

CASE STUDY: Cash Flow Planning

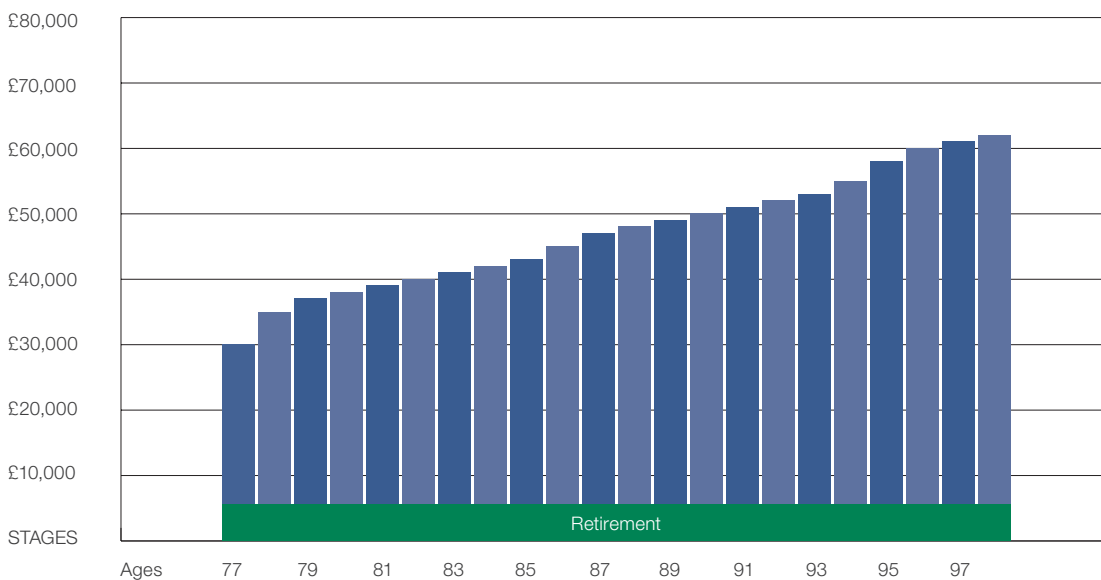
The ability to fund long term care



Introducing Mrs L T Care

Mrs Care is aged 77 and widowed. She has total assets of £900,000, split between a Personal Pension worth £500,000 and house worth £400,000. She draws a gross income of £30,000 per annum.

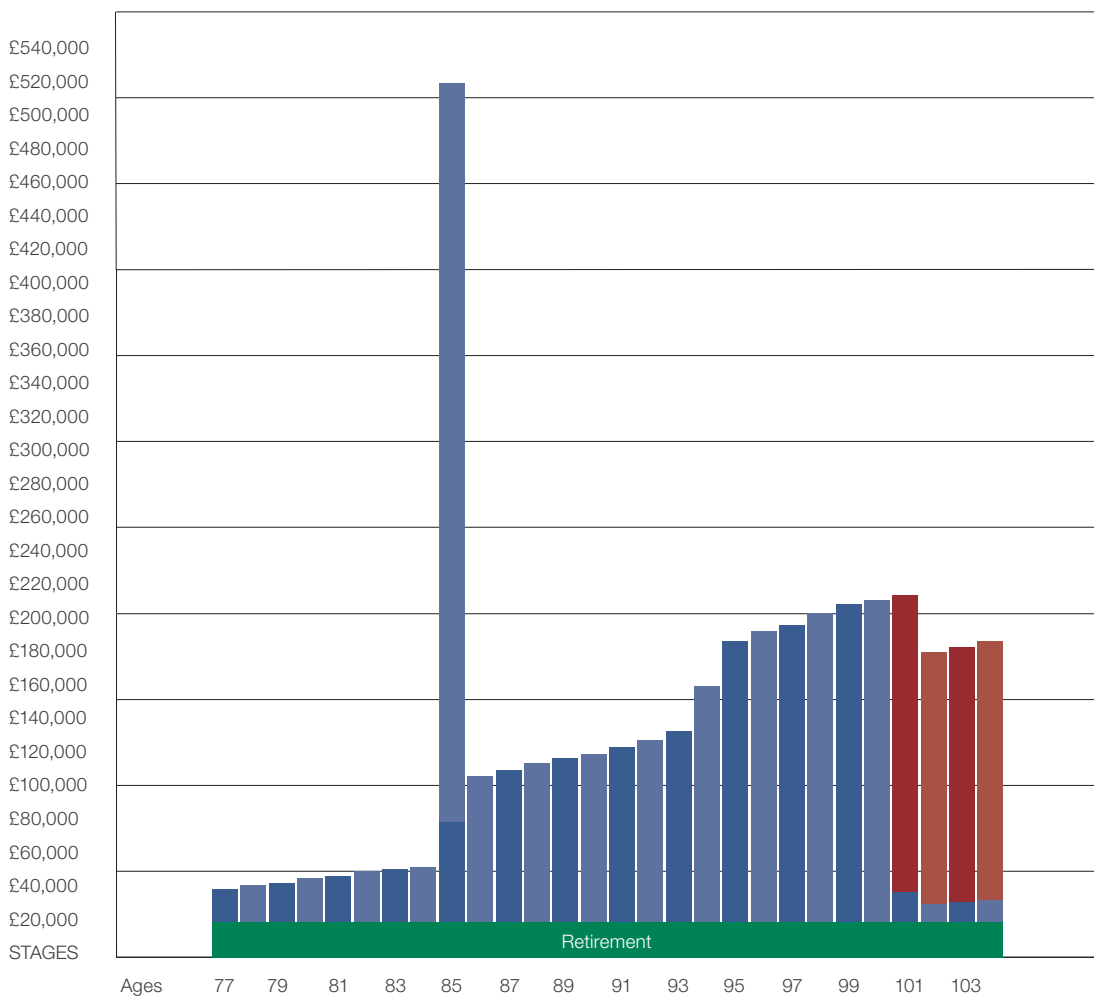
We have been working with her for many years and she already has a Financial Master Plan which confirms that her income needs are being met comfortably, as can be seen from the graph below.



At a recent review meeting, she confirmed that one of her best friends had just moved into a nursing home and this had got her thinking. Whilst she was still happy and comfortable living at home, she wanted to discuss the finances involved, should she have to sell her house and move into a Nursing Home.

We discussed the fees involved and suggested we use a broad example of £50,000 per annum, escalating with inflation, although we all agreed it may be more than that, depending on the service required. We also assumed an age of 85 when this would happen.

We created a 'WHAT IF' scenario based on this information and were able to show Mrs Care that this was feasible. The tall column highlighted on the graph showed the assets being received from the sale of the house, with her income requirements then increasing as she moved into the nursing home.



Finally, the chart highlighted that the assets finally ran out when Mrs Care was aged 101, which she felt was an acceptable risk. Therefore, Mrs Care was much more comfortable with her circumstances, knowing that her potential Long-Term Care could be suitably funded.

The purpose of creating a Financial Master Plan is to enable you to plan what you want to do, when you want to do it. In the case of Mrs Care, she wanted to know that her assets would be sufficient to cover potential nursing home fees in the future and we were happy to confirm that they could.

What would you like to know?

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