



Chartered  
Insurance  
Institute

# CF8

## Award in Long Term Care Insurance

### Long term care insurance

Based on the 2023/2024 syllabus  
examined from 1 September 2023 until 31 August 2024

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## CF8 – Long term care insurance

**Based on the 2023/2024 syllabus examined from 1 September 2023 until 31 August 2024**

### Introduction

This examination guide has been produced by the Qualifications and Assessment Department at the Chartered Insurance Institute to assist students in their preparation for the CF8 examination. It contains a specimen examination with answer key.

Ideally, students should have completed the majority of their studies before attempting the specimen examination. Students should allow themselves two hours to complete the examination. They should then review their performance to identify areas of weakness on which to concentrate the remainder of their study time.

Although the specimen examination in this guide is typical of a CF8 examination, it should be noted that it is not possible to test every single aspect of the syllabus in any one particular examination. To prepare properly for the examination, candidates should make full use of the tuition options available and read as widely as possible to ensure that the whole syllabus has been covered. They should also endeavour to keep as up-to-date as possible with developments in the industry by reading the periodicals listed in the CF8 reading list, which is located on the syllabus in this examination guide and on the CII website at [www.cii.co.uk](http://www.cii.co.uk).

### Background Information

CII examination questions undergo a rigorous writing and editing process before reaching an examination. The questions are written to strict guidelines by practitioners with relevant technical knowledge and experience. Questions are very carefully worded to ensure that all the information required to answer the question is provided in a clear and concise manner. They are then edited by an independent panel of experienced practitioners who have been specifically trained to ensure that questions are technically correct, clear and unambiguous. As a final check, each examination is scrutinised by the Senior Examiner and a CII assessment expert.

Occasionally a question will require amendment after the examination guide is first published. In such an event, the revised question will be published on the CII website:

- 1) Visit [www.cii.co.uk/learning/qualifications/award-in-long-term-care-insurance-qualification/unit-long-term-care-insurance-cf8/](http://www.cii.co.uk/learning/qualifications/award-in-long-term-care-insurance-qualification/unit-long-term-care-insurance-cf8/)
- 2) Select 'exam guide update' on the right hand side of the page

Candidates should also refer here for the latest information on changes to law and practice and when they will be examined.

## Syllabus

The CF8 syllabus is published on the CII website at [www.cii.co.uk](http://www.cii.co.uk). **Candidates should note that the examination is based on the syllabus, rather than on any particular tuition material.** Of course, the CII tuition material will provide the vast majority of the information required to perform well in the examination, but the CII recommends that students consult other reference materials to supplement their studies.

Supporting information for the syllabus which contains a detailed overview of the areas covered can be found on the unit page. Select Supporting information for the 2023/2024 syllabus on the right-hand side of the page.

## Skill Specification

The examination syllabus categorises CF8 learning outcomes into cognitive skill levels. Each learning outcome specifies the level of skill required of candidates and thus the level at which candidates may be tested.

The CF8 syllabus requires that candidates have the ability to understand, analyse and assess the subject matter. Each learning outcome begins with a cognitive skill that encompasses one of the following:

- Understand* - To answer questions based on understanding, the candidate must be able to link pieces of information together in cause-and-effect relationships. Typically questions may ask 'Why'. Questions set on an *understand* learning outcome can test either knowledge or understanding or both.
- Analyse* - To answer questions requiring analysis, the candidate must be able to break information down into parts, identify how each piece relates to the whole, associate relevant aspects and determine courses of action. Typically questions will relate to a given set of circumstances or provide data which requires analysis so a conclusion can be drawn.
- Assess* - To answer questions requiring assessment, the candidate must be able to evaluate and judge information presented and reach a conclusion. Typically questions will relate to a given set of circumstances and behaviours and require the selection of the correct or best assessment.

## Examination Information

The method of assessment for the CF8 examination is 50 multiple choice questions (MCQs) and 5 case studies, each comprising 5 MCQs. 2 hours are allowed for this examination.

The CF8 syllabus provided in this examination guide will be examined from 1 September 2023 until 31 August 2024.

Candidates will be examined on the basis of English law and practice in the tax year 2023/2024 unless otherwise stated.

The general rule is that the new tax year and changes arising from the Finance Act will be examined from 1 September each year. Other changes, not related to the Finance Act, will not be examined earlier than 3 months after they come into effect.

CF8 examinations test the Financial Conduct Authority and Prudential Regulation Authority rules and regulations.

When preparing for the examination, candidates should ensure that they are aware of what typically constitutes each type of product listed in the syllabus and ascertain whether the products with which they come into contact during the normal course of their work deviate from the norm, since questions in the examination test generic product knowledge.

Section A consists of 50 multiple choice questions. A multiple choice question consists of a problem followed by **four** options, labelled A, B, C and D, from which the candidate is asked to choose the correct response. Each question will contain only **one** correct or best response to the problem posed. One mark is awarded for each correct response identified by the candidate. No mark is awarded if the candidate either chooses an incorrect response, chooses more than one response or fails to choose any response. No marks are deducted for candidates choosing an incorrect response.

