

Age And Stage Episode 3

Daisy McAndrew 00:06

Hello and welcome to Age and Stage. This is a new podcast for everyone caring for, or supporting elderly parents, relatives, friends or neighbours.

Annabel James 00:16

In this episode, later life funding and protecting the elderly finances.

Jane Finnerty 00:20

I think the majority of people are perfectly capable of managing their financial affairs well into later life, and very often their own children do not have as much expertise as they do. And we need to recognise that. Just because somebody's younger doesn't mean to say they're going to be better than you at your finances and even my own sons, I mean, blimey, I'm really going to have to leave some really good instructions!

Annabel James 00:44

That was Jane Finnerty, co chair and co founder of SOLLA, the Society of Later Life Advisors. SOLLA is a nonprofit organisation training independent financial advisors who provide financial services to older people and in my view, they really are the gold standard of financial advice for elderly parents, relatives and friends. In this conversation, we talk about getting organised with the finances, the process of working with an advisor, how to effectively pass money to children and grandchildren and financing later life care, digging into annuities, equity release and all kinds of other financial terms that many of us are having to get our heads around. My name is Daisy McAndrew, and I'm Annabel James, and this is Age and Stage. So Jane, it's lovely to have you here. Thank you so much for joining us today. Very interested to discuss everything to do with later life funding, but perhaps to kick off, if you could tell us how you arrived at the Society of Later Life Advisors?

Jane Finnerty 01:49

It goes back a very long way, sort of 40 years ago, when I first graduated, I joined the charity 'Help The Aged', it's 'Age UK' now, and as time went on, they did quite a lot around money, but not as much as they do now. And I realised that when you get to retirement, or leading up to retirement, there's so little help. And I went into financial services. And then eventually I found myself looking at the exams that financial advisors have to take in this area, and thinking, are they fit for purpose? So whilst they work academically. I thought, How does somebody find the right sort of advisor at the right time? And I was working alongside my co chair at the time, she's a barrister. And she said, "you know what, it's all well and good designing this wonderful accreditation, but how does the public find the right advice at the right time?" So her idea was to set up SOLLA, the Society of Later Life Advisors, and it's over 20 years now, and we've helped 1000s of people ever since.

Daisy McAndrew 02:48

Jane, what were the main issues that you think people weren't getting the right advice about?

Jane Finnerty 02:52

So I think that in the past, financial services was very focused on areas such as saving, saving for a rainy day, life assurance, and then you got your pension, and then you died. So there weren't in the past a great inheritance that we have now. You know that wealth transfer and there wasn't this idea that you would live long enough to need later life care. It's quite a new phenomenon. And I won't start quoting statistics. I love doing that. But if you look back, life expectancy's really leapt forward in the last 20, 30, 40, years. And so some of the issues that you have now, which is you will live a third of your life, if you're lucky, in later life, just didn't exist then. You know, people sort of retired at 65 and possibly were dead by their early 70s. So these issues were not the same.

Daisy McAndrew 03:47

Well, exactly, you were saving for maybe 7 to 10 years, and now you've really got to be thinking about saving for maybe 30 years.

Jane Finnerty 03:53

Yeah, saving. But of course, also understanding that a lot of older people, baby boomers, and I'm at the tail end of the baby boomers, the majority that have worked for companies, they do have pensions. So it's not just your savings, it's what sort of different income streams you've got as well. So people talk a lot about big sums, but when you're talking about later life, retirement income is very important, and a lot of older people own their own homes as well, so they're not paying out huge rents and mortgages and things like that, although, if you read the press that's changing. Debt in later life is growing as well. That's another concern that we've got.

Annabel James 04:29

What difference would a client find between a financial advisor who is accredited by Solla versus somebody who is just a regular, independent financial advisor.

Jane Finnerty 04:41

I hate to say that they're regular ifas, but there are generalists. Like any profession you get generalists. What later life advisors choose to do is they choose to specialise in a certain area. That might be on top of all the other areas that they advise on. But they want to go that extra mile, we always say, to prove that they've got that expertise, and the only way you can do that is with that independent accreditation from ourselves and the society. So it's not just about qualifications. It's about the way you're able to explain things in a way that might be quite complex, or understanding that somebody might have cognitive decline or they might have hearing or eyesight or mobility issues. So it's thinking about an older person. And when I say older, I mean 55, 60+ in the round, and how that way the advice is delivered might change. And I think that a generalist adviser might not think that way.

