

Investment Solutions Bulletin – Quarter Three, 2011.

Hot Potatoes.

As part of our series of articles on topical issues in the press I am going to cover two Areas that are political 'hot potatoes'.

Dilnot Report

Firstly the Dilnot report on long-term care funding. As we have all heard and in some cases seen the cost of care funding is rising and the government commissioned a report on how this could look in the future. The papers covered the main headlines but there are points in the report worth looking at as all is not as it seems.

Dilnot has proposed a cap on care costs of £35,000, after which the state would cover costs. The problem is that the level of state support offered is often lower than the actual cost of care; unless state support is upped it is likely that people will still have to cover a proportion of the costs long after the £35,000 is spent.

The £35,000 is only for care and further contributions to a 'hotel bill' will still be needed, the report suggests a figure of £10,000 a year.

It is also proposed that the means tested threshold should rise from £23,250 to £100,000 although Dilnot recommends the current tariff system remains in place. In essence this would mean someone with £100,000 of assets would pay £343 a week or £17,836 a year towards their care costs.

Could you live on £140 a week?

The Government has recently proposed a flat rate state pension of £140 a week and is currently consulting on how this could be implemented as early as 2015. A recent survey found that almost two in three people could not live on this (not surprising really) rising to 72% for the over 55's.

Equally worrying is that the survey's finding more than one in six people in the UK have no financial planning at all!

As always, please do not hesitate to contact us to discuss any aspect of your financial planning. As an Independent firm of Financial Advisers, Investment Solutions are suitably qualified to help you.

The above is based on our understanding of current and proposed legislation and tax rates.

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