

Appendix 1

Examples of the Financial Assessment

Please note that these examples are for illustrative purposes only and are not intended as a definitive guide to the Nursing Homes Support Scheme Act 2009.

NOTES:

- i. The cost of nursing home care varies. For illustrative purposes, the examples are all based on a cost of care of €1,000 per week.
- ii. In the case of couples, the financial assessment is based on half of their combined income and assets, i.e. 80% of half the combined assessable income OR 40% of the combined income and 7.5% of half the value of the assets OR 3.75% of the combined assets. In addition, the asset disregard increases to €72,000.

Example 1

Mr. Smith, Single, House

Mr. Smith has an income of €250 per week and a house worth €250,000. He decides to apply for financial support under the Nursing Homes Support Scheme. Under the scheme, he will contribute 80% of his income each week towards the cost of care. This equates to **€200 per week** (i.e. 80% of €250).

He will also make a contribution towards his care costs based on his assets, in this case his house. This will amount to 7.5% of its value per annum or **€308.65 per week** (i.e. $€250,000 - €36,000$ (asset disregard) = $€214,000 \times 7.5\% = €16,050/52 = €308.65$).

This means that Mr. Smith's must contribute €508.65 per week towards his cost of care. The cost of the nursing home is €1,000 per week. The HSE will pay the balance, i.e. €491.35 per week.

However, Mr. Smith does not have the contribution based on his house, i.e. the €308.65 per week, to pay upfront and does not want to sell his house. He, therefore, applies for and receives the Nursing Home Loan. This means that the HSE will pay the additional €308.65 on top of the €491.35 it is already paying per week. It is effectively giving Mr. Smith a loan of €308.65 every week. The HSE's weekly contribution is now €800 (i.e. $€308.65 + €491.35 = €800$).

If Mr. Smith had not availed of the Nursing Home Loan, he would have had to pay the contribution based on his house, i.e. the €308.65 per week, upfront.

After three years, Mr. Smith's house would be discounted from the financial assessment.

Example 2

Ms. Murphy, Single, House and Savings

Ms. Murphy has an income of €270 per week, savings of €56,000 and a house worth €250,000. She decides to apply for financial support under the Nursing Homes Support Scheme. Under the scheme, she will contribute 80% of her income each week towards the cost of care. This equates to **€216 per week** (i.e. 80% of €270).

She will also make a contribution towards her care costs based on her assets, i.e. her savings and her house.

When the asset disregard is applied to Ms. Murphy's savings, only €20,000 remains to be taken into account (i.e. €56,000 - €36,000 = €20,000). The contribution towards her cost of care based on savings will amount to 7.5% of their value per annum or **€28.85 per week** (i.e. $€20,000 \times 7.5\% = €1,500/52 = €28.85$).

The portion of the contribution based on assets, i.e. the house, will amount to 7.5% of its value per annum or **€360.58 per week** (i.e. $€250,000 \times 7.5\% = €18,750/52 = €360.58$).

This means that Ms. Murphy must contribute €605.43 per week towards her cost of care ($€216 + €28.85 + €360.58$). The cost of the nursing home is €1,000 per week. The HSE will pay the balance, i.e. €394.57 per week.

However, Ms. Murphy does not have €360.58 per week to pay upfront and does not want to sell her house. She, therefore, applies for and receives the Nursing Home Loan. This means that the HSE will pay the additional €360.58 on top of the €394.57 it is already paying per week and is effectively giving Ms. Murphy a loan of €360.58 every week. The HSE's weekly contribution is now €755.15 (i.e. $€394.57 + €360.58 = €755.15$).

If Ms. Murphy did not apply for the Nursing Home Loan, she would have to pay the contribution of €360.58 based on her house on a weekly basis during her time in nursing home care.

After three years, Ms. Murphy's house would be discounted from the financial assessment.

Example 3

Mr. Byrne, Married, House, Savings and Rental Property

Mr. Byrne is married. He and his wife have a combined income of €440 per week from their pensions, savings of €12,000, a house worth €300,000 and a rental property worth €150,000 which generates a weekly rental income of €200.

Mr. Byrne decides to apply for financial support under the Nursing Homes Support Scheme. The financial assessment will be based on half of Mr. & Mrs. Byrne's combined income and assets.

Therefore, he will contribute 40% of their combined income each week towards the cost of care. This equates to **€256 per week** (i.e. 40% of €640 which is comprised of their pensions + rental income).

He will also make a contribution towards his care costs based on his assets, i.e. his savings and both properties.

When the asset disregard is applied to Mr. Byrne's savings, they are removed from the assessment entirely.

The portion of the contribution based on his two properties will amount to 3.75% of their value per annum or **€281.25 per week** (i.e. €450,000 - €60,000 (remainder of asset disregard) = €390,000 x 3.75% = €14,625/52 = €281.25).

This means that Mr. Byrne can afford to contribute €537.25 per week towards his cost of care. The cost of the nursing home is €1,000 per week. The HSE will pay the balance, i.e. €462.75 per week.

However, Mr. Byrne does not have €281.25 per week to pay upfront and does not want to sell his house. He, therefore, applies for and receives the Nursing Home Loan. This means that the HSE will pay the additional €281.25 on top of the €462.75 it is already paying per week and is effectively giving Mr. Byrne a loan of €281.25 every week. The HSE's weekly contribution is now €744 (i.e. €281.25 + €462.75 = €744).

If Mr. Byrne did not apply for the Nursing Home Loan, he would have to pay the contribution of €281.25 based on his properties on a weekly basis during his time in nursing home care.

After three years, Mr. Byrne's principal residence would be discounted from the financial assessment. The rental property would continue to be included.

The loan will become repayable on Mr. Byrne's death. However, if Mr. Byrne dies before his wife, she can further defer repayment of the Nursing Home Loan for the duration of her lifetime.