Daisy McAndrew 05:36

Obviously one of the main reasons we've started this podcast is to help people of our generation who are particularly looking after relatives or parents who are struggling and financial problems is obviously one of the number one issues that can cause so much stress for so many listeners. What are the main

issues that you see that you think, gosh, I wish somebody had come to me sooner about this issue we could have helped?

Jane Finnerty 06:02

I think the majority of people are perfectly capable of managing their financial affairs well into later life, and very often their own children do not have as much expertise as they do, and we need to recognise that just because somebody's younger doesn't mean to say they're going to be better than you at your finances and even my own sons, I mean, blimey, I'm really going to have to leave some really good instructions if I lose capacity, because they're artists, they're nothing to do with finance. So again, we can't always assume that we've got somebody capable around that's going to be able to help us or provide that advocacy. So I think as time's going on, we're seeing that people are getting older, but they don't always have somebody that's got that ability to help them. You know, the stats are showing that the number of over 65s now that are single for one reason or another, may never have got married, divorced, bereaved, without a capable advocate to help them is growing, and that's a big issue, I think, and again, that's important to take advice and to use SOLLA affiliates that can help support people as they get older.

Annabel James 07:13

Thank you so much for listening to this episode of Age and Stage. Please, if you could share the show with someone you know who might also benefit from listening. We want to make a difference with this series, and with your help, we really can. You can message direct from your podcast app, and we've also included a link in the show notes. Now back to the conversation. In trying to get some financial plans together, presumably it also requires putting together the paperwork of existing bits and bobs, whether that's policies or whatnot. Are there some key documents that we all should sort of find and put in a nice, neat folder?

Jane Finnerty 07:50

I don't think people should beat themselves up too much. We are all inherently really disorganised and always meaning to do this, and you just need help. You need nudges. A lot of people don't have paper copies of things anymore. A lot of people have opted not to have bank statements. So there is help at hand. If you take financial advice, a financial advisor will help you pull those things together. It's a great nudge when you take financial advice, because you'll get a list of things that you've got to find and pull together. And so I think that's another advantage of taking professional advice. Keeping everything in one folder, not a bad idea, but keeping that folder up to date, your family knowing where that is and passwords are still a big issue. So we have got affiliate members in SOLLA that are brilliant in this area, a lot of companies have sprung up over the years. It can help you get that paperwork in order, make sure that it's all in one place - that might be digitally - and it's protected with just one password. So there's lots of help out there. But I would say taking professional advice is the really good nudge to make you do something about it. But the thing that nudges me personally is I just don't want to leave a lot of worries and anxiety for my sons and my husband. I want them to know where everything is and everything that I've got as well. And again, it's not something that you have to share immediately. It's just important that they know where they can find it.

Annabel James 09:13

I'm just thinking about perhaps your son, and as somebody myself who's had those conversations with my parents slightly under sufferance I must say, what kind of advice do you give to people of a younger generation who are trying to have these conversations with parents and relatives? Because it's not easy talking about finances in a family.

Jane Finnerty 09:33

No and I actually think the older your parents get or your loved ones get, the harder it gets as well, because there's that feeling of loss of control. So I think sort of starting as early as you can, really once your children are over 18, sort of explaining to them, probably what you don't want to happen as you get older, rather than what you do want to happen. Because I think it's always an easier conversation to have, because you know when people have had bad experiences in later life, so you know what you don't want to happen to yourself. But again, explaining to them, you know what a power of attorney is, and if they became your attorney, what the expectations would be. I think people get very confused when they become powers of attorney. They somehow think they've got power over somebody's money and financial and health affairs, and they haven't, without the permission of the donor. That's the person whose power of attorney it is. They don't have any control at all until somebody loses capacity. So again, it's having those conversation. It's difficult. It's not easy, but I think the earlier you can do it, the better. And it is really difficult to talk to much older people. After bereavement, it can be easier because somebody actually asks for that help, but generally, it's a difficult one, and it horses for courses. I think you've just got to do your best and introduce it whenever you can. It gets even more complex if there's more than you, you've got brothers and sisters, because they'll all have very different views. So again, those sorts of family discussions with the siblings is important as well to include them.