Section B contains five case studies each followed by five questions. **Four** options follow each question. The options are labelled A, B, C and D. Only **one** of these options will be correct or best. One mark is awarded for each correct response identified by the candidate. No mark is awarded if the candidate either chooses an incorrect response, chooses more than one response or fails to choose any response. No marks are deducted for candidates choosing an incorrect response.

Some questions will involve calculations and candidates are permitted to use calculators during the examination. If you bring a calculator into the examination room, it must be a silent battery or solar-powered non-programmable calculator. The use of electronic equipment capable of being programmed to hold alphabetic or numerical data and/or formulae is prohibited. You may use a financial or scientific calculator, provided it meets these requirements.

Candidates are permitted to make rough notes. Candidates are **not** permitted, in any circumstances, to remove any papers relating to the examination from the examination room.

## Examination Technique: Multiple Choice Questions

The best approach to multiple choice examinations is to work methodically through the questions.

The questions are worded very carefully to ensure that all the information required is presented in a concise and clear manner. It cannot be emphasised too strongly that understanding the precise meaning of the question is vital. If candidates miss a crucial point when reading the question it could result in choosing the wrong option. Candidates should read carefully through the question and all the options before attempting to answer.

Candidates should pay particular attention to any words in the question which are emphasised in bold type, for example, **maximum**, **minimum**, **main**, **most**, **normally** and **usually**. Negative wording is further emphasised by the use of capital letters, for example **NOT**, **CANNOT**.

Candidates should not spend too much time on any one question. If they cannot make up their mind, they should leave the question and come back to it later.

When all of the questions have been answered, it is prudent to use any remaining time to go through each question again, carefully, to double-check that nothing has been missed. Altering just one incorrect response to a correct response could make the difference between passing and failing.

## Before the Examination

Before sitting the examination, please visit the preparation page on the CII website to familiarise yourself with the different requirements for sittings via remote invigilation and at an exam centre [www.cii.co.uk/learning/qualifications/assessment-information/before-the-exam/](http://www.cii.co.uk/learning/qualifications/assessment-information/before-the-exam/)

## After the Examination

Rigorous checks are made to ensure the correctness of the results issued. A pre-defined quota of passes to be awarded does not exist. If all candidates achieve a score of at least the pass mark, then all candidates will be awarded a pass grade. Individual feedback on the candidate's examination performance is automatically provided and will indicate the result achieved and, for each syllabus learning outcome, the percentage of questions in the examination that were answered correctly.

# Long term care insurance

## Objective

At the end of this unit, candidates should be able to understand the:

- definition, purpose and scope of long term care contracts and how they interact with State benefits and State-funded long term care;
- main features and functions of the different types of contract that can be used to fund long term care and how they can be arranged to meet an individual's needs;
- principal legal, taxation and regulatory issues that are relevant to advice on long term care insurance;
- importance of regular reviews to ensure that long term care insurance cover remains appropriate.

Summary of learning outcomes	Number of questions in the examination† *
1. Understand the FCA definition of a long term care insurance contract and the background to long term care provision in the UK	3
2. Understand the different types of long term care that are available	3
3. Understand the responsibilities of a health authority in the provision of continuing care and any resulting funding implications for the individual	4
4. Understand how current legislation affects the provision of advice on long term care insurance, particularly with reference to the responsibilities of a local authority in enabling access to long term care and procedures for care assessment	4
5. Understand how local authorities make financial care needs assessments for those requiring long term care and the role of social services	5
6. Understand the availability of alternative sources of assistance relevant in the provision of long term care and possible limitations on their use	3
7. Understand the complexities and implications of the relationship between the adviser, the client and third parties when advising on long term care insurance	6
8. Understand the taxation issues related to long term care insurance plans	3
9. Understand the legal considerations that need to be taken into account when giving long term care advice to an individual or their representatives	5
10. Understand eligibility to claim under a long term care insurance contract	3
11. Understand the different costs associated with long term care provision and the factors that create variations in them.	4
12. Analyse the interaction between the eligibility for means-tested and non means-tested benefits in the provision of advice on long term care insurance.	4
13. Assess the suitability of arrangements available to fund and maintain an individual's long term care needs and whether the level of risk they present to the client is appropriate and acceptable	2
14. Analyse situations that might indicate to an adviser that a client's long term care provision needs to be reviewed and identify the consequences of that review	1

\* The test specification has an in-built element of flexibility. It is designed to be used as a guide for study and is not a statement of actual number of questions that will appear in every exam. However, the number of questions testing each learning outcome will generally be within the range plus or minus 2 of the number indicated.

