

**Private Client Law Bulletin****Planning for an ever increasing old age**

As you may have seen or heard in the press over the last couple of weeks, the Department for Work and Pensions (DWP) has released figures that show that nearly one in five people currently in the UK will live to see their 100th birthday. So that is 10 million people - 17% of the population - becoming centenarians.

These calculations are based on Office for National Statistics population projections and life expectancy estimates.

The DWP estimates there will be at least 507,000 people aged 100 or over by 2066, including 7,700 people aged 110 or over - so-called super-centenarians. When you bear in mind that currently 11,800 people in the UK are aged 100 or over and fewer than 100 are over 110, this is a huge demographic shift.

This clearly has implications for retirement planning. Independent financial advice will be crucial as savings and pensions become ever more important but at the same time a need to work beyond what is currently perceived as "retirement age" seems inevitable, even if that is part-time.

From an estate planning perspective, this longevity will have to be taken into account when considering the manner of inheritance tax planning. Reviewing matters regularly to assess affordability of arrangements and reducing a taxable estate by making gifts "little and often" may prove attractive to those who want to ensure that their standard of living can be maintained in their (what could turn out to be, extended) twilight years.

Increasing numbers of people living longer also increases the demand to guard against the problems that can be associated with very old age. Lasting Powers of Attorney are a means of authorising in advance someone you trust to be able to pay your bills, re-arrange your savings and sell your property if the time ever comes when you are unable to do that yourself and should be considered by everyone as a sensible precautionary step.

The risk of needing to move permanently into a nursing home late on in life can also motivate some elderly couples to review their will arrangements. A couple keen to try to preserve the value of their children's inheritance may change the ownership of their home to "tenants in common" so that they own half each. They could then make wills leaving their own half to the children with a flexible right for the survivor to live in or use the proceeds of sale of that half for as long as is required. In that situation, if the survivor needs to go into care, he/she does not own the whole of the property for DSS/Local Authority assessment purposes - he/she would own his/her own half but the value of that would have to be heavily discounted because of the fact that it would be difficult to sell seeing as the other half belongs to other family members.

If you require any specific advice in connection with the material contained in this bulletin, or on any other Private Client issues, please contact: Duncan Bailey in Liverpool on 0151 600 3451, Richard Bate in Manchester on 0161 836 8840 or Stephen Marriott in Preston on 01772 229 816.

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