Life Interest Trusts: Planning for Care Home Fees – protecting your property

We advise many clients when it comes to planning for the future. One recurring theme concerns care home costs, and how these might be met. Many people worry about having to sell their home to pay for care.

There are measures that we can take however, to safeguard part of your loved ones' inheritance, and to prevent the whole of your property from being taken into account should you require care in the future.

How?

We can set up what's known as a life-interest trust in your Will. This ring-fences capital and prevents it from being used for care home fees

Although this arrangement can be used in a number of situations, it's often discussed in the context of advising couples with children, whose main asset is property, and it works like this:

- On the first death, half of the main home passes to the children, with the condition that the surviving partner can live there for the rest of his or her life;
- It is important to ensure that the property is held in such a way as to allow you to leave your share in accordance with your Will, but we would take care of this at the Land Registry, if necessary;
- This earmarks at least half of the property for the children in the first instance, and prevents the surviving partner from giving this half to someone else, either during their lifetime, or in their Will;
- Consequently, it would also prevent the whole of the value of the property from being taken into account, should the surviving partner require means tested residential care in their later years.

A life-interest trust is a flexible arrangement, as although there is a trust in place, it still allows the surviving partner to sell the property and downsize in the future, if needed.

Any capital belonging to the trust and not used to buy a smaller property would be invested to produce an income for the survivor, whilst continuing to safeguard the capital for the children.

This means that if the surviving partner goes into a care home, although their own half share of the house may be used to pay for care, any additional fees required could not be taken from the other half of the house, as it belongs to the Trust and not to them.

On the death of the surviving partner, the trust can then be wound up with all of the capital passing to your children.

Get specialist advice from a Solicitor

As with any arrangement concerning trusts, it is important to consult a solicitor, regulated by the Solicitors' Regulation Authority (SRA), specialising in this type of work.

Roche Legal is a regulated and specialist firm dealing with Wills and trusts, inheritance matters, probate, powers of attorney and the many legal considerations that become important as you get older.

We can answer all of your questions about life interest-trusts and how best to protect assets for future generations.

If you'd like more information call 01904 866139 or email hello@rochelegal.co.uk