† Plus 25 case study-related questions from learning outcomes 1 to 14

## Important notes

- Method of assessment: 50 multiple choice questions (MCQs) and 5 case studies, each comprising 5 MCQs. 2 hours are allowed for this examination.
- This syllabus will be examined from 1 September 2023 to 31 August 2024.
- Candidates will be examined on the basis of English law and practice in the tax year 2023/2024 unless otherwise stated.
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- Candidates should refer to the CII website for the latest information on changes to law and practice and when they will be examined:
  1. Visit [www.cii.co.uk/qualifications](http://www.cii.co.uk/qualifications)
  2. Select the appropriate qualification
  3. Select your unit from the list provided
  4. Select qualification update on the right hand side of the page



- 1. Understand the FCA definition of a long term care insurance contract and the background to long term care provision in the UK**
  - 1.1 Describe the FCA's definition of a long term care insurance contract and how it fits with existing contracts.
  - 1.2 Describe the socio-economic background to long term care.
- 2. Understand the different types of long term care that are available**
  - 2.1 Describe the single assessment process.
  - 2.2 Describe the different types of care and their associated levels of dependency.
- 3. Understand the responsibilities of a health authority in the provision of continuing care and any resulting funding implications for the individual**
  - 3.1 Describe the responsibilities of local or regional health services and the local authority in the provision of continuing care.
  - 3.2 Describe the funding implication for individuals as a result of a local authority and local or regional health services' provision of continuing care.
- 4. Understand how current legislation affects the provision of advice on long term care insurance, particularly with reference to the responsibilities of a local authority in enabling access to long term care and procedures for care assessment**
  - 4.1 Describe how a local authority would assess an individual's need for long term care.
  - 4.2 Describe the relevant legislation and case law relating to the provision of long term care.
- 5. Understand how local authorities make financial care needs assessments for those requiring long term care and the role of social services**
  - 5.1 Describe how local authorities make financial care needs assessments for those requiring long term care.
- 6. Understand the availability of alternative sources of assistance relevant in the provision of long term care and possible limitations on their use**
  - 6.1 Describe the availability of alternative sources of assistance for the provision of long term care, and the possible limits on their use.
- 7. Understand the complexities and implications of the relationship between the adviser, the client and third parties when advising on long term care insurance**
  - 7.1 Describe the complexities and implications of the relationship between the adviser, the client and third parties when advising on long term care insurance.
- 8. Understand the taxation issues related to long term care insurance plans**
  - 8.1 Describe the taxation issues related to long term care insurance plans.
  - 8.2 Assess the tax position in relation to long term care and perform relevant tax calculations.
- 9. Understand the legal considerations that need to be taken into account when giving long term care advice to an individual or their representatives**
  - 9.1 Describe the legal considerations which must be addressed when providing long term care advice to an individual or their representatives.
- 10. Understand eligibility to claim under a long term care insurance contract**
  - 10.1 Describe the eligibility criteria to claim under a long term care insurance contract
- 11. Understand the different costs associated with long term care provision and the factors that create variations in them.**
  - 11.1 Describe the different costs associated with long term care provision and the factors that create variations in them
  - 11.2 Calculate different costs associated with long term care provision.
- 12. Analyse the interaction between the eligibility for means-tested and non means-tested benefits in the provision of advice on long term care insurance**
  - 12.1 Analyse the interaction between the eligibility for means-tested and non means-tested benefits in the provision of advice on long term care insurance.
- 13. Assess the suitability of arrangements available to fund and maintain an individual's long term care needs and whether the level of risk they present to the client is appropriate and acceptable**
  - 13.1 Assess the suitability of arrangements available to fund and maintain an individual's long term care needs.
  - 13.2 Assess the level of risk of long term care arrangements and their appropriateness for the individual.
- 14. Analyse situations that might indicate to an adviser that a client's long term care**

## provision needs to be reviewed and identify the consequences of that review

- 14.1 Explain the most common events which will generate the need for a review of long term care provision and the required actions post-review.

## Reading list

The following list provides details of further reading which may assist you with your studies.

### **Note: The examination will test the syllabus alone.**

The reading list is provided for guidance only and is not in itself the subject of the examination.

The resources listed here will help you keep up-to-date with developments and provide a wider coverage of syllabus topics.

### **CII study texts**

Long term care insurance. London: CII. Study text CF8.

### **Books**

Disability rights handbook. London: Disability Rights UK. Annual.

### **Journals and magazines**

Cover. London: Incisive Financial. Monthly. Available for free online at [www.covermagazine.co.uk](http://www.covermagazine.co.uk).

Protection review (previous e-Protection review). Great Rissington: Bank House Communications. Quarterly. Available at [protectionreview.co.uk](http://protectionreview.co.uk)

Personal finance professional (previously Financial solutions). London: CII. Six issues a year.

### **Reference materials**

Dictionary of insurance. C Bennett. 2nd ed. London: Pearson Education, 2004.

Concise encyclopedia of insurance terms. Laurence S. Silver, et al. New York: Routledge, 2010.\*

Harriman's financial dictionary: over 2,600 essential financial terms. Edited by Simon Briscoe and Jane Fuller. Petersfield: Harriman House, 2007.\*

## Examination guide

If you have a current study text enrolment, the current examination guide is included and is accessible via Revisionmate ([ciigroup.org/login](http://ciigroup.org/login)). Details of how to access Revisionmate are on the first page of your study text. It is recommended that you only study from the most recent version of the examination guide.