Daisy McAndrew 11:08

Yes, we've touched on sibling problems already, and it is a perennial problem, because many people think, well, it's lovely to be able to share the caring duties, and it's unfortunate for an only child. But actually, a lot of only children I've spoken to, including my own mother, says being an only child can be a real blessing, because you take all the decisions and you don't need to be involving other parties or coming to compromises and so on. So it is a sort of a mixed blessing, having siblings in this situation, and of course, Jane, the other problem is the emotions and the stigmas of talking about finances and not wanting to look like you're patronising your parents, or your parents feeling that they're being condescended.

Jane Finnerty 11:47

Yeah and it could cause a lot of upset. Why have you chosen her to be your financial power of attorney? You've really got to think carefully when you are appointing attorneys. Why you're appointing them. Have they got the right expertise? Would my daughter be better with my health and welfare needs, rather than my finances or vice versa? My son's nearby. He's the one that's more likely to be involved with my caring. So you've got to give it some thought. I think a lot of people just think my children can be my powers of attorney, and in fact, they might not want to be. But secondly, they might not have the expertise to do what you would like them to do and fulfil your wishes. So again, it's quite important. A lot of people do letters of wishes with both their will and their powers of attorney, just to explain why they've appointed and what they would like and what they wouldn't like. So again, solicitors will help you with that, family solicitors.

Daisy McAndrew 12:41

And I wonder if you've got advice where, let's say, one sibling believes that the other sibling is pushing too hard with the parent and there's a financial advisor in the mix. What advice can you give to that sibling that's concerned about how things are going? Because I'm betting that that's something you come across often, being a sort of piggy in the middle between siblings?

Jane Finnerty 13:04

Yeah so financial advisors will come across this quite often. Ultimately, the old person is the client. If they've got mental capacity and they can make these choices for themselves, they are the client. And again, we don't want to go into mediation. We've got some affiliates that provide mediation. But sometimes it can go back a long way with siblings. They don't realise that there's a bit of sibling rivalry going on, and very often, whilst one sibling might appear very pushy, as long as there's not any duress, in other words, they're not making the relative or the loved one do something that is not in their own best interest, but is perhaps in the power of attorney's best interest. I think sort of just having that chat about the concerns and what those concerns are is important. But I think it's quite rare that attorney's abused. But if there is ever a concern, the route is through the Court of Protection, and unfortunately, abuse does happen, sadly in our own families, it's very difficult because you don't want to criminalise somebody that you love dearly, your own child very often. But there is recourse through the Court of Protection if you feel that somebody's not fulfilling their duties as an attorney. And of course, it's important that the financial advisor is very au fait with what those duties are, and explains that to the person that is the power of attorney, and says, look, you know, it's down to your dad to decide what he would like and if he would like to involve that, that's fine, but I need his permission, and I think a lot of people can't get their head around that. They think "I'm the attorney now, and I've got the power" and it's not like that.

Daisy McAndrew 14:41

Jane, explain what a letter of wishes would actually do. What sort of wishes are we talking about?

Jane Finnerty 14:47

So it's generally with a will. The reason a letter of wishes is important is it can go a little bit further into why you've made the decisions and choices that you have. Again, it's not a legally binding document, but it just helps explain why certain things are the way they are in a will, rather than the people guessing why you've decided to do certain things. It's just a nice, softer document that explains to your family why you've made the choices that you did, and that can really help family members that might be upset about a decision.

Daisy McAndrew 15:23

You're specifically talking about a will there. So I'm guessing is that "I'm leaving x money to so and so, but I'm leaving the house to so and so". Is that the sort of thing you're talking about?

Jane Finnerty 15:32

Yeah so it just helps. I mean, I think people forget that even if you have made decisions like that in your will, as long as all the beneficiaries agree, you can actually vary that will within two years of death. So

again, I think letters of wishes just helps soften what can sometimes be very hard messages when somebody's left things, maybe in a slightly different way than was expected.

