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# Nugenis News

June 2022



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# People news

As we didn't issue a newsletter in May, we've got two months of birthdays to recognise.

## **Birthdays – April**

8th – Adam Wilson, Client Relationship Coordinator

## **Birthdays – May**

18th – Adam Fox, Head of Operations

19th – Stuart Lane, Financial Planner

25th – Deborah Watkins, Paraplanner

28th – Lyndon Griffiths, Client Relationship Coordinator

## Getting sporty for charity

This month, many Nugenis staff will be taking part in a charity sports day to raise money for Diabetes UK. Staff will pay an entry fee to take part in novelty sporting events such as Egg & Spoon, Relay and Wheelbarrow racing.

Keep your eyes peeled in our next Newsletter for an update on how much we raised and some photos from the event.

# Other news

## Get in touch

As part of our rebrand to Nugenis Financial Planning Limited, we provided you with updated contact information so you can continue to engage with us when you need to.

Here is a reminder of those all important details:

**New Website:** [www.nugenisfp.co.uk](http://www.nugenisfp.co.uk)

**Company mailbox:** [JustAsk@nugenisfp.co.uk](mailto:JustAsk@nugenisfp.co.uk)

**To email a member of staff directly please use the format:** [initial.surname@nugenisfp.co.uk](mailto:initial.surname@nugenisfp.co.uk)

**Office Telephone Number:** 029 2050 8000

We still have some clients that we don't have email addresses for. This is the quickest way we can communicate with you, so if you received the recent rebrand communication by post and you do have an email address, please send the details to [JustAsk@nugenisfp.co.uk](mailto:JustAsk@nugenisfp.co.uk) and we can add them to our system.

Also please remember to notify us should any of your contact details, such as address, telephone / mobile number and email address change.

We will only use your email address for sending communication that is relevant to you. Remember you can opt out at any time by emailing the company mailbox or telling your financial planner.

Finally, we have had a few clients report that our emails are going into their 'Junk' folder. Unfortunately, there is nothing we can do to help from our side, as this is due to the email provider you use categorising the message in a particular way due to the number we send. However, if you add us to your 'Safe Senders' list within your email account that should alleviate the problem. How you do that will vary depending on which provider and software you use, but you should be able to find instructions online or through your email service.

# Adam's Investment Update



May 2022

By Adam Sketchley, Board Director & Chief Investment Officer

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Investment conditions have been challenging over the past couple of months. Concerns around elevated inflation in developed economies and rising interest rates have knocked investor sentiment. Higher inflation and interest rates also present the prospect of a decrease in near-term economic activity.

At present, it would appear inflation is starting to peak, but further interest rate rises are expected in order to combat the relatively high inflation levels seen across Europe and the US. We don't expect to see a sudden market reversal and pick-up in portfolio performance until interest rate rises have been completed and inflation starts to fall.

Russia's continuing invasion of Ukraine will mean commodity prices remain high. Pandemic-related supply chain bottle necks appear to be easing, which is good news. But the Investment Committee don't see a sudden change in investment conditions in the near-term, certainly not before the end of 2022.

The broad de-rating seen in equity markets continues to provide future opportunities for investors. Although the investment backdrop is not attractive right now, over a medium-to-long term horizon, we feel we are well positioned to make positive steps forwards in the months and years ahead.

In terms of recent changes, for our discretionary clients, we have introduced infrastructure exposure into portfolios to defend against the near-term prospect of sustained inflation. This adjustment to investment strategies also creates additional portfolio diversification.

Overall it continues to be a very challenging year, but we remain optimistic for the remainder of 2022 and beyond. If you require further information, please contact your Financial Planner.





# Funding Long-term care

The issue of long-term care is an uncomfortable and emotive subject that many of us would understandably prefer to avoid thinking about – yet it's becoming increasingly difficult to ignore. In this month's article, we look at the options available and how planning your finances now might make things easier in later life.

As life expectancy continues to edge up, long-term care is an issue that a growing proportion of the population will need to consider. The longer we live, the more likely it is that we'll require some degree of care in later life, or that we'll be helping family members and other loved ones in need of greater support.

It's not a topic many people want to think about, but avoiding the subject will often be to make things even harder later on, particularly if it means we're not putting plans in place. There are good reasons why it's a challenging subject to deal with, however, and not just because it typically involves thinking about illness and death.

## Putting it in context

When we talk about care we're generally referring to a spectrum of services. These range from personal care at home for people who are older or living with physical and/or mental conditions but who are still able to live independently, to day care centres and care and nursing homes.

The latter are what we usually think of as long-term care – a high intensity service that's often for those nearing the end of their life and which is typically provided by local authorities.

Local authorities in England received 1.9 million requests for social care support from new clients in 2019/20, with around 43% receiving some form of service<sup>1</sup>. The actual cost of care will depend largely on the nature of the care needed and where in the UK it's provided. For example, a residential care home place costs an average of £704 a week, rising to £888 a week for a room in the typical nursing home<sup>2</sup>, although these costs can vary significantly between different parts of the UK.