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\* Also available as an eBook through eLibrary via [www.cii.co.uk/elibrary](http://www.cii.co.uk/elibrary) (CII/PFS members only).

## **Exam technique/study skills**

There are many modestly priced guides available in bookshops. You should choose one which suits your requirements.

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**SECTION A**

1. What are the two distinct forms of long term care insurance products, as defined by the Financial Conduct Authority?
  - A. Guaranteed and reviewable contracts.
  - B. Investment-linked and protection plans.
  - C. Pre-funded and immediate care plans.
  - D. Single premium and regular premium contracts.
  
2. Which body is responsible for regulating health and social care providers?
  - A. The Care Inspectorate.
  - B. The Care Quality Commission.
  - C. The Financial Conduct Authority.
  - D. NHS England.
  
3. Which product(s), if any, used for long term care planning are regulated by the Financial Conduct Authority?
  - A. None.
  - B. Protection policies only.
  - C. Protection policies and annuities only.
  - D. Protection policies, annuities and mortgages, including lifetime mortgages.
  
4. What is the relationship between failed activities of daily living (ADLs) and the State-funded residential care available to patients?
  - A. A patient must fail a statutory minimum number of ADLs before he is entitled to care in a residential care home.
  - B. A patient must fail a maximum of five ADLs before he is moved from a residential care home to a nursing home.
  - C. A patient in a residential care home has usually exhibited an inability to carry out one or more ADLs.
  - D. A patient is automatically moved from a residential care home to a nursing home when he first fails one of the ADLs.
  
5. When a local authority charges for respite care, what aspect of this care, if any, is **normally** available free of charge?
  - A. None.
  - B. The first 48 hours of care only.
  - C. Any nursing care provided.
  - D. Any food or toiletries provided.

- 
6. Delivery of hospital care in England is provided by the National Health Service (NHS) via which organisation?
- A. The Care Quality Commission.
  - B. The Local Clinical Commissioning Group.
  - C. The National Institute for Health and Clinical Excellence.
  - D. NHS England.
7. The Coughlan case clarified a health authority's responsibility to
- A. check back over several years to see whether a patient has disposed of her assets.
  - B. disregard the main residence when a dependant relative is still living in it.
  - C. establish guidelines on charging for use in different regions.
  - D. provide for a patient's healthcare when it has been identified as a primary need.
8. An individual may be eligible for National Health Service (NHS) funded nursing care if the individual is
- A. eligible for NHS funded continuing healthcare and lives in a care home registered to provide nursing care.
  - B. eligible for NHS funded continuing healthcare and lives in a residential home that is not registered to provide nursing care.
  - C. not eligible for NHS funded continuing healthcare and lives in a care home registered to provide nursing care.
  - D. not eligible for NHS funded continuing healthcare and lives in a residential home that is not registered to provide nursing care.
9. Jeremy is assessed as having a need for accommodation and personal care, although his **primary** need is for health care. Who takes responsibility and provides the funding for this care?
- A. Jeremy.
  - B. The local authority.
  - C. Jeremy's immediate family.
  - D. NHS England.
10. How does the Department of Health arrange for a new long term care initiative to be implemented in a local area?
- A. By advising NHS England.
  - B. By directly advising all long term care homes.
  - C. By discussion with the local authority.
  - D. In conjunction with the local Clinical Commissioning Group.

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11. When considering an individual with a high dependency level, what is **likely** to be the local authority's **main** concern in assessing whether care should be provided on a domiciliary or residential basis?
- A. The availability of specialist carers.
  - B. The distance that relatives would need to travel for visiting.
  - C. The long term cost of delivering the care.
  - D. The preferences of the care recipient's relatives.
12. Under section 47 of the National Health Service and Community Care Act 1990, what **must** a local authority provide?
- A. An assessment of care needs.
  - B. A place in a suitable residential care home.
  - C. A minimum level of financial support.
  - D. Immediate nursing care.
13. Palliative care is **usually** the responsibility of
- A. the local council.
  - B. NHS England.
  - C. the patient's next of kin.
  - D. the patient.
14. Section 4 of the Care Act 2014 establishes a responsibility on local authorities to
- A. complete a full assessment of needs and resources before agreeing a care package.
  - B. consolidate the provision of all aspects of social care with the relevant health authority in its area.
  - C. ensure the provision of care is based solely on the needs of the individual requiring care.
  - D. establish and maintain a service providing information and advice to local individuals on care and support.
15. Who is responsible for assessing the financial assistance required for a patient to be discharged from hospital to a residential care home?
- A. The Court of Protection.
  - B. The Family Division of the High Court.
  - C. A local authority financial assessment officer.
  - D. A health authority financial officer.
16. When assessing care costs, in what circumstances do the local authority **always** disregard half of an individual's occupational pension?
- A. If half or more of the pension is passed to a spouse living at home.
  - B. If half or more of the pension is passed to a partner living at home.
  - C. If a spouse or partner is claiming means-tested benefits.
  - D. If a spouse or partner is unable to claim State Pension Credit.

