

# Tax Efficient Investments Not Assessed For Care Fees!

## About Asset Protection

First a word of warning, if a person enters long term care, the local authority has an automatic claim on assets gifted, spent on luxury items, debts repaid or money placed in non assessable investments within the previous 6 months.

If a person arranges their financial affairs to evade paying for their long term in the knowledge that they are likely to need care in view of their present state of health, the local authority can pursue these assets irrespective of the time period. This is known as deprivation of assets and the local authority can even apply for a bankruptcy order to recover funds. An example of adverse health likely to lead to long term care would be a person in receipt of higher rate attendance allowance as this is awarded to persons that need assistance both during the day and at night.

However a person can arrange their affairs whilst in reasonable health with a view to minimising their exposure to long term care costs and protecting their estate for the future. This is similar to a major tax law decision. In 1936, *Lord Tomlin stated (IRC v Duke of Westminster) that 'every man is entitled, if he can, to order his affairs so that the tax attaching under the appropriate Acts is less than it otherwise would be.'*

**Based on your present state of health and provided it is unlikely that you will need to enter long term care, you may gift your assets whilst still in good health. But how can you protect your assets without gifting them away? The following is a brief overview of investments currently exempt from care fees assessment.**

- **Lump sum insurance investment bonds** are not tied up for any specific term although there may be early exit penalties. Insurance bonds do not need to be entered on tax returns whilst left untouched to grow. You can withdraw 5% of the original outlay each tax free for up to 20 years and this income also does not need to go on your tax return. Using these concessions can help retain the age allowance tax benefit for those age 65 plus. Basic rate tax is deemed deducted at source so there is no more tax pay unless you pay higher rate tax and this can be deferred up to 20 years or avoided when you become a non higher rate tax payer. Non tax payers and expatriates could consider bonds issued in Jersey, Guernsey or the Isle of Man.

[www.equitycare.co.uk](http://www.equitycare.co.uk)

- **Rare stamps** have shown huge gains when held for a reasonable period and you don't need to be an expert. World famous Stanley Gibbons can manage your portfolio and provide minimum returns. Profits are in the form of capital gains so you have the benefit of the annual CGT exemption currently £9,300 tax free and only 18% tax on the excess.

[www.webinvestdirect.com](http://www.webinvestdirect.com)

- **Many fine vintage wines** have outperformed most major financial indices by a comfortable margin over the longer term. All profits are tax free as wine is deemed by HMRC to be a wasting asset.  
<http://www.expatinvestdirect.com/wineinvest.php>
- **Gold Bullion** has been a safe haven during uncertain political and economic conditions since biblical times. The problem is buying small amounts of bullion at low cost and storing it safely. This is now possible and you will receive a free gram of gold to test the service without any further commitment.  
<http://www.expatinvestdirect.com/gold2.php>

## Care Fees Advice

**If you need any legal or financial advice about paying for care now and protecting your assets in the future, simply visit:**  
[www.equitycare.co.uk](http://www.equitycare.co.uk)

Please note, the above information is based on our understanding of current law and practice and we cannot be held responsible for any errors or omissions. If you are in any doubt about the contents of this article, you should seek independent legal advice.