Age & Stage Podcast, episode 16 - Later Life Financial Planning with Mel Kenny

Mel Kenny, a chartered financial planner and Regional Coordinator for the Society of Later Life Advisers (SOLLA), joined *Age & Stage* to discuss the financial realities and decisions involved in later life—particularly around care funding, family dynamics, and making assets work harder.

A Different Kind of Financial Advice

Mel's journey into later life advice began when he noticed more clients seeking help for their parents' finances. He realised that alongside technical knowledge, advisers need soft skills—empathy, patience, and sensitivity to the emotional and cognitive needs of older people. Listening and reassurance, he says, often matter just as much as the financial strategy.

"People don't care how much you know until they know how much you care."

Common Client Scenarios

Mel outlined typical situations: a newly widowed spouse facing finances alone; adult children managing a parent's sudden care needs; or families overwhelmed by funding dilemmas. Whether the transition is gradual or sudden, it's often an emotional time. A good adviser provides not only financial planning but reassurance and confidence.

Balancing Gifting, Spending and Saving

Older clients often struggle with conflicting goals: enjoying life, gifting to children or grandchildren, and preparing for future care costs. Cashflow forecasting can help reassure them that they have "permission" to spend or gift without risking long-term security. However, Mel cautions against pressure from adult children:

"Is the desire to gift driven by Mum and Dad—or by Little Johnny?"

Clients must feel confident and in control of their choices, especially if they've lived frugally. Changing lifelong habits requires coaching and trust.

Annuities and Planning for Care Costs

One of Mel's strongest recommendations is to consider **Immediate Needs Annuities**. These allow a lump sum to be exchanged for a guaranteed income for life—specifically to cover care home costs.

For example, if a care home costs £100,000 a year and state and private pensions only cover £20,000, the annuity can bridge the £80,000 gap. This avoids the risk of running out of money and being moved to a local authority-funded home, which may not meet expectations.

Annuities are particularly useful when:

- There's a care funding shortfall.
- There's a risk of outliving assets.
- Families want peace of mind and stability in care arrangements.

While annuities aren't widely promoted, SOLLA is working to raise awareness among care homes, local authorities, and the public.

Equity Release & Lifetime Mortgages

Equity release has improved significantly in recent years. Mel distinguishes between:

- **Downsizing** (the cheapest way to release funds), and
- **Lifetime mortgages**, which allow people to remain in their homes while accessing some of its value.

Lifetime mortgages can help fund care at home, supplement retirement income, or pay for home adaptations. They are especially helpful for those reluctant or unable to move, perhaps due to cognitive decline or emotional attachment to their home.

Importantly, lifetime mortgages should be used carefully. Taking out large sums can impact means-tested benefits. Mel advises withdrawing money gradually, as needed.

"It's a brilliant last resort—but it should be the last resort."

Local Authority Support and Care Needs Assessments

If someone's assets fall below £23,250, they may be eligible for local authority support. A **care needs assessment** is the first step. While delays are common, Mel stresses persistence—support can be substantial, and even backdated.

In one case, a woman's family secured £50,000 annually in care funding after a 10-month wait. But to maintain the quality of care she wanted, a lifetime mortgage was used to top it up.

Gifting, Inheritance Tax & Deprivation of Assets

Many older people want to pass on money during their lifetime, but it must be done carefully:

- The **annual gift allowance** is £3,000.
- Larger gifts are subject to the **seven-year rule**—if you die within seven years, the gift may be taxed.
- There are rules around **gifts with reservation** (e.g. giving away part of your house but still living in it), which are legally complex and need specialist advice.

Most importantly, **deliberate deprivation**—gifting assets to avoid care fees—can lead to the local authority treating you as if you still have that money. Mel advises caution:

"They're strapped for cash, and if they smell a rotten apple, they'll come after you."

Home Reversion Plans

These are rarely used, and Mel doesn't recommend them unless in specific circumstances. Unlike a lifetime mortgage, where the property is still owned by the client, a home reversion plan involves selling part or all of the property to a provider. This removes ownership and isn't usually in the client's best financial interest.

Products to Be Wary Of

Mel highlights high-risk investments as unsuitable for older, risk-averse clients. He also warns about **protective trusts**, which some legal firms promote as a way to shield property from care fees. These often fail and can leave clients worse off—financially and in terms of care options.

"The only winner is often the legal firm, not the family."

Instead, Mel recommends building up assets to retain control and choice. The current system may penalise savers through inheritance tax, but there's no reliable workaround. The **social care cap**—intended to limit how much individuals pay—has been delayed until at least 2028.

NHS Continuing Healthcare

This is full funding from the NHS for people with complex or unstable health needs, but it's hard to qualify for. Eligibility requires priority or severe needs, followed by assessment by an Integrated Care Board. Reviews occur after three months, then annually.

Mel doesn't offer direct support with applications but helps identify when families should pursue it and refer them to the right help.

The Value of SOLLA

SOLLA-accredited advisers must requalify every five years, including an in-depth interview and review of learning and practice. Their focus is on vulnerability, empathy, and practical, holistic support—not just financial returns.

Mel runs SOLLA's London region meetings, which cover topics from financial planning to health, hearing, and sight. It reflects the broader, human-centred approach SOLLA promotes.

"We know our pension stuff—but it's the softer side that makes a real difference."

Final Thoughts

Later life planning is about more than numbers. It's about helping families make confident decisions at emotionally difficult times, balancing care needs, family dynamics, and long-term financial security.

For tailored support, Mel recommends contacting a SOLLA-accredited adviser via societyoflaterlifeadvisers.co.uk.