17. Bill has a £10,000 life assurance investment bond which was effected 10 years ago. How will this be considered by the local authority when undertaking its financial assessment if Bill's need for care has **only just** arisen?
- A. It will be ignored.
  - B. It will be automatically included.
  - C. Only the notional gain will be considered.
  - D. The bond must be surrendered and the value included.
18. How is the **maximum** State contribution set for a resident of a care home in Scotland who is self-funding and is **initially** deemed to require personal care only, but subsequently develops a severe medical condition requiring significant nursing care?
- A. A flat rate for both personal and nursing care.
  - B. A flat rate for personal care and a sliding scale for nursing care according to need.
  - C. A sliding scale for personal care according to need and a flat rate for nursing care.
  - D. A sliding scale for both personal and nursing care according to need.
19. Why would Marion and James, a married couple, change ownership of their house to tenants in common if Marion entered a care home?
- A. To enable a relative to move in and claim Carer's Allowance if James becomes ill.
  - B. To remove half the house value from the means test if James dies first.
  - C. To sell half the house to provide funds for care fees if other assets are insufficient.
  - D. To take ownership away from Marion if her health worsens.
20. A health cash plan is **primarily** designed to provide
- A. an income stream to offset out of pocket expenses in the event of poor health.
  - B. a lump sum payable as a consequence of poor health or the need for treatment or investigations.
  - C. an unlimited cash sum in the event of poor health.
  - D. an unlimited income stream in the event of poor health.
21. George has a portfolio of shares in excess of £250,000. How could this be used to fund any future long term care needs?
- A. Only the dividends could be used.
  - B. Only the capital could be used.
  - C. Both the dividends and the capital could be used.
  - D. The portfolio must be converted into an immediate care annuity.

22. A disabled person has been assessed by his local authority as requiring a minor adaptation to his house that will cost £1,500. What is the **maximum** percentage of this amount that the local authority will pay?
- A. 25%
  - B. 50%
  - C. 75%
  - D. 100%
23. Which body will ultimately make decisions on financial or welfare matters for people who lack capacity and are otherwise **NOT** able to look after their own affairs?
- A. The Court of Protection.
  - B. The Independent Medical Capacity Advocate.
  - C. NHS England.
  - D. The Office of the Public Guardian.
24. It is important to check the legal capacity of an individual with regard to long term care advice in order to establish whether
- A. they should have a relative with them during any meeting.
  - B. they are capable of entering into a valid contract.
  - C. they will require more time to consider any product recommended.
  - D. a specific type of product should be recommended.
25. Doris completed an enduring power of attorney many years ago when she had full mental capacity. She has now lost mental capacity and the enduring power of attorney has been registered. In what circumstances, if any, will her attorney be permitted to make substantial gifts?
- A. In all circumstances.
  - B. Only with the Court of Protection's approval.
  - C. Only with the approval of the Office of the Public Guardian.
  - D. In no circumstances.
26. The attorney appointed under a Lasting Power of Attorney can make decisions on behalf of the donor on loss of mental capacity of the donor for
- A. both property and financial affairs and health and welfare.
  - B. health and welfare only, and always immediately after registration for property and financial affairs.
  - C. property and financial affairs, but immediately after registration for health and welfare.
  - D. neither property and financial affairs nor health and welfare.



27. Once it is decided that an individual lacks the mental capacity to enter into a contract, that inability is deemed to continue
- A. until capacity is proven.
  - B. until a solicitor is appointed.
  - C. until the contract is signed.
  - D. for a set period determined at the time.
28. Kathleen is in a care home and her affairs are dealt with by her daughter, Mary, who has an ordinary Power of Attorney. If Kathleen's mental capacity were to deteriorate, who would then be responsible for her affairs?
- A. Mary.
  - B. The manager of Kathleen's care home.
  - C. The deputy appointed by the Court of Protection.
  - D. Kathleen's solicitor.
29. Prisha invested £100,000 into an onshore long term care bond 10 years ago. The bond's value is now £200,000. She has recently made a successful claim under the bond and will receive £5,000 per annum to pay for care benefits. How, if at all, will the payments she receives be taxed?
- A. They will be paid tax free.
  - B. They will be subject to Income Tax.
  - C. They will be assessed against the 5% annual tax-deferred withdrawal allowance.
  - D. They will be subject to Capital Gains Tax.
30. When an immediate needs annuity is set up for long term care purposes, what **key** factor will dictate whether the entire annuity can be paid tax free from the outset of the contract?
- A. The initial recipient of the annuity.
  - B. The escalation basis of the annuity.
  - C. The state of health of the individual.
  - D. The age of the individual.
31. An elderly client has gifted his home through the use of a trust. In what circumstances would the local authority take the value of the property into account when conducting a funding assessment for continuous care purposes?
- A. If the trust was set up less than six months ago.
  - B. If the trustees are deemed to be close relatives.
  - C. If the gift is deemed to be a potentially exempt transfer (PET).
  - D. If the property value exceeds the nil-rate band.
32. A deed of variation is treated for Inheritance Tax purposes as though it had been effected by the
- A. beneficiaries.
  - B. deceased.
  - C. executors.
  - D. trustees.

