



# The Care and Home Inheritance Plan

Helps pay your care home fees  
and keep your home



# Contents

The Care and Home Inheritance Plan offers a unique cluster of benefits	4
Alternatives cannot provide all the Care and Home Inheritance Plan's benefits	5
Who can purchase a Care and Home Inheritance Plan (CHIP)?	6
The Care and Home Inheritance Plan is a legally binding agreement between a homeowner and Shaw Lifetime Care	7
How much will the Care and Home Inheritance Plan pay towards an individual's care home fees?	8
How do you purchase a Care and Home Inheritance Plan?	10
What protections does a Care and Home Inheritance Plan customer have?	12
How does paying care home fees with a Care and Home Inheritance Plan compare with paying them by selling your home?	15
What does a Care and Home Inheritance Plan cost?	16
How is the customer charged for their Care and Home Inheritance Plan?	19
When is the customer (or their beneficiaries) advised of the Lease Break Fee?	21
When they do decide to sell the house, how can the beneficiaries do this?	22
Why did Shaw Foundation develop Shaw Lifetime Care and The Care and Home Inheritance Plan?	23

# The Care and Home Inheritance Plan offers a unique cluster of benefits:



- ✓ A funding solution to help pay your care home fees which can be completed in as little as 4 weeks and will fund your care home fees for as long as needed.
- ✓ A charitable partner who will take over the burden and risk of letting, renting, managing, insuring, and maintaining your home entirely for your or your beneficiaries' financial benefit.
- ✓ The opportunity to recover, over time, all this funding by letting your home.
- ✓ The opportunity to retain the growing value of your home over the coming years for the benefit of your beneficiaries.



## Alternatives cannot provide all the Care and Home Inheritance Plan's benefits:

- ✗ All Deferred Payment Agreements (DPAs) require the care fee costs charged against the owner's home to be repaid within a year of the owner's passing. For many this will mean the home having to be sold within twelve months of the owner's passing. Deferred Payment Agreements may also restrict the owner's choice of care home.
- ✗ No alternative comprehensive property letting and management service repays all care home fee contributions for the benefit of the owner.
- ✗ Alternative schemes do not preserve the benefit of home inflation entirely for the beneficiaries and many do not even permit the beneficiaries to retain the home long term.
- ✗ Insurance products such as Immediate Needs Annuities may match the Care and Home Inheritance Plan's offer of lifetime contribution to care fees but have so high a cost that many owners can only afford to purchase them by selling their home.



## Who can purchase a Care and Home Inheritance Plan (CHIP)?

The Care and Home Inheritance Plan is available for purchase by anyone:

- Who owns their own home either on a freehold basis or on a leasehold basis with at least 99 years remaining on the lease.
- Who lives in or is about to move into a care home.
- Whose residual Equity Release or Lifetime mortgage secured on their home can be refinanced by the CHIP.
- Who can ensure that, following their move into their chosen care home, their house is vacant on completion of their purchase of the CHIP. The CHIP is not available to a person where another person retains a right to live in the home when the customer moves into a care home.
- Whose house is not part of a retirement or similar complex where letting of the house on the open market is restricted or prohibited.

## The Care and Home Inheritance Plan is a legally binding agreement between a homeowner and Shaw Lifetime Care

The Care and Home Inheritance Plan is an agreement by which a homeowner grants Shaw Lifetime Care a lease of their home in consideration of Shaw Lifetime Care paying an agreed sum each month towards the cost of the customer's care home fees for as long as the contribution is needed.

The agreement also permits the homeowner or their beneficiaries to terminate the lease at any time after the first six months of the agreement subject to specific conditions being met (These are specified in the lease).

The customer (or their Power of Attorney) should seek advice from their solicitor before entering into the agreement as the customer and Shaw Lifetime Care will be legally bound by it.

The agreement may affect the value of the customer's estate for Inheritance Tax purposes and therefore Shaw Lifetime Care suggests that the customer or their Power of Attorney consults with an Independent Financial Advisor before entering into the agreement.

# How much will the Care and Home Inheritance pay towards an individual's care home fees?

The contribution paid by the Plan to the customer's care home fees is for the customer to decide.

