

A guide to funding the *cost of care*



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About this guide

Finding a care home for yourself or an older loved one, and organising the move into full-time residential care, can be an emotional process.

Understanding how care is funded and what costs are involved will help you to navigate the process more quickly and easily. At Aria Care we want to help you feel confident about your choices.

That's why we've created this guide to explain how the funding process works and to answer some of your questions.

Finding – and funding – care for yourself or a loved one is a very personal process. And, unlike healthcare delivered in the NHS, the care of older people in the UK is not free to everyone. The funding support that you are entitled to will depend on your financial circumstances as well as where you live in the UK.

We have tried to include as much information as possible in this guide, but we do recommend that you seek the advice of a qualified care fees funding specialist, who can talk you through all your options.



How much does care cost?

The cost of care can vary a great deal and depends on such factors as the type of support you need and the location of your care home.

What influences the cost of care?

- Whether you are receiving permanent or temporary care
- Whether the home is run by the local authority or an independent provider
- Your county or region, for example, the personal care you receive in a care home in Scotland is free if you're over 65
- Individual care home fees
- Rising living costs

How do you organise funding?

The first step is for your local authority to assess your care needs. They will create a report about your needs and the type of care that would best suit you.

State funding vs self funding?

Unlike healthcare in the NHS, adult social care isn't free for everyone at the point of use. If you live in England, Wales or Northern Ireland, and you have severe or complex health needs, NHS Continuing Healthcare may cover all of your care home fees. (Scotland has different care arrangements, called Hospital Based Complex Clinical Care, which is only available to people in hospital.)

However, if your health needs aren't severe or complex, you will then need to have a financial assessment – or means test. This will show whether you qualify for local authority funding and, if so, how much you are entitled to receive. If your capital is over the pre-set limits, you will be expected to fund all of your care yourself, which is called self-funding.



What are you entitled to?

To work out whether you qualify for state funding and how much you may be entitled to, the local authority financial assessment, or means test, will look at:

Your regular income, including:

- Pensions
- Benefits
- Earnings

Your capital, including

- Cash savings
- Investments
- Business assets
- Land
- Property (your home will not be included if your partner still lives there).

Being means tested

Your local authority will use nationally set guidelines to work out how much you should pay for your care based on the income and assets you have. These include savings, stocks and shares, Premium Bonds, National Savings accounts, pensions and property. It does not include the value of personal possessions or the income of a partner or family members.

In reality, most people pay something towards their care, and you may find that your funding is a mix of local authority funds, personal savings and assets.

New changes from October 2025

In September 2021, the Government announced an overhaul to the way people pay for adult social care in England with the aim of giving people more choice and control. Originally scheduled for October 2023, these changes have been postponed until October 2025.

What are the main principles of the new system?

If you have assets worth'...

Less than £20,000

Currently, anyone in England with assets over £23,250 must pay for their care in full. From October 2025 only people with assets worth more than £100,000 will pay for their care in full. From October 2025 a person with assets of less than £20,000 will not have to make any contribution to the costs of their care from their assets, although they may still need to contribute to their care from any income they receive.

Between £20,000 and £100,000

A person with assets of between £20,000 and £100,000 will contribute towards the costs of their care on a sliding scale. However, if by contributing towards care costs, the value of their remaining assets falls below £20,000, then they will only need to continue to contribute to their care from any income they receive. They won't contribute anything further from their assets

More than £100,000

A person will only pay for all their care if their assets are more than £100,000. However, if by

contributing towards care costs, the value of their remaining assets falls below £100,000, they are likely to be eligible for some financial support.

A new cap

The Government's proposals also set a cap, or limit, of £86,000 for the amount a person in England will pay for care in their lifetime. (The cap won't apply to the other nations of the UK.) Once the £86,000 cap is reached, local authorities will pay for all eligible personal care costs.

People may want to 'top up' their care costs by paying the difference towards a more expensive service, but this will not count towards the cap.

Important points to remember

- The new health and social care levy will apply across the UK, with funding distributed among the four nations. However, the £86,000 cap will only apply to England.
- The cap will only cover the cost of a care home that a person's local authority is willing to pay for. For example, it won't cover a more expensive one, even if that home would be more convenient.
- The proposals only relate to personal care – they don't cover cost-of-living expenses involved in living in a care home, including accommodation, food, laundry etc.



Your questions answered

Will I have to sell my home?

If you have a partner who still lives in your home, then your home won't be included in the means test. However, if you live alone in the property, it will be considered as part of your total capital assets. This is likely to put you over the threshold for support.

While many people who move into full-time residential care do sell their homes, it's important to consider all the options (for example, renting out your home) and to speak to a care fees funding specialist.

How is my income assessed?

Your local authority will only look at your income (including pensions and savings). They will not consider the income of members of your family.

Does anything get disregarded?