33. Why **must** a jointly-owned family home be owned as tenants in common when passing on a share of it through a will on first death?
- A. Assets owned through joint tenancy do not form part of the distributable estate on first death for a married couple.
  - B. Assets owned through tenants in common do not form part of the distributable estate unless specifically mentioned in the will.
  - C. It ensures that the surviving owner inherits the whole property.
  - D. It prevents the surviving owner from challenging the will.
34. Felicity made a will three years ago. She was recently compulsorily detained under mental health laws and deemed to be mentally incapable. Assuming there is no other statutory involvement and no Power of Attorney exists, what effect, if any, will this have on her will?
- A. It will continue to remain valid.
  - B. It will be automatically revoked.
  - C. Its ongoing validity will be dependent on obtaining formal attestation by the executors.
  - D. Its ongoing validity will be dependent on obtaining formal attestation by the next of kin.
35. Jim made a will 20 years ago, leaving half of his property to his wife and the rest to his children. He subsequently divorced his wife, but did **NOT** amend the will or write a new one. What is the status of the will?
- A. The will is invalid, unless he subsequently remarries.
  - B. The will is invalid and he will be intestate.
  - C. The will is invalid, but the children can ask the court to reinstate it.
  - D. The will is still valid, but the divorce can affect the distribution of the property.
36. In what circumstances may a gift of capital that is being investigated for deliberate asset deprivation be **disregarded** when assessing an individual's ability to pay for care?
- A. If the gift was made to a close family member.
  - B. If the gift was made over two years ago.
  - C. If the recipient of the gift has spent the capital.
  - D. If it can be proved that the gift was for the purpose of Inheritance Tax mitigation.
37. Cognitive impairment is the
- A. inability to wash oneself.
  - B. loss of sight.
  - C. inability to feed oneself.
  - D. loss of intellectual ability.
38. Activities of daily living (ADLs) are the
- A. mental capabilities of disabled people.
  - B. activities used to test eligibility for long term care benefits.
  - C. physical capabilities of disabled people.
  - D. activities used to test eligibility for home reversion plans.

39. Claire is suffering from cognitive impairment. What **additional** condition, if any, **must** apply to allow her to make a valid claim under her long term care insurance policy?
- A. She must be unable to carry out only one of the activities of daily living (ADLs).
  - B. She must be unable to carry out two activities of daily living (ADLs).
  - C. Cognitive impairment alone is sufficient to make a valid claim.
  - D. A receiver must be appointed by the Court of Protection.
40. In which country is there no lower savings threshold in respect of means testing for the costs of residential care?
- A. England.
  - B. Northern Ireland.
  - C. Scotland.
  - D. Wales.
41. What assessment **must** take place prior to a person receiving domiciliary care via the social services?
- A. A care needs assessment.
  - B. A financial resources assessment.
  - C. A life risk assessment.
  - D. A residency assessment.
42. Local authorities make financial assessments for domiciliary or residential care with reference to the
- A. Care Act 2014.
  - B. Care Standards Act 2000.
  - C. Community Care (Residential Accommodation) Act 1988.
  - D. Access to Health Records Act 1990.
43. Veronica, aged 65, is about to move into a self-funded care home in Scotland. What financial assistance can she expect from her local authority?
- A. A flat-rate contribution towards the cost of nursing care only.
  - B. A contribution towards the cost of nursing care based on the level of care required.
  - C. A flat-rate contribution towards the cost of personal care only.
  - D. A flat-rate contribution towards the cost of both nursing and personal care.
44. Mable, aged 62 and retired, has been unwell for the past 7 months and has needed help caring for herself. She receives a benefit from the State to help her as she is unable to travel any distance unaided and needs help with personal care both in the morning and at night. Which State benefit is she receiving?
- A. Attendance Allowance.
  - B. Carer's Allowance.
  - C. Personal Independence Payment.
  - D. Employment and Support Allowance.

