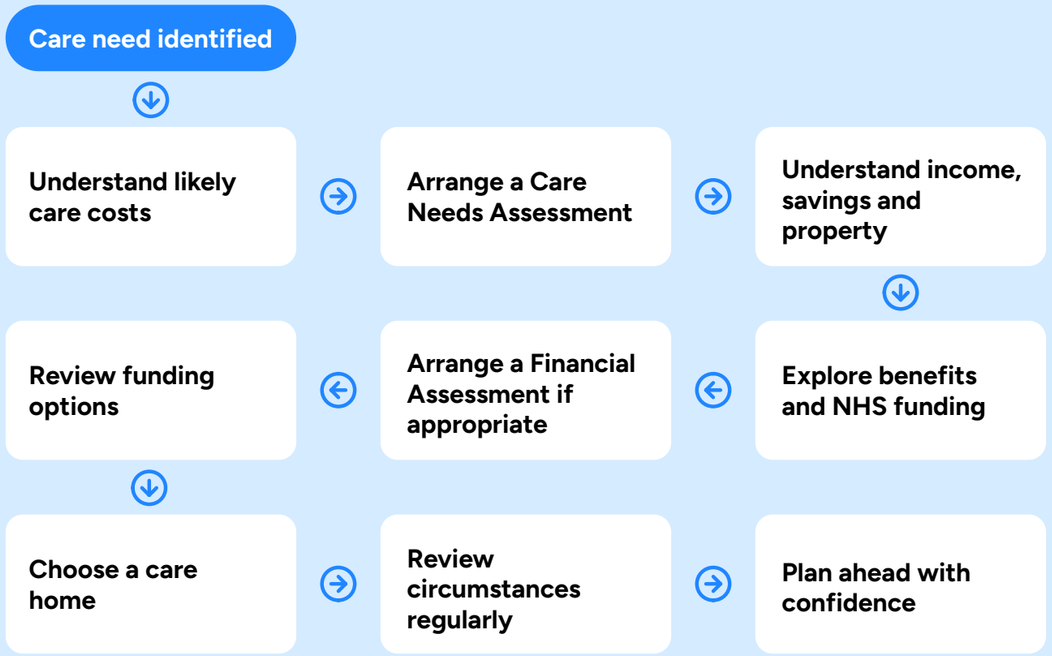
We've explored:

- Care home fees
- Financial assessments
- Property
- Benefits
- NHS funding
- Family responsibilities



That's a lot of information. The good news is that you don't need to tackle everything at once. Most families move forward one conversation and one decision at a time.

The care funding journey



Five conversations worth having now:

What level of care is likely to be needed?

Understanding future care needs helps shape financial planning.

What financial resources are available?

Gather information about:

- Income
- Savings
- Investments
- Property

Who will help manage finances if circumstances change?

Discuss:

- Lasting Power of Attorney
- Trusted family members
- Professional advisers

What support should be explored?

Check:

- Attendance Allowance
- Pension Credit
- NHS funding
- Local authority support

What matters most when choosing a care home?

Funding is important. But it's only one part of the decision. Care quality, location, culture and suitability matter too.



The ultimate funding checklist

Understanding Care Costs

- [ ] I understand the likely weekly cost of care.
- [ ] I understand what is included in the fees.
- [ ] I understand what additional costs may apply.

Financial Information

- [ ] Income sources identified.
- [ ] Savings and investments reviewed.
- [ ] Property position understood.
- [ ] Financial records organised.

Legal Planning

- [ ] Lasting Power of Attorney in place.
- [ ] Wills reviewed.
- [ ] Key documents accessible.

Benefits and Support

- [ ] Attendance Allowance checked.
- [ ] Pension Credit explored.
- [ ] NHS-funded Nursing Care discussed.
- [ ] NHS Continuing Healthcare considered.
- [ ] Local authority funding explored.

Future Planning

- [ ] Potential future funding changes discussed.
- [ ] Family members informed.
- [ ] Questions prepared for care providers.
- [ ] Professional advice considered if appropriate.

A final word

Most families begin this journey feeling uncertain.

That's normal.

Care funding is complicated because every situation is different. There is rarely a single answer that fits everyone. But clarity comes step by step.

The more you understand about the options available, the more confident you'll feel about the decisions ahead.

You don't need to have every answer today.

You only need the next one.

And when you need support, guidance is available. Because nobody should have to navigate care funding alone.

carehome.co.uk

Find care, confidently.

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Our free Care Help service narrows down your options to move forward with confidence.

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