If you are funded by the Local Authority, you will not be able to claim Attendance Allowance or Disability Living Allowance. The Local Authority will also expect you to contribute all but £24.90 per week of your State Pension towards your care costs.

What about jointly held capital?

If you have jointly held capital, you and the other joint owners are treated as having equal interests. There is an exception for jointly owned property, which is calculated in terms of the present sale value as the part you own could be sold with the proceeds going to you. If you have a joint bank or building society account with your partner, you will be assessed as having half of the balance of the account.

What is deprivation of assets?

Some people deliberately give away assets or income to put themselves in a better position to obtain local authority help with care fees. However, if the assessor believes there has been deliberate deprivation of assets, they may still factor the assets into the assessment.

What happens if my money runs out?

If you are funding your own full-time residential care and your capital is falling towards the upper capital limit, ask your local authority for an assessment of your care needs as you may be eligible for funding. This can take some time to arrange, so be sure to discuss it with your care home and the local authority well in advance of your capital falling below the upper limit.

Is there a way to prevent my money running out?

There is a financial product called a Care Fees Annuity which, once purchased with a one-off lump sum, will pay an income for the rest of your life to your chosen care home. If affordable and set up correctly, you will always be able to self-fund your care home fees. Advice can be provided by an FCA regulated Care Funding Specialist.



Keen to know more

If you would like to know more about care homes and funding full-time residential care for yourself or a relative we're here to help.

We can help

Please call our friendly Aria Care team on 0808 223 5399
or visit www.ariacare.co.uk

Contact your care regulator

For more country-specific funding advice and general guidance,
contact your appropriate care regulator.

Care Quality Commission (CQC)

The independent regulator of health and social care in England.
Citygate, Gallowgate, Newcastle upon Tyne NE1 4PA
Telephone: **03000 61 61 61**
Email: enquiries@cqc.org.uk
www.cqc.org.uk

Care Inspectorate (CI)

The inspector of care services in Scotland.
Compass House, 11 Riverside Drive, Dundee DD1 4NY
Telephone: **0345 600 9527**
Email: enquiries@careinspectorate.gov.scot
www.careinspectorate.gov.scot

Jersey Care Commission

Jersey's independent care regulator.
1st Floor, 8 Capital House, Church Street, St Helier, Jersey JE2 3NN
Telephone: **01534 445801**
Email: enquiries@carecommission.je
www.carecommission.je



Contacts

Charities, groups and associations

Age UK

Age UK has been helping older people across the UK for more than 60 years.

Tel: **0800 169 65 65**

(Lines are open seven days a week, 8am to 7pm)

www.ageuk.org.uk

www.ageuk.org.uk/scotland

Alzheimer Scotland

Specialist services for people with dementia and their carers.

Tel: **0808 808 3000**

www.alzscot.org

Alzheimer's Society

For information, advice and local services for those looking after someone with dementia.

Tel: **0300 222 1122**

www.alzheimers.org.uk

Care Information Scotland

For information about care services for older people living in Scotland.

Tel: **0800 011 3200**

careinfoscotland.co.uk

Carers UK

Offers advice on benefits and services available to carers.

www.carersuk.org

Carers Trust

Information and local support services for carers, including specific information for Northern Ireland, Scotland and Wales.

www.carers.org

NHS Choices

Click on the Care and support tab to access a wealth of information about all aspects of care.

www.nhs.uk

Dementia Action Alliance

Supports communities and organisations to enable people to live well with dementia.

www.dementiaaction.org.uk

Dementia UK

Provides expert care and support to people living with and affected by dementia.

Tel: **0800 888 6678**

www.dementiauk.org

Money Advice Service

The Government's free and impartial money advice service, has advice on funding care.

Tel: **0800 138 7777**

www.moneyadviceservice.org.uk

Relatives and Residents Association

Charity that supports care home residents and their relatives.

Tel: **020 7359 8136**

Email: info@relres.org

www.relres.org

Silver Line

Free confidential helpline providing advice to older people. Open 24 hours a day, 7 days a week.

Tel: **0800 470 8090**

www.thesilverline.org.uk

Which?

Elderly Care Consumer service, with useful information about funding care.

www.which.co.uk/elderly-care

Society of Later Life Advisers - SOLLA

The Society of Later Life Advisers (SOLLA) is a not-for-profit organisation, to meet the need of consumers, advisers, and those who provide financial products and services to the later life market. Our aim is to ensure that consumers are better informed about the financial issues of later life and can find a fully accredited adviser quickly and easily.

Tel: **0333 202 0454**

www.societyoflaterlifeadvisers.co.uk

Eldercare Group

A firm of Independent Care Fees Funding Specialists, regulated by the Financial Conduct Authority (FCA) and members of The Society of Later Life Advisers (SOLLA). Advice on the best ways to pay for a stay in a care home.

Tel: **0800 082 1155**

www.eldercaregroup.co.uk