For many, the desired level of Plan contribution will be the difference between the care home fees they have to pay and the regular sum that they can afford to pay out of their pension(s). For example, if care home fees are £1,000 a week and the amount the owner can afford to pay out of their pension or pensions is £400 a week then they will want the Care and Home Inheritance Plan to pay out £600 a week. The cost of their care home fees will then be totally covered by their available pension(s) together with the weekly contribution from the Care and Home Inheritance Plan.

## Will the Plan meet changes in Care Home Fees?

Care Home Fees usually increase annually with inflation and may also be increased by the care home if the customer's care needs change. The Care and Home Inheritance Plan's agreed contribution to care fees increases to match both these increases in care home fees. The increase in fees is reflected in changes in the Lease Break Fee calculation – see Page 19.

## Limitation on care fee and related contributions

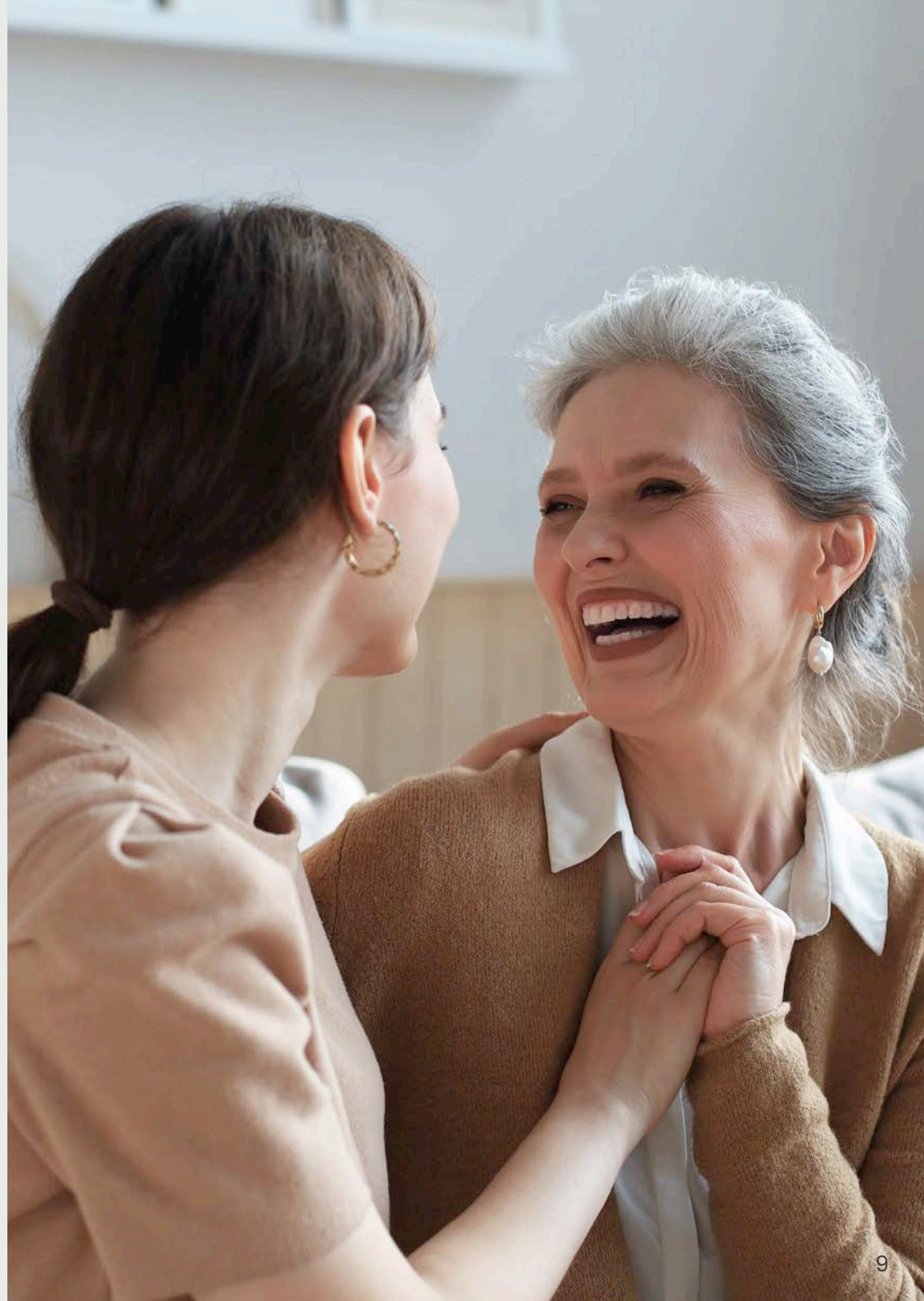
Total payments and contributions made under the Care and Inheritance Plan cannot exceed seventy percent of the open market value of the customer's home. In the very unlikely event that payments made under the plan approach seventy percent of the property value, SLC will advise the customer how to retain funding for their care home placement.

