

## Is the industry ready for the long term care challenge?

A recent cross party group paper on the long term care funding crisis has made a number of recommendations for resolving the current complicated and rather arbitrary system of providing long term care in the UK says independent financial research company Defaqto.

Long Term Care of the Elderly: Shaping the Future (March 2010)<sup>1</sup> proposes a private-public partnership between government, individuals and insurers. But is the insurance industry up for the challenge?

Ben Heffer, Insight Analyst for Protection at Defaqto said: "There are insufficient products available in the market place to provide choice and a competitive market and advisers are generally not switched on to long term care advice".

Mr Heffer continued, "Immediate care plans are enhanced annuity products for those who need to start paying for care straight away or in the next few years. However, accruing the lump sum to invest in them is still a challenge for many people. Risk-based plans enable people to plan ahead but few advisers seem to be interested in advising their clients about long term care provision".

Defaqto's research found less than 20% of advisers said they recommend insurance-based products. About a quarter said they took account of potential long term care needs in their pensions funding recommendations; but almost half admitted to not advising on long term care at all.

Mr Heffer warned: "The industry needs to collaborate to be taken seriously by consumers. Advisers need to be taking account of people's long term care needs and product providers need to bring suitably innovative products to market to give consumers quality choice."

The following table outlines plans available:

Provider	Product	Details
AXA Sun Life	Immediate Lifetime Care Plan	Enhanced annuity for those with long term care funding needs. Maximum benefit £5,000 per month
AXA Sun Life	Secured Lifetime Care Plan	Up to five year deferred annuity product. Maximum benefit £5,000 per month
British Friendly Society	Century Plan	A lump sum of up to £10,000 for those failing three Activities of Daily Living
Partnership Assurance	Immediate Care Plan	Enhanced annuity for those with long term care funding needs. Maximum purchase price £300,000
Partnership Assurance	Deferred Care Plan	Up to five year deferred annuity product. Maximum purchase price £300,000
Sun Life Financial of Canada	Elderly Care Cover	A lump sum option on the Financial Foundations Plan for those with long term care funding needs
Universal Provident	Living Care	A benefit of up to £20,000 pa for those failing 3 or more Activities of Daily Living

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### Notes to Editors:

1. Long Term Care of the Elderly: Shaping the Future (March 2010) is available via <http://www.smf.co.uk> or

<http://www.smf.co.uk/assets/files/Shaping%20the%20Future%20FINAL%20VERSION%20FOR%20RELEASE.pdf>

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Ben graduated from Leeds University in 1984 and, after a spell in the civil service, entered the financial services industry working first for Bradford & Bingley Building Society and then at Countrywide Independent Advisers as a pensions researcher. In April 1994, Ben helped to establish the new company and the launch of the very first release of Aequos. Initially a pension specialist, in the course of his career with Defaqto, Ben has at various times been involved with annuities, investments, statistics, general database management and, latterly, the Defaqto Service Project. He now works in the Insight team with special responsibility for the life and protection brief.

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**About Defaqto:** [www.defaqto.com](http://www.defaqto.com)

Defaqto is an independent financial research company specialising in rating, comparing and analysing financial products.

Since 1994, Defaqto has built the largest, whole of market, financial product database and become one of the leading providers of financial product data in the UK. We now cover over 30,000 products across banking, life, pensions, investments and general insurance.

Our experts validate and analyse the data to provide insight and consultancy to all layers of the financial services sector including IFAs, mortgage and general insurance brokers, providers, web aggregators and the public sector.

Our products and services include the following:

**Aequos Online**

An extensive, independent, financial product analysis and comparison database available in the UK. The database contains feature, rate and fees information on more than 30,000 products from nearly 2,000 providers. Our customers include leading insurance and assurance companies, banks and building societies and investment organisations.

**Defaqto Engage**

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