Annabel James 15:59

And so thinking about the whole family, will thing as we are all living longer as you said, I guess for lots of people, there are some really difficult decisions and some juggling to do between wanting to leave money and things to your children and your grandchildren, enough money to live longer, which we're all doing. But also, you know, money should you need it for care. So how do you and SOLLA advisors help people make some of those decisions?

Jane Finnerty 16:29

I think that's why advice is so important, because you can make gifts. You can make quite substantial gifts. You can do whatever you like with your own money. There's certain rules around it when it comes to inheritance tax and things like that. However, if you are ever expecting in any way to need care, you have to be very, very careful about that gifting. And again, that's where the expertise of a SOLLA accredited advisor can really help, because they'll go through with you the sorts of gifting that you consider, the timing of that and what the impact will be, not that many people still will have an inheritance tax problem. So again, it's about that balancing act. You know why you're giving the gifts? Lifetime gifts are a wonderful thing to do because you can actually enjoy the gifting. You can see people really benefiting by that. But you have to be careful that you don't give away so much that you don't have enough localised care should you need it in the future? So again, that's where SOLLA expertise comes in, with our advisors

Daisy McAndrew 17:29

Jane just on the gifting. So am I right in thinking you can gift a child about £3000 a year without impacting?

Jane Finnerty 17:36

Yeah so you've got a variety of different ways of gifting, but I think the most ignored one is the gifting out of income. If you have a reasonably high income, you can gift out of income, as long as it doesn't affect your quality and standard of living. You can gift as much as you like out of income, and that pulls out of your estate straight away. So gifting, it's not just the regular gifts on marriage, £3000 a year, that kind of thing. There's all sorts of different ways of gifting during the lifetime, and there's different rules. Again, you need that expertise to be able to explain those. But I always talk to people about gifts out of income, because people don't realise that that is a real effective way of giving.

Daisy McAndrew 18:19

And obviously one of the things we see with adverts all the time, particularly, we're talking about older people, who tend to be very rich when it comes to their property. Living in a house is probably much too big for them and yet very little income to pay their day to day bills. And all these adverts saying, release money from your house and get a lump sum. And I always look at those adverts and think I bet there's more, yeah. Is that a bit dodgy? Am I being overly cynical?

Jane Finnerty 18:43

Yeah, you're being overly cynical. I think if somebody has an inheritance tax problem, if they're wanting to do some gifting, there's all sorts of reasons that those options are really brilliant. In the last 20 years, the regulation around them is huge, around equities, lifetime mortgages, and for some people, they are a lifesaver. It means that they can get their hip done. It means that they can do lifetime gifting. They can do the holiday of a lifetime. But again, it's specialist advice. It isn't something that you should just tear off a coupon and fill it in from the press. You do need some really good specialist advice to make sure that you're doing the right thing at the right time and again very often, they'll say, include your children. Explain to them what's happening. But the interest doesn't have to roll up anymore. I don't want to get too technical. You can pay off the interest every month. You can pay lump sums off it. They're far more flexible than they ever were, and they definitely have a place in people's later life planning, but they're not for everybody, like everything really. It depends on your circumstances and taking some good advice.

Annabel James 19:51

I think if I'm correct, that back in the old days with pensions, people immediately had to turn them into annuities when they retired, which was a way of money coming in throughout the rest of your life. And I think annuities seems to be not so much common parlance anymore, but I'm wondering, I'm interested about things like immediate care needs annuities, which I don't think, don't seem to be very well known about, but that would seem to be a good way for people to consider, should they need to pay for care?

