

The Financial Benefits For You

September 2014

The most popular reason for moving into retirement property is practicality, the need to find a property that you can manage more easily as you get older and so enable you to maintain your independence, but the financial benefits are in a strong second place.

A modern retirement property will often be better insulated and so have lower energy costs than your old family home and maintenance costs will also be lower. In addition, retirement property will often be in a lower council tax band and should come ready fitted with an emergency call system that you would otherwise have to pay to have installed and monitored.

Of course, most retirement property will come with a service charge and you need to be clear about what it covers and what it does not. Most service charges will include building and grounds maintenance, but not the maintenance of the interior of your own apartment, and building insurance, but not contents insurance. It should also cover the cost of on-site staff but you should check whether these staff are on-site 24 hours a day or just for a few hours during the working week. It may also, in properties that follow the extra-care model that supports independent living, cover the cost of some service in your own home such as cleaning, laundry or personal care.

In my experience, once you have taken into account the cost of running your old home and the potential cost of providing the services you would need to manage if you stay in your old home the service charge will often represent very good value for money - but you need to do your own sums and make sure you understand what you are going to pay and what you will receive in return. And don't forget that once you have a care need there is a non-means-tested and tax-free benefit called Attendance Allowance available to help you meet the additional cost of supporting yourself, which includes paying your service charge. It is currently worth £54.45 or £81.30 a week depending on your level of need.

There is also another financial benefit to be gained from moving into retirement property that follows the extra-care model. Extra-care developments are designed to help you maintain your independence and that means that only a small number of people (evidence suggests only about 3%) will find themselves having to move out of this type of development into a care home with all the costs that are involved in that. In addition, if your savings fall below a certain level the Council will have to help you out with care costs should you need extra help and when calculating your contribution the current rules say the Council must exclude the value of any property that you or your spouse are living in. This means that while you or your spouse live in your extra-care property the value of that property is protected and can ultimately be passed onto your heirs.

Stephen Ladyman