## The period for which these contributions will be made.

The Plan will pay out agreed contributions to the customer's care home fees for as long as needed. But how long will this be? No one knows how long a customer will need to pay care home fees – it could be as little as nine months or it could be more than four years.

## The customer chooses to manage this unknown future cost

By selecting one of two different plans: The Variable Plan or the Fixed Plan.



# How do you purchase a Care and Home Inheritance Plan?

When you apply to Shaw Lifetime Care for a Care and Home Inheritance Plan you are assigned a Care and Home Inheritance Plan Consultant who will be with you every step of the way from your Initial Consultation through to completion.

## 1. Initial Consultation

You and your Consultant will discuss everything you need to know to decide whether the Care and Home Inheritance Plan is a good fit for you. Your Consultant will learn about your situation, including some details about your property and income.

## 2. Care Needs Assessment

This comprehensive assessment of your care needs and mental capacity will be carried out by a qualified specialist Nurse or Social Care assessor in your own home. The Assessment will establish what level of care you will need to maintain your lifestyle safely and happily. The assessment report is provided to you within 4 working days of the visit. The cost of the assessment has to be paid in advance – but this can be reimbursed through the Care and Home Inheritance Plan on completion.

## 3. Care Home Shortlisting

Based on your Care Needs Assessment and your own preferences, you will receive a bespoke shortlist of care homes in your chosen area which can provide the standard of care and facilities you want from your care provider. The shortlist will contain information about availability and prices.

## 4. Care and Home Inheritance Plan Consultation

With your Consultant, you will discuss and decide what you need from your Plan including:

### a. Your Care Home Selection

From your bespoke shortlist, let your Consultant know which Care Home you would like to live in.

### b. Plan contribution

Following your selection, it will be determined how much the Plan will contribute to your care home fees.

### c. Fixed or Variable

You let your Consultant know if you'd like to proceed with the Fixed Plan or the Variable Plan.

## 5. Consult with Solicitor

Once these decisions have been confirmed, you will instruct your solicitor to proceed to complete the Care and Home Inheritance Plan. Upon request, Shaw Lifetime Care can recommend solicitors who are familiar with the specialist Fixed and Variable Plans. These firms are likely to act more quickly and for a lower cost than solicitors who are not familiar with Shaw Lifetime Care's solution.

## 6. Completion

Upon completion of your plan, Shaw Lifetime Care will commence paying its contribution towards your care home fees.



# What protections does a Care and Home Inheritance Plan customer have?

1. The quality of care the customer receives in their care home is regulated by the relevant regulating bodies (CQC, CIW, SCI) and if requested by the homeowner or their Power of Attorney the Care and Home Inheritance Plan's care contributions can be transferred to an alternate care home provider if the service provided by the original care home becomes unacceptable to the customer for whatever reason.
2. The letting and management of the customer's home is governed by the Landlord and Tenant Acts and related regulations.
3. Shaw Lifetime Care, the company which contracts with the customer to provide their Care and Home Inheritance Plan, is owned 100% by an exempt charity which guarantees the performance of its subsidiary company and ensures that it does not fail to perform.
4. However if Shaw Lifetime Care did fail to perform its obligations under the plan (e.g. it failed to make payments to the care home when due ), then after fixed intervals to allow for correction of mistakes – the customer can terminate the lease and the customer, or their beneficiaries, receive their freehold property back free both of the lease and any debt.

