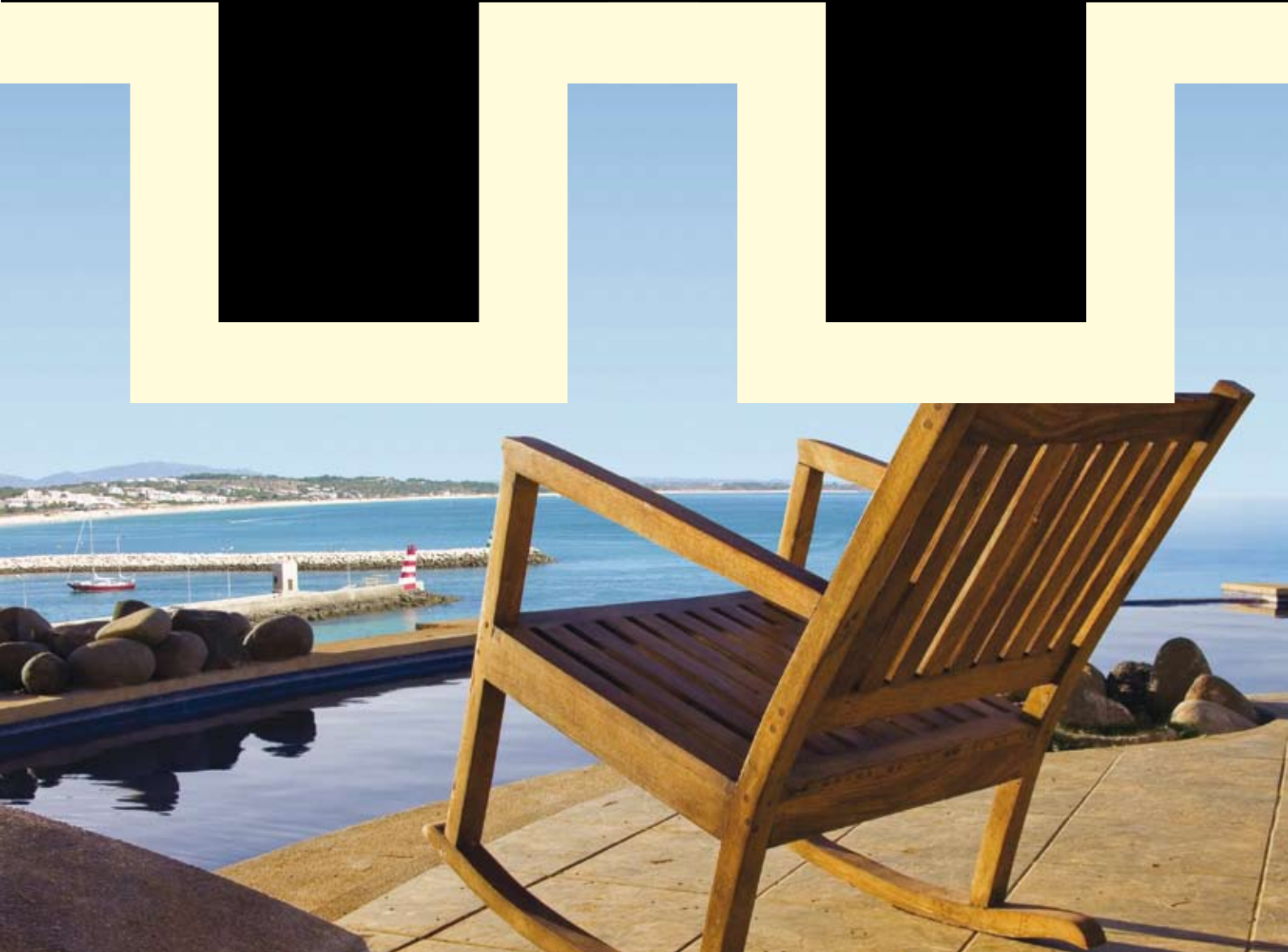


Long Term Care & Equity Release Newsletter



wealth management advisers
BLACKTOWER FINANCIAL MANAGEMENT GROUP



Long Term Care

Long term care is needed when a person becomes ill or suffers a disability that makes them unable to carry out their activities of daily living, with the probability that this disability will continue over the long term. Usually, but not always, it is the elderly who require care over the longer term. This is typically caused by either increasing frailty due to ageing, or the chronic aftermath of acute conditions such as a stroke or a fall, or severe arthritis.