45. Aariz is in receipt of both elements of Pension Credit. This confirms that he
- A. has not yet retired or reached State retirement age.
  - B. is not entitled to receive any payment towards his mortgage interest payments.
  - C. reached State Pension age before 6 April 2016.
  - D. is aged between 60 and 65.
46. An elderly individual qualifies for the daily living component of the Personal Independence Payment. He would also qualify for the **additional** component under the allowance if he has
- A. been disabled for longer than a year.
  - B. difficulty walking or getting around.
  - C. reached the age of 65.
  - D. a dependent wife.
47. An individual would be expected to fund the full cost of residential care **without** State help if
- A. he has more than the lower limit of capital for means-testing purposes.
  - B. he has more than the upper limit of capital for means-testing purposes.
  - C. his spouse is to remain in his home.
  - D. a relative aged 60 or over is to remain in his home.
48. Alex has a single premium long term care bond. Her insurer has recommended that she make a further contribution but she **CANNOT** afford to do this. What effect will this have on the plan?
- A. It will be cancelled and a refund made to Alex.
  - B. It will be converted into a standard Insurance Bond.
  - C. It will continue but it may not provide for the full cost of fees if a claim is made.
  - D. It will continue but the number of Activities of Daily Living required to make a claim will be increased.
49. James has previously taken out an immediate needs plan whilst Alan has taken out a pre-funded plan to meet their respective long term care needs. Both James and Alan have full mental capacity. As a consequence
- A. only James is likely to be unable to perform activities of daily living.
  - B. only Alan is likely to be unable to perform activities of daily living.
  - C. only James will be in receipt of Carer's Allowance.
  - D. only Alan will be in receipt of Carer's Allowance.
50. Following the implementation and initial review of a long term care plan by a local authority, after what period should the care plan be subject to a further review?
- A. Every six to eight weeks.
  - B. At least every six months or more frequently if needed.
  - C. At least annually or more frequently if needed.
  - D. Once a year only on the anniversary of care commencing.

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**SECTION B**

Jayne, aged 84 and living in Cambridge, has recently been in hospital following a stroke and is now resident in a nursing home. Her daughter, Celia, holds an Enduring Power of Attorney over her mother's affairs and is considering taking out a financial product to help cover the cost of her mother's care fees.

Jayne owns a house worth £450,000 which is currently empty and for sale following her move to the nursing home. She holds investments worth £155,000 in cash-based deposits and her income from State and occupational pensions totals £12,000 per annum. She receives no other State assistance.

Jayne has **NOT** made a will and, in view of her stroke, does **NOT** have the mental capacity to do so.

Celia believes that her mother was **NOT** well cared for whilst in hospital and that the staff were rude. However, her concerns were dismissed by the chief executive of her mother's Clinical Commissioning Group and by a subsequent independent review.

51. Which entity would Celia need to contact to continue her complaint?
- A. The Care Quality Commission.
  - B. The Financial Ombudsman Service.
  - C. The National Institute for Health and Clinical Excellence.
  - D. The Parliamentary and Health Service Ombudsman.
52. If Celia sets up an annuity arrangement, what would be the **most tax-efficient** way for the benefits to be paid?
- A. Directly to the care home.
  - B. Directly to Celia.
  - C. Directly to Jayne.
  - D. Directly to the Clinical Commissioning Group.
53. How might Celia set up a valid will for Jayne, if at all?
- A. Celia cannot set up a will for Jayne.
  - B. Celia can write the will herself.
  - C. By applying to the Court of Protection.
  - D. By applying to the Family Division of the High Court.
54. To what **main** State benefit is Jayne **likely** to be entitled?
- A. Attendance Allowance.
  - B. Carer's Allowance.
  - C. Personal Independence Payment.
  - D. Universal Credit.

55. What financial product would be **most appropriate** for Jayne?

- A. An immediate needs annuity.
- B. A long term care bond.
- C. A pre-funded long term care insurance policy.
- D. A private medical insurance policy.

Nine months ago, George, aged 72 and living in Brighton, gave away his house to his **only** child, Gwyneth, in order to benefit from local authority help with care fees in the future. George has retained the right to continue living in the house, which is valued at £160,000. Gwyneth is married and has two children.

Following a fall, George is now very poorly and is bedridden in a nursing home where he currently needs 24-hour care. He is looking to his local authority to help him with the fees as his remaining capital is just £12,500.

In 1994, George and his late wife, Ethel, took out a single premium long term care insurance policy on a second event joint life basis for a level monthly benefit of £300. Ethel died in 1997, having spent her last few months in a local nursing home.

George has **NOT** made a will.

56. How is the local authority **most likely** to respond to George giving away his home?
- A. It will not be regarded as his property.
  - B. It will be treated as his property for the next two years.
  - C. It will be subject to a legal charge.
  - D. It will be regarded as a deliberate deprivation of assets.
57. What monthly benefit, if any, is now payable under the existing policy?
- A. Nil.
  - B. £150 only.
  - C. £300 only.
  - D. £300, plus indexation.
58. Under the laws of intestacy, who will receive George's estate if he dies whilst in care?
- A. Gwyneth only.
  - B. Gwyneth's children will receive half each.
  - C. Gwyneth and her children will receive one third each.
  - D. Gwyneth will receive half and her children will receive one quarter each.
59. If George were to pay for his own care, what State benefit should he apply for to help with the care home fees?
- A. Attendance Allowance.
  - B. Carer's Allowance.
  - C. Personal Independence Payment at lower level.
  - D. Personal Independence Payment at higher level.

60. Having recently been medically assessed to determine his care needs, within what time period would a further assessment of George's health and general needs take place?
- A. Three to five weeks.
  - B. Six to eight weeks.
  - C. Three months.
  - D. Six months.



