



# Paying for your care: deferred payment agreements

## Care and support is changing for the better.

From April 2015 deferred payment agreements - an arrangement that enables some people to use the value of their house to pay for care costs - will be available across the whole country. This means that if you need to live in a residential or nursing home you should not be forced to sell your home in your lifetime to pay for the cost of care.

## How do deferred payment agreements work?

In Torbay, the Financial Assessment and Benefits (FAB) team, part of Torbay and South Devon NHS Foundation Trust, will carry out a financial assessment to see how much you should pay towards your care and support fees based on government guidance. If you own your own home and you are eligible for a deferred payment agreement, the Trust will help to pay your fees using your home as security. A deferred payment agreement isn't the same type of loan you would get from a bank as we do not give you a sum of money, instead we will pay an agreed part of your weekly care and support fees for as long as the deferred payment agreement is in place.

You will still be liable for the full cost of your care and accommodation, and you will be required to pay a weekly contribution, but you will be delaying full repayment to us until the deferred payment agreement ends. For more details about the financial assessment process read the Trust's leaflet *Paying your care home fees*.

## Who can apply?

A deferred payment agreement will not be suitable for everyone and there is a minimum set of criteria that must be met:

- You must have had a care needs assessment and the outcome is that your needs can only be met by moving to a residential or nursing home.
- You have savings or other assets below the upper capital threshold (as set by the government each year).
- Your home is included in the financial assessment process (where applicable the property may be disregarded for an initial 12 week period).



- You must have mental capacity to enter into a deferred payment agreement or have a legally appointed agent acting on your behalf.

There must be enough equity in your property to cover the cost of your care and we also need to ensure we can secure the debt against your property. You will need to maintain your property to protect its value and you will need to provide evidence that it is suitably insured. All of this will be discussed during the financial assessment process.

## How much does it cost?

The Trust is able to recover all reasonable costs and charge interest on the amount owed to us. The current charges as set out in the Trust's *Deferred Payment Policy*:

- £1,300.00 initial set-up fee to include search, valuation \* and other associated legal costs.
- £100 per year for the annual financial assessment review.
- Interest will be incurred on the outstanding balance in line with rates and limits set by the government. This is reviewed every six months and we will inform you of any changes to the amount charged in advance. The FAB team will confirm the current interest rate when discussing the deferred payment with you.

\*If your property is not in Torbay and the valuation fee charged is more than £500.00 the increase will also need to be paid by you.

Your property must be registered with Land Registry, if it isn't you must arrange for it to be registered at your own expense.

## Third party top-ups

If you need a third party top-up towards the cost of your care (read the leaflet *Third party payments* for more information) you may be able to add this cost to your deferred payment agreement, if there is enough equity in your home. Government rules say that top-ups for people not using a deferred payment agreement currently have to be paid by somebody else for example a member of your family. Therefore, a deferred payment agreement is the only way to pay the top-up yourself.

## Other ways to pay for your care

A deferred payment agreement is just one way to help pay for your care and there are other options available. For example, you may wish to rent your property — this could give you more income to pay towards the cost of your care. There are advantages to this as you may accrue less debt (if any) and therefore less interest. When calculating the amount you pay towards your care and support the Trust will only take into account 50% of your rental income so that you are able to maintain the running costs of your home, agent fees and property insurance etc.

## Financial advice

You will need to sign a legal document if you agree to, and are eligible for, a deferred payment agreement. **We recommend that you seek independent financial advice** to ensure that any decision you make best supports your individual circumstances. The following organisations offer support and advice:

SOLLA	<a href="http://www.societyoflaterlifeadvisers.co.uk">www.societyoflaterlifeadvisers.co.uk</a>	0845 303 2909
Money Advice Service	<a href="http://www.moneyadvice.service.org.uk">www.moneyadvice.service.org.uk</a>	0300 500 5000
Age UK	<a href="http://www.ageuk.org.uk">www.ageuk.org.uk</a>	0800 169 6565

To find out more information visit our website  
[www.torbayandsouthdevon.nhs.uk/careact](http://www.torbayandsouthdevon.nhs.uk/careact)