This additional protection would be especially advantageous to the owner if the non-performance by Shaw Lifetime Care occurred after the Care and Home Inheritance Plan had been in place for some time. For example, if it occurred three years into the operation of the Care and Home Inheritance Plan and three years of contributions had been paid out (say £90,000) the owner, or their beneficiaries would, in the event of an unremedied breach of the contract by Shaw Lifetime Care, receive their home back free of any lease or debt and also have received £90,000 towards their care home fees.





## How does paying care home fees with a Care and Home Inheritance Plan compare with paying them by selling your home?

### 1. It is quicker

Selling your home to fund your care home fees typically takes 16 – 24 weeks to completion of sale and receipt of cleared funds (Chancellors<sup>1</sup>). A Care and Home Inheritance Plan agreement can be completed in four weeks.

### 2. It costs much less than selling a home

The only costs that the customer has to pay in advance are for their Initial Care Needs Assessment and advice and their legal fees in granting the lease of their property to Shaw Lifetime Care under the Fixed or Variable Plan. Both of these up-front outgoing costs can be re-financed as part of the acquisition costs of the CHIP and if the customer chooses to do this their net upfront costs on completion will have been nil.

### 3. The costs paid out to the care home by the Care and Home Inheritance Plan can be fully recovered

The rent received by Shaw Lifetime Care from letting the property repays over time all the costs paid out by the CHIP towards care home fees.

### 4. The homeowner retains the benefit of any property price inflation

To date, residential properties in the UK have on average increased in value year on year. If this trend<sup>2</sup> continues, a customer's home which was worth £300,000 at the outset of their Plan could be worth £425,000 after the ten years it might take for the rent to repay all care costs.

#### Sources:

<sup>1</sup> [www.chancellors.co.uk/resource-centre/useful-information-for-sellers/how-long-does-it-take-to-sell-a-house](http://www.chancellors.co.uk/resource-centre/useful-information-for-sellers/how-long-does-it-take-to-sell-a-house)

<sup>2</sup> [www.nationwide.co.uk/house-price-index](http://www.nationwide.co.uk/house-price-index)

# What does a Care and Home Inheritance Plan cost?

## Cost of the Variable Plan

The cost of the Variable Plan is made up of:

1. The actual amount of the contributions made by Shaw Lifetime Care towards care home fees.
2. Costs in setting up the Care and Home Inheritance Plan and its ongoing management.
3. Costs of repairing, upgrading, maintaining and insuring the property to ensure that it is always in good lettable condition in compliance with the law.
4. Costs in finding tenants to rent the property, collecting the rent, ensuring the rent is always paid and making good any rent owed but not received.
5. Cost of the interest on the loan which Shaw Lifetime Care borrows so that it can pay out the agreed care fee contributions in advance of receiving enough rent to repay these costs.
6. Any of the costs of advice that the customer incurs prior to taking out the CHIP and elects to have reimbursed on completion of the CHIP: e.g. the customer's Care Needs Assessment costs, Care Home Options Report, legal costs and IFA fees, if any.

The above costs are paid by Shaw Lifetime Care.

**Pay for the care you want...**  
*without selling your home*

## Cost of the Fixed Plan

The cost of the Fixed Plan is made up of:

1. The aggregate of four years of contributions made by Shaw Lifetime Care towards care home fees. If the customer lives longer than four years, Shaw Lifetime Care will continue to make the agreed care fee payments for however long these are required. The cost of care home fee contributions provided by the CHIP under the Fixed Lease after the completion of four years will be met by Shaw Lifetime Care and will not be charged to the customer through the lease break fee.
2. Costs in setting up the Care and Home Inheritance Plan and its ongoing management.
3. An estimated amount attributable to the costs of repairing, upgrading, maintaining and insuring the property over the term of the lease to ensure that it is always in good lettable condition in compliance with the law.
4. An estimated amount attributable to the costs in finding tenants to rent the property, collecting the rent, ensuring the rent is always paid and making good any rent owed but not received.
5. Cost of the interest on the loan which Shaw Lifetime Care borrows so that it can pay out the agreed care fee contributions in advance of receiving enough rent to repay these costs.
6. Any of the costs of advice that the customer incurs prior to taking out the CHIP and elects to have reimbursed on completion of the CHIP: e.g. the customer's Care Needs Assessment costs, Care Home Options Report, legal costs and IFA fees, if any.