Jack, aged 89 and widowed, is becoming increasingly frail. Although stable, his arthritis is severely hampering his mobility and his ability to carry out normal everyday tasks so he now requires a daily visit from a nurse. He also has heart problems that are causing him to feel weak and breathless. Whilst his son, Simon, has helped him where possible, he feels that he **CANNOT** personally provide the level of medical attention that Jack now needs.

Jack has a weekly pension income of £200 and building society high interest account savings of £30,000. He lives alone in his house in Bedfordshire, which is worth £250,000. He is keen to stay in his house if possible and has been receiving home help from social services however, following an assessment he has been advised that this is no longer adequate and that nursing home care is now the **most appropriate** option.

Jack's adviser has been in discussions with him about meeting the costs of long term care and Simon has been involved in these discussions. Any possible local authority contribution would be limited to a **maximum** of £1,000 per week for any home, however, the home preferred by the family charges £1,500 per week.

Jack has told both Simon and his adviser that he wishes to preserve as much of his estate as possible for his children to inherit.

61. What State support will Jack receive, regardless of his assessed personal funding amount?
- A. The first £100 per week of costs.
  - B. An amount towards the cost of providing nursing care.
  - C. The cost of providing meals and toiletries.
  - D. The amount in excess of £350 per week.
62. How will any further deterioration in Jack's condition affect the result of his recent assessment?
- A. The local authority may increase the funding for his residential costs.
  - B. The National Health Service (NHS) may need to fund his registered nursing care.
  - C. The local authority may accelerate any decision to compulsorily purchase his home.
  - D. The National Health Service (NHS) may be required to provide a more appropriate level of care in hospital.
63. How will the local authority treat the value of Jack's house for the purposes of financial assessment?
- A. It will be completely disregarded.
  - B. Only the first £20,000 will be taken into account.
  - C. It will be disregarded until Jack's savings are exhausted.
  - D. It will be disregarded for the first 12 weeks.

64. Why would it be appropriate for Jack to use a deferred payment arrangement with his local authority, to meet any funding shortfall in his care costs?
- A. He would not be required to sell his home in order to pay for his care.
  - B. This option will always be available at the lowest overall cost.
  - C. He has no other assets available.
  - D. He will be able to take out a partial home reversion to run alongside the arrangement.
65. Whose wishes **must** the financial adviser ensure are treated as paramount?
- A. Jack's wishes only.
  - B. Simon's wishes only.
  - C. Both Jack and Simon's wishes.
  - D. The local authority's wishes.

George, aged 79, and Ada, aged 76, are married and living in Birmingham. George is suffering from dementia and has lost mental capacity, while Ada is suffering from heart problems, which have worsened with the stress of looking after George at home. George's physical health remains strong for his age. Their son, Matthew, has pushed for a further assessment of their health with a view to obtaining assistance from their local authority. George has been granted a place in a residential care home, but it is felt that Ada can continue to live in her own home with some extra support, at least for the short term.

Ada is upset about being separated from George and is concerned that her home will be taken from her to pay for his care. Ada is concerned that she will be unable to maintain her property in this case and thinks she may have to consider either a small flat or sheltered accommodation. Matthew and Ada are seeking advice on her options. George and Ada's house is worth approximately £225,000 and is free of any mortgage. They also have £34,000 in a joint building society account.

Matthew and Ada have looked at various residential care homes for George as they are dissatisfied with the facilities at the home offered by the local authority. They would prefer one slightly closer to Ada's home, which costs £50 per week more than the **maximum** amount the local authority is prepared to pay. They have also been told that George may subsequently require a higher level of care at an increased cost.

66. What advice should be given to Ada regarding her concerns about her home?
- A. A maximum of 50% of its value will be included in any means test.
  - B. The first £13,000 of its value will be included in any means test.
  - C. She can continue to live there without a charge against its value.
  - D. The local authority will place a legal charge on it.
67. What is the amount of capital assessable as belonging to George in any financial assessment?
- A. £17,000
  - B. £34,000
  - C. £129,500
  - D. £146,500
68. If George is placed in Ada's preferred choice of care home, what implications will this have on how the cost is managed?
- A. The local authority will place a charge against her home for the increase in the costs.
  - B. The local authority's contribution will be reduced if this is above the upper limit of permitted costs.
  - C. Ada will have to apply to the local authority to have its contribution to the costs reassessed.
  - D. A contribution will be required from George or his representatives.
69. Should Ada decide to take out a drawdown lifetime mortgage on the property, what implication will this have on the care costs?
- A. An Income Tax liability will arise if the capital is used to fund extra care.
  - B. The local authority will take a charge on the property.
  - C. George will be deemed to have additional income available to pay for care.
  - D. The local authority will require half of the income to offset care costs.

- 70.** In order for Ada to arrange a mortgage on their house, she should first apply
- A.** for an Enduring Power of Attorney.
  - B.** to the Family Division of the High Court.
  - C.** to be appointed as a deputy.
  - D.** to George's solicitor.

Alex, aged 55