

Tories challenged to come clean on their plan for a 'Dementia Tax' and Winter Fuel means test

Labour is calling on the Tories to come clean on how many pensioners will be hit by their plans for a dementia tax and means testing for Winter Fuel Payments.

With six days to go until voting, Theresa May has still not ended the uncertainty facing millions of pensioners.

Tory plans to scrap universal Winter Fuel Payments could hit as many as 10.8 million pensioners, according to a Labour analysis of Pension Credit data.

Meanwhile, the Tories are still refusing to give a figure for the cap they will put on their dementia tax, the name given to their plan to force people to pay for social care with their homes.

An analysis by the Labour Party (see below) shows the effect of the Tory dementia tax on older people living in a house worth the average UK price of £217,500 if the cap is set at £72,000 or £100,000 and they find they need home care at the capped level.

At a cap of £100,000, a person in this situation needing the capped amount of care would lose 42 percent of the value of their estate. The more someone's house is worth, the lower the percentage they would lose.

Labour has set out its pledges to older people – maintaining the triple-lock on state pensions to protect incomes, investing £37 billion into the NHS and £8 billion into social care over the next parliament and protecting Winter Fuel Payments and free bus passes.

Jeremy Corbyn, Leader of the Labour Party, commenting on this analysis, said:

“It is staggering that just six days from polling day millions of pensioners still don't know what's in store for them if they are unlucky enough to get dementia or any other condition that needs care in the home.

“The dementia tax is itself unfair but what's made matters even worse is the way Theresa May announced a cap and then failed to say how much it would be.

“Alongside this, older people face the additional uncertainty of not knowing who will be eligible for a Winter Fuel Payment. The introduction of a means test could mean more than ten million people losing the payment.

“Theresa May's Tories only offer to pensioners is insecurity and cuts. Labour will stand up for older people by maintaining the triple-lock on state pensions, investing £8 billion into social care over the next parliament and protecting winter fuel payments and free bus passes.”

ENDS

Notes to Editors

Winter Fuel Payments

The Conservative manifesto also includes a commitment to means test the Winter Fuel Payment which, if linked to Pension Credit, could remove the support to heat homes from ten million pensioners. But analysis by the Labour Party has found that even this could be an underestimate, as 40 percent of those eligible do not claim Pension Credit. This would leave a further 800,000 older people without support to heat their homes, bringing the total number losing out to 10,800,000.

Resolution Foundation analysis of Conservative plans to means test the Winter Fuel Payment:

<http://www.resolutionfoundation.org/media/blog/death-taxes-the-conservative-manifesto-and-the-changing-politics-of-intergenerational-fairness/>

DWP estimates of benefit take up, showing 40 percent of those eligible for Pension Credit do not claim:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/535362/ir-benefits-take-up-main-report-2014-15.pdf

Dementia Tax

A 75 year-old owner occupier with savings of £20,000, whose home is worth the UK average house price of £217,500 facing home care costs of £100,000.

Under the current system: subject to income, would pay nothing towards their care costs

At a cap of £72,000: would pay £72,000 – would use all their savings and have a 24 percent charge (£52,000) set against the value of their home

At a cap of £100,000: would pay £100,000, the full cost of care

AVERAGE CARE COSTS: Analysis for the Dilnot Commission in 2010 found that 45 percent of 65 year olds could expect to spend (or have spent on them) more than £25,000 on care services, and 10 percent could expect to spend more than £100,000. Source: Dilnot Commission Report Vol 2: Evidence and Analysis

<http://webarchive.nationalarchives.gov.uk/20130221130239/https://www.wp.dh.gov.uk/carecommission/files/2011/07/Volume-II-Evidence-and-Analysis1.pdf>

AVERAGE WEALTH OF OLDER PEOPLE: 34 percent of older people aged 70-79 have non-housing assets below £23,250 but assets including houses above £100,000. Source: IFS, based on English Longitudinal Study of Ageing, wave 7

<https://www.ifs.org.uk/publications/9243>

HOUSE PRICES: Average House Price (Feb 2017) in the UK is £217,502 Source: Land Registry <http://landregistry.data.gov.uk/app/ukhpi>