The above costs are paid by Shaw Lifetime Care.

# What does a Care and Home Inheritance Plan cost?(continued)

**The difference between the cost of the Variable Plan and the cost of the Fixed Plan is:**

## **Under the Fixed Plan:**

- the care cost contributions are fixed at four years' worth of contributions regardless of whether the customer's care needs are for longer than or shorter than the four year period;
- an estimate of repair, maintenance and insurance costs is made;
- an estimate of letting costs is made.

## **Under the Variable Plan:**

- the care cost contributions are not fixed: the cost will include the contributions actually made by Shaw Lifetime Care;
- the actual repair, maintenance and insurance costs are included;
- the actual letting costs are included.

# How is the customer charged for their Care and Home Inheritance Plan?

The customer will grant Shaw Lifetime Care a 99 year lease in exchange for Shaw Lifetime Care meeting the costs referred to above (please see "Cost of the Variable Plan" and "Cost of the Fixed Plan").

The lease can be terminated by the customer or its beneficiaries in return for paying a Lease Break Fee to Shaw Lifetime Care.

The customer is charged for their CHIP through the Lease Break Fee.

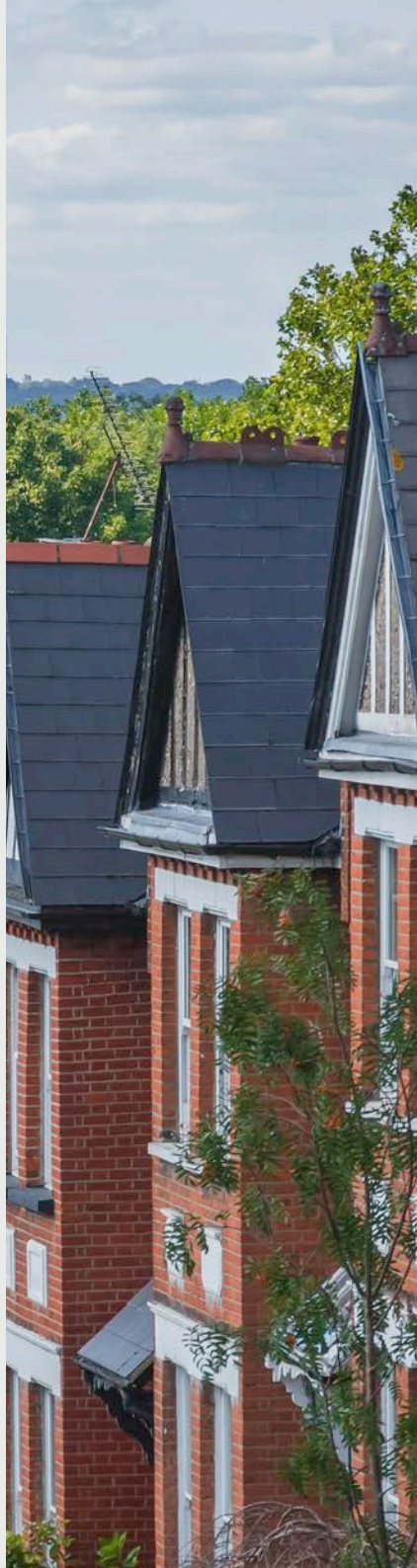
The termination provision in the lease gives the owner of the property comfort that he/she can take back the property.

The Lease Break Fee is the aggregate of the above costs incurred by Shaw Lifetime Care referred to above, however, the Lease Break Fee is reduced over time by rental income received by Shaw Lifetime Care in renting out the property under an assured shorthold tenancy. Shaw Lifetime Care agrees in the 99 year lease to use reasonable endeavours to let the property.

The Lease Break Fee will therefore reduce by deducting the rental income from the costs referred to above and the Lease Break Fee will eventually be nil.

