

November 2011 – February 2012
NEWSLETTER

call 0845 0138659

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Protecting yourself from the Long-Term Care lottery

One in four of us may need care later in life and it is uncertain what state funding may be available in future.

Some feel it is unfair that elderly people are treated free in hospital for cancer or heart problems, while those with Alzheimer's disease who need residential care face steep fees if they have assets of more than £23,250. Despite heated political debate, that remains the case.

This could mean selling your home to fund long-term care costs. There may, however, be exceptions:

- Your house is disregarded for the first 12 weeks of care in a nursing or residential home.
- Local councils often offer a deferred payment, where the cost of care may be redeemed from your house in the event of your death.
- Your home may be exempt if it is occupied by a partner, a relative aged over 60 or incapacitated, or a child under 16.

Strategies that can preserve a lot of your capital or home to pass on to relatives include: **care plans** for which you pay a lump sum and receive an income for as long as you need care; a **care cash fund** that pays out for a set period; **investments** to produce income; releasing part of the value of your house under an **equity release** or home reversion plan.

As all these issues are very complicated, we strongly suggest you seek advice from an independent financial adviser. We are ready to help.

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- Long-Term Care fees protection
- High earners face pension tax penalties
- How to save £1.5 billion in IHT

Client Recommendation

"I was very appreciative of the professional way you arranged an equity release mortgage for us and the genuine empathy offered to myself, my wife and my mother-in-law."

Peter Carroll

Free Review

We are offering a FREE ONE HOUR REVIEW to help you understand the options available to make the most of your financial planning.

As Gordon Tate is an authorised independent financial adviser (IFA), you are assured of impartial advice at all times.

Please contact us to talk about investments, pensions, long-term care fees, equity release or other financial arrangements.

Our free review is valid only until 29th February so book now to make sure you don't forget!

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review@gordontate.co.uk



High earners face pension tax penalties

The tax treatment of pension contributions for high earners has altered radically. The annual allowance for pension savings decreased from £255,000 to £50,000 in April and any excess amount is taxed at the employee's marginal rate, so breaking the limit is definitely not in your interests.

From April 2012 the lifetime allowance will drop from £1.8 million to £1.5 million, with the excess taxed at 55%.

Anyone who believes they are likely to hit either the annual or lifetime limits with their pension contributions should take advice to avoid any tax penalty and consider whether other saving and investing options are appropriate.

However, for technical reasons if you have a very large contribution to make to a pension, now may be a very good time to consider using it.

Please contact us to find out more.

How to save £1.5 billion in IHT

The British public are losing £1.5bn to the taxman by not planning to mitigate inheritance tax, it has been calculated.

With IHT levied at 40% on assets over £325,000, exemption strategies can be vital. They include:

- using exempt transfers or gifts to reduce what may be liable for IHT.
- taking out a life insurance plan and placing it in trust, which could then pay off any IHT bill.
- spending the money on things such as holidays (not on assets).
- creating a trust arrangement.

You cannot, however, gift your house to your relatives and continue to live in it. The taxman will simply deem you still own it.

We will be happy to offer advice on this complex matter.

[Reference for compliance: calculated by IFA Promotion]