The cost of care provided at home also adds up, with hourly rates between £10 and £30, and live-in care ranging from around £650 to £1,600 a week<sup>3</sup>.



## Who pays?

Adults with long-term complex health needs are likely to qualify for free social care arranged and funded by the NHS, called NHS Continuing Healthcare (or, in Scotland, Hospital Based Complex Clinical Care). Eligibility depends on an assessment that looks at factors such as the type of help required, the complexity and intensity of their needs and the extent to which those needs are unpredictable and need constant monitoring<sup>4</sup>.

Those not eligible for NHS continuing healthcare may be referred to their local authority. Local authorities are legally required to carry out a free assessment for anyone who needs support with everyday tasks, to work out what help is needed for them to continue living as independently as possible. They will also assess eligibility for help with paying for care. This is means-tested, with asset thresholds determining who funds their own care, who has it paid for by the local authority and who is entitled to some local authority support but should also pay top-ups.

The threshold in England and Northern Ireland is currently £23,250, which means those with assets above that amount have to pay the full cost of their care. The figure in Scotland is £28,750, while in Wales there is a care home fees threshold of £50,000 and a non-residential care the figure would be £24,000<sup>5</sup>.

There's also a lower limit where people with assets below that amount qualify for full financial support, currently £14,250 in England and Northern Ireland and £18,000 in Scotland. The situation is slightly different in Wales, where there's no support for those above the single £50,000 threshold, but those below it get fully funded care, although their own income can still contribute towards it.

The system in England will change in October 2023 when a care costs cap of £86,000 and of £20,000 will take effect, above which all ongoing care costs will be local authority funded (although this won't include daily living costs of up to £200 a week).

## DIY care funding

Around 37% of current care home residents are self-funding (i.e., they pay for their own care), according to the Office for National Statistics<sup>6</sup>. When at-home care is added, it's clear that a large proportion of people are funding care from their own assets. There are several ways of doing this. Perhaps the most obvious is to use assets built up in the form of income, savings and investments, including ISAs, investment bonds, self-invested personal pensions (SIPPs) and income from pensions.

Many people use property, either through the proceeds of selling a home, income from renting it out, freeing up funds by downsizing or accessing the funds tied up in a home through equity release. Some also have a 'deferred payment' arrangement, where the local authority covers care home costs for the homeowner on the basis that they will be repaid at a later point when the home is sold. There are some insurance and pre-paid options around too. Immediate Needs Annuities or Immediate Care Plans are a form of insurance that provide a guaranteed income to cover long-term care costs. Provided in exchange for an upfront lump sum, these are designed to bridge the gap between the individual's assets and the cost of care for the rest of their life, with the income from the plan tax-free when it's paid directly to the care provider.

The pre-funded long-term care insurance market disintegrated in the noughties, but there are still some pre-funded care plans available where premiums are paid while the policyholder is still healthy in order to cover the cost of care later in life.



# Planning Ahead

Care funding rules and thresholds will inevitably change over time, so planning ahead can give people more control over their care and funding.

It can also ensure that costly pitfalls are avoided. For instance, some people make the mistake of transferring the ownership of their home to children or other relatives, in the belief that it will prevent it counting towards assets for care funding purposes. But local authorities can still require the home to be sold even after a transfer, except in certain circumstances.

There are several ways of protecting assets and preventing them from being lost to care bills and Inheritance Tax (IHT). For example, up to £3,000 a year in assets and/or cash can be passed to individual beneficiaries each year without it being liable to IHT. The allowance can also be carried forward from the previous tax year if it wasn't used in that period, doubling the IHT exemption to £6,000.

Small gifts up to £250 in a tax year to any number of people are entirely free of IHT, provided they haven't already benefited from the annual exemption. Trusts can be useful too, as the assets with a trust are outside the estate for IHT purposes.

## Next Steps

Funding for care of whatever type can be a complex exercise, as very often the future level of fees may not be known, which is where a properly constructed financial plan can be very helpful. Whether you are just beginning to think about your own later life needs, or you are supporting a friend or family member navigate their way through the care funding maze, ask your Financial Planner about how we can help.

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<sup>1</sup><https://www.kingsfund.org.uk/audio-video/key-facts-figures-adult-social-care>

<sup>2</sup><https://www.carehome.co.uk/advice/care-home-fees-and-costs-how-much-do-you-pay>

<sup>3</sup><https://www.nhs.uk/conditions/social-care-and-support-guide/money-work-and-benefits/paying-for-your-own-care-self-funding/>

<sup>4</sup><https://www.nhs.uk/conditions/social-care-and-support-guide/money-work-and-benefits/nhs-continuing-healthcare/>

<sup>5</sup>Charging for social care | GOV.WALES

<sup>6</sup><https://blog.ons.gov.uk/2021/10/15/how-many-people-fund-their-own-care/>

## CONTACT US

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