Under the Variable Plan, the Lease Break Fee will reduce by amounts of rent actually received by Shaw Lifetime Care.

Under the Fixed Plan, an estimate of rent that may be received by Shaw Lifetime Care is used in the calculation of the Lease Break Fee.



## When is the customer (or their beneficiaries) advised of the Lease Break Fee?

With the Variable Cost Plan, the costs of the CHIP can only be known when the care fee contribution is no longer required either because of the permanent hospitalisation or the passing of the customer. At that point SLC will provide a schedule of the Lease break Fees to the beneficiaries for each year until the Lease Break Fee has reduced to nil.

With the Fixed Cost Plan, a schedule of Lease Break Fees for every year until the lease break fee has reduced to nil is provided when the Care and Home Inheritance Plan is signed. However, if the care home increases the customer's care home fees because the customer's needs have increased, the CHIP will meet these increased costs through a change in the Lease Break Fees going forward. Within 30 days of implementation by the care home of an increase in the customer's care fees, SLC will advise the customer of the revised schedule of Lease Break Fees.

### **Changes in care fees over the life of the customer**

Changing levels of care fees are covered by both the Variable Plan and the Fixed Plan. With the Fixed Plan increases in the care home fees due to inflation are provided for within the original schedule of Lease Break Fees, however, increase in care home fees due to a change in the customer's care needs will require a recalibration of the schedule of Lease Break Fees. The new schedule of Lease break Fees is advised to the customer when the care home advises of the increase in care home fees as a result of the customer's increasing dependency and the customer can decide whether it will instruct Shaw Lifetime Care to increase the contribution it pays towards the care costs.



# When they do decide to sell the house, how can the beneficiaries do this?

When the customer or his/her beneficiaries decide that they want to sell the house they can do so in any of the following three ways:

1. Wait until the rent from the property has reduced the Lease Break Fee to nil, terminate the lease and receive the property vacant and debt free.
2. Pay the Lease Break Fee and receive the property debt free.
3. Instruct Shaw Lifetime Care to manage the sale of the property and remit the proceeds net of sale costs to the beneficiaries.

Beneficiaries wishing to sell the house before the Lease break fee has reduced to Nil can do so at any time after the passing of the customer on payment of the Lease Break fee.

However some customers may wish to sell but do not have the funds to pay the lease break fee at that point without first selling the house. In these circumstances they can serve a notice on Shaw Lifetime Care requiring SLC to manage the sale of the house and to remit to themselves the proceeds of sale, net of costs and the balance of the Lease Break Fee.



## Why did Shaw Foundation develop Shaw Lifetime Care and The Care and Home Inheritance Plan?

Shaw Lifetime Care is a trading arm of an exempt charity – The Shaw Foundation.

The Shaw Foundation set up Shaw Lifetime Care (which it owns 100%) to provide a service which many thousands of people want – to be able to pay their care home fees without losing their home – but which is not otherwise available. It provides this service at minimal cost to the homeowner.

So that it can employ the staff and other resources to provide this service and absorb unexpected

costs and income losses, Shaw Lifetime Care must make an operating profit. It only charges its customers through the level of the Lease Break fee the minimum required to provide the service reliably. Any surplus profit generated by this trading activity and not retained for operating the company is gifted to Shaw Foundation to support other charities which share its aim of making better care more affordable for all.

For further information, please  
contact Shaw Lifetime Care:

02921 510 150

info@shawlifetimecare.co.uk

shawlifetimecare.co.uk



**SHAW  
LIFETIME  
CARE**



**shaw  
foundation**

The Care and Home Inheritance Plan has been developed by The Shaw Foundation, which has set up Shaw Lifetime Company as a wholly owned subsidiary company to distribute and operate The Care and Home Inheritance Plan. Information on the Shaw Foundation can be found at [shawfoundation.org.uk](http://shawfoundation.org.uk)

Shaw Lifetime Care is a private limited company registered in England and Wales.  
Registered number: 10340455. Registered address: L3, Alder Suite, Mamhilad House, Mamhilad Park Estate, Pontypool, Wales, NP4 0HZ