



Long-Term Care Scheme

Property loans

What you need to know about property loans

One of the principal objectives of the new long-term care scheme is to safeguard much of the value in the family home to pass on to the next generation.

If you are a homeowner and you cannot meet your share of your total care costs then you can apply for financial support. Broadly, if your home and other assets are above a certain value, this support will be provided through a property loan secured against the family home.

You are advised to take independent professional advice before you confirm your decision to apply for financial support through a property loan.

When can you access a property loan?

Whether you can access a property loan will depend on the value and type of assets held by you and your partner:

- if the value of your family home in Jersey is greater than £394,000 and the value of all your (and your partner's) other assets is less than £25,000 then we may be able to offer you support towards the costs of your total care package through a property loan
- if the value of all of your (and your partner's) assets, including the family home, is less than £419,000

and your total care package costs more than standard rates, then we may be able to offer you support through a property loan to cover these additional costs

- if the value of your family home is greater than £394,000 and the value of all your (and your partner's) other assets (excluding your family home) is greater than £25,000 then we will not offer you a property loan until the value of your other assets has fallen to £25,000.

When does the property loan have to be repaid?

The loan normally has to be repaid when your family home next changes hands. You may decide to sell your home or the property may be transferred to your heir/s following your death.

In some cases, the loan does not need to be repaid at this time. If your partner or your full-time carer remains living in the property after your death, then the loan is only due to be repaid when that person either dies or stops living in the home.

Is interest charged on the loan?

Yes. The loan bears interest at the Bank of England base rate plus 0.5% until it is repaid. Whilst you continue to use the loan to meet the costs of your care, the loan will gradually increase. The interest is charged on the

balance of the loan as it builds up. If a partner or carer remains in the family home after your death and the loan is not repaid until later, then interest will continue to be charged on the outstanding amount.

We will send you an annual statement giving details of the outstanding amount and the interest that has been charged.

How is the loan secured?

If you own your family home, any loan provided will be secured using a Social Security hypothec¹. This will be registered against any Jersey property owned or part-owned by you and/or your partner. This will be recorded in the Public Registry.

The Social Security Department will organise the registration of the hypothec. You do not need to appear in Court and you do not have to pay for the application. You will be notified as soon as the hypothec has been registered.

Once the loan has been repaid in full, the Department will apply to have the hypothec discharged. Your executor or family will receive notification once this has been done.

¹ The term “hypothec” is used in Jersey courts – it is a type of charge or mortgage that can be formally registered against a property owner to acknowledge a debt.

Lump-sum repayments covering some or all of the loan can be made at any time.

If you own your home through share transfer or company ownership then similar arrangements will apply.

Valuing the family home

If you request financial assistance and you are a homeowner then, in most cases, the Social Security Department will need to check the value of your property. We will organise and pay for this. The valuation is undertaken as part of your initial financial assessment.

If you have an existing charge on your property (such as a mortgage) we will take this into account. If you share the ownership of your property with someone other than your partner (for example, you own a property jointly with your brother or sister) we will only include your share of the property in the calculation.

Alternatives to property loans

The long-term care scheme is designed to assist homeowners by providing a generous exemption limit against the value of the family home and by providing loans if the family home is above this exemption limit.

This loan will be secured against the value of all the property that you and /or your partner own in Jersey.

If you do not wish to take a loan in this way, you can make other arrangements to meet the total costs of your care. Possible alternative sources of funding could include a bank loan, an annuity, an equity release scheme or assistance from family or friends.

If you choose one of these options, your standard care costs will still accumulate towards the £55,300 care costs cap. Once the cap is reached, you will receive the universal benefit, which will cover your care costs up to the weekly rate of the standard care cost for your care level.

Divesting assets

If you have transferred or given away valuable assets in the ten-year period before you apply for the LTC scheme, we will continue to include these assets in any financial assessment, other than in exceptional circumstances.

If you have transferred the ownership of your home to other family members at any time in the past and have continued to live in the property or receive rent for the property (i.e. you have life enjoyment of the property), the full value of your property will be included in your assessment and you will not be eligible for an LTC property loan.

You are advised to take independent professional advice before deciding whether you wish to receive financial assistance in the form of a loan secured against your property or to fund your initial care costs through other means.

Contact details

Further details about the long-term care scheme can be found on the States of Jersey website at:

www.gov.je/benefits/longtermcare

If you have any questions about the scheme, please e-mail the long-term care team at Social Security at:

longtermcare@gov.je

The long-term care team can also be contacted on 01534 447602

States of Jersey Social Security Department
PO Box 55, Philip Le Feuvre House,
La Motte Street, St. Helier, JE4 8PE

Tel: 01534 445505

Opening hours: Monday to Friday 8.30 a.m. to 5.00 p.m.

A large print version of this leaflet is available upon request.