Long term care can also be required if a person is mentally impaired. The most common form of impairment for elderly people is dementia, and a common form of dementia is Alzheimer's disease. A person suffering from dementia will need personal supervision and assistance to carry out normal daily activities.

The care required can take many forms, from simple domestic assistance to daily medical help and medication. Care may be provided in a care or nursing home or in the person's own home.

As it is long term in nature and often the person is unlikely to recover (a chronic condition), it is not covered by Private Medical Insurance, which covers acute medical conditions (i.e. conditions from which a recovery is expected).

What can you expect from the State?

The ageing population puts a huge burden on local authorities who have often closed and sold care homes, cottage hospitals, hospices and the like; preferring to pay private care and nursing homes to look after the elderly.

What the government requires local authorities to do, now greatly exceeds what the central government will pay for. So, local authorities have to use their limited resources to pay for care for those who cannot afford it. You may think that as a normal working or retired person, you are not rich, so would be supported. Sadly, the limits are very low.

Anyone who needs nursing care either in hospital, a nursing home or in their own home, will have their own individual needs assessed to determine how this care is paid for. A very small number of people qualify for Continuing Care because the



NHS is responsible for their Care. For the majority of people requiring care in later life, they and their families will have to pay for long term care.

An Immediate Care Plan is a financial solution to cover the cost of care by providing immediately a regular, tax-free income towards the cost of care. A single lump sum payment guarantees that the income will be paid for the remainder of life. Dependent on financial circumstances, the plan can ensure that care will continue in the chosen care home for however long is necessary.

Blacktower Financial Management can help you work out the shortfall for the cost of care, arrange the most suitable solution and make the most of your investments.

An Immediate Care Plan can enable you to ring fence your capital to ensure an inheritance, guarantee that funds will not run out and help to ensure the best care in the home of your choice.

When considering Long Term Care planning, it is absolutely essential that comprehensive and professional advice is sought from the outset. At Blacktower Financial Management, our Long Term Care advisers are fully qualified and take care to ensure that you consider the pros and cons of all available options.

Equity Release

For many retired people in the UK, their major asset is their home and it is therefore, important that this asset is put to best use. The equity (value) you have in your home is its open market value, less any mortgage or other debt held against it.

Equity release is a way of getting cash from the value of your home without having to move out of it. There are two main types of equity release scheme – lifetime mortgages and home reversions.

Lifetime Mortgage

This is a scheme that allows you to borrow a sum of money against the value of your home. It is a loan secured on your home, which is repaid by selling your home when you die or go into long term care.

There are no monthly payments to be made as all interest accumulates and is repaid when the property is eventually sold. These schemes are usually only available to people over 60 years old. The amount you receive will depend on your age – the older you are the higher the amount that can be released.

Most lifetime mortgages offer a ‘no-negative-equity guarantee’. This is a promise that your beneficiaries will never have to repay more than the value of your property. At Blacktower we only recommend lifetime mortgages from members of Safe Home Income Plans (S.H.I.P.). The S.H.I.P. code of practice includes the valuable ‘no negative equity’ guarantee.



Home Reversion

With a home reversion scheme you sell all or part of your home to a scheme provider. In return, you get a lump sum or an income for life – or both and continue to live in your home for as long as you wish.

To qualify for a home reversion you should normally be at least 65. If you have a partner, the younger of you must meet the minimum age requirement. The amount you receive will depend on the current value of the property and your age(s). Older people can expect to receive more than younger people.

Lifetime mortgages and home reversions are regulated by the Financial Services Authority. This means that only authorised firms are able to advise you on these products. Lenders of lifetime mortgages are insurance companies, banks, building societies and other well known and reputable financial organizations.

There are a number of important matters to consider before you decide whether an equity release plan is right for you. Without a financial adviser, you have to compare the many schemes that are available in the market place. First, you must decide between a lifetime mortgage and a home reversion, and then you have to choose which provider offers the best scheme.

Before starting a particular equity release scheme, we will discuss with you various important questions including:

Could Equity Release affect your income tax position and entitlement to State benefits?

Could it restrict your options in the future?

You should also compare the return on your investment with the interest rate you will be paying on the lifetime mortgage or in the case of a home reversion, how much less than the market value you will get.

At Blacktower, our fully qualified advisers are there to help you every step of the way towards making the right decision. We are independent which means we can research the whole of the market place on your behalf.



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