Jane Finnerty 20:24

Yeah annuities are back in fashion. That's normal pension annuities. Interest rates have gone up, so you get better value if you're buying a lifetime income. But for the last sort of 10, 15, years, people have been able to put their pension funds, private pension funds, into a pot, and draw down from those. Again, we've had some recent government changes that are affecting the way you can do that, especially around inheritance tax. But a care annuity is another way of getting an income stream for the rest of your life that is guaranteed to pay care fees. And they've got some tax advantages as well. The problem you've got is if you have a relative, that's 87, 88 the idea of buying some kind of annuity income might appear very, very strange, but it is guaranteed, and it is a way of making sure that you don't run out of money. You might not cover all of your care fees with a care annuity. You might only cover a proportion, but it does mean that you've got peace of mind and you can do what you like with the rest of the money, because you're not going to run out of money, and you can be assured that you're not going to have to fall back and ask for local authority funding. So again, it's complex. You've got to take regulated financial advice, but they're great products, but not a lot of people know about them. If you're over in the States, though, they're far more known about. They're a little bit ahead of us. And again, we've got a different system here. We've got the NHS, we've got social services. It's quite a different system, but I think they will take off, and I think they will become more popular. But again, it's knowing what you don't know, and part of our job at SOLLA is to educate people, make sure they don't run out of money, and that they take that really valued financial advice in good time.

Annabel James 22:08

Thank you so much for listening to Age and Stage from Age Space. If you'd like to find out more about how we can help, then go straight to agespace.org. We've got loads of resources, information and

guidance on all aspects of elderly care, from different care options to funding, the legal things, as well as some of the practicalities of the day to day. Now back to the conversation.

Daisy McAndrew 22:35

Jane, just explain to me, because a lot of people will think financial advisors, and even specialised financial advisors are people who wealthy people will use. How does it work paying for a financial advisor? And does it make more sense if you've got more money to play with?

Jane Finnerty 22:51

I think it makes sense for anybody that has a financial conundrum. Most of our advisors, and you'll see on their profile, on the website, will give some time, some of them an inordinate amount of time, to chat through what your circumstances are. It's very transparent. They have to say up front what they charge for and the sort of cost that will be involved with taking that financial advice. But to give you an example, somebody that's perhaps already self funding their care, they may have two or three years funding left. Very often we find they're not claiming attendance allowance, which is currently over £5000 a year, that will more than pay for the advice, probably plus make that person better off. So it's what the value is of that advice. It's finding out what you don't know already, and most people that take financial advice would say it's probably the best money that they've ever spent, because again, things like continuing healthcare funding, our advisors understand about those things, so they'll be able to keep in touch with the clients and just know as things progress, as people get much older, they might be eligible for completely free care. So financial advice is hard to put a value on it, but it is invaluable, and most people will be better off by taking financial advice, we hope.

Annabel James 24:13

Definitely and I think it's so interesting what you say about attendance allowance, one of the things I know from it is, you know, it's a 30 page form. It's not for the faint hearted to complete. Is that something that your advisors can help with? You know, there was something this week that if you fill in all the forms for the four main benefits for older people, you are likely to be answering 450 questions. So is that something that an advisor can help you with.?

Jane Finnerty 24:42

Yeah, in my limited experience, I've done a few attendance allowance forms. You don't have to fill in all the questions. It is 43 pages long. But you don't have to fill in all the questions. It's not as bad as it seems. And all of our advisors will either be able to help or they will work alongside one of our SOLLA affiliates who are experts in this area, and they'll help you with that. It's usually for a small fee, but you know, if you're suddenly going to find over £5000 in some cases, a year tax free, why would you not? We do know a lot of clients that come to find a SOLLA advisor that didn't know anything about it. So again, we work with our affiliates that provide care services to make sure that they're asking their clients as well, "you have claimed this". So yes, they can help, they understand about continuing healthcare funding, but we work alongside our affiliates, and we work very closely with them to make sure that the clients get that support that they need.

Annabel James 25:36

Brilliant that's so helpful. I think NHS continuing healthcare is another of those great mysteries of later life funding. Really, I know it's bit of a postcode lottery at best. So I think any help anybody can give and NHS continuing healthcare is basically free care from the NHS?

Jane Finnerty 25:52

And again anyone at the end of life is entitled to that. So if you're a self funder receiving care at home or in residential care, you are entitled to that at the end of your life, fast tracked. It works for most people, but possibly doesn't work for everybody. So again, our financial advisors understand that, we do a lot of training in that area, and a lot of the public don't realise that they are entitled to that for their end of life care.

Daisy McAndrew 26:18

Just to go back on that. So what does that entitle you to what comes with it?

Annabel James 26:21

It's free care. So it'll be out of hospital, so it'll either be at home or in a care home. You have to have a primary health care need, and that's a fairly loose term I think. A diagnosis of dementia doesn't mean that you will then be eligible for it. It has to be, because life is pretty impossible 24/7. You have to apply for it. There are various stages through it. It is a post code lottery, as I understand it, because I think certainly different NHS Trusts have different priorities. So it could be palliative care in Dorset. It could be cancer care somewhere else. But of course, because it's free, if you are eligible for it, it's fantastic, but you do, I think you do need advice to do the process to have the best chance, to do the bureaucracy.

Jane Finnerty 27:13

And again, we have affiliates that can help with that. But if you are at end of life care, it is pretty quick and it's quite automatic, and I wouldn't want people to be worrying too much about that, but it's important that people know that their care at end of life should be free

Daisy McAndrew 27:28

And good to have it on your horizon as something that is available, that you're not completely alone.

Jane Finnerty 27:33

And of course, a lot of people want to die at home. We're very fortunate in England that that is something that we can have at end of life, care at home, if the circumstances are right and everybody can support that. I always want to reassure older people that they don't have to hand all this stuff over. As long as they're supported by good advice and affiliates, and that they can probably do most of it themselves. But at the same time, it's only because we get a lot of powers of attorney that tend to want to take over far too soon, and don't really have the expertise to do it. That can be quite scary for an advisor, as you can imagine

Daisy McAndrew 28:09

Yes, getting stuck in the middle

Jane Finnerty 28:11

Yeah, and then they're becoming a mediator and saying "well, actually, you know, your dad's quite happy to make this choice themselves" and we do get that circumstance quite a lot. And it's families caring and just wanting to do their best, but they don't understand what their duties are as a power of attorney, and that's a podcast in itself!

Annabel James 28:29

Jane, thank you so much. It's been really interesting and just so helpful. I think we've covered a lot of ground and a little bit of just another shout out for Society of Later Life Advisors, SOLLA

Jane Finnerty 28:42

We really appreciate it. Thanks so much. Annabel and Daisy. You know, hopefully we've given the listeners some reassurance that there are things you can do. It doesn't have to be over complex, and you know, we're here to help.

Annabel James 28:57

I thought what was very interesting was sort of what she said at the beginning, was, in the old days, people didn't need to save money for very long after they retired. And of course, for the last generation, everything has changed. So no wonder, in a way, lots of us are at sixes and sevens with later life financial planning.

Daisy McAndrew 29:15

Well exactly. It used to be the case that you would get your pension and your state pension and maybe had a private pension, but you only had to eke it out over it out over 10 years or so, because then you'd be dead. Now, sometimes you know, a third of your life you're going to be post-work. Obviously, many of us are working longer and working later into our lives. And also, of course, again, Power of Attorney. Power of Attorney. I mean, this message just could not be louder now, but this is something we all need to be working at.

Annabel James 29:45

Definitely. What also was really helpful in I've sort of assumed financial advisors talk about big stuff like pensions and policies, but actually, if they're the SOLLA accredited people can help fill in the forms for things like attendance allowance, which is, I mean, it's £85 a week, but £5000 a year for the max, a huge difference. Or NHS continuing health care, which is, you know, the minefield we spoke about. But to find people who can help do that, I think, is just, well, it's gold, really.

Daisy McAndrew 30:18

And can help you deal with family members. Can help mediate between family members. You know one person saying mum should be investing in this, and another person saying mum should be investing this, another person saying mum should be giving me her money. All those issues, that's also incredibly valuable to have somebody who's on mum's side, not everybody else's side. I

Annabel James 30:37

I think that's so right. Yeah, no. Absolutely fascinating. Again, many lessons learned. Thanks for listening to Age and Stage. We'd really welcome your questions on anything you've heard and your suggestions for future episodes. You can email ageandstage@agespace.org or follow the links in the show notes to this episode. Next time we're talking about protecting elderly parents and relatives from the scammers. With Alex Somerville,

Alex Somervell 31:10

Older people are naturally more affluent because of their stage in life. They've got a pension, life savings, mortgage, etc, and so the amounts lost by that demographic is significantly higher. So my generation would like to lose a few £100 on average, rather than £2,500+

Daisy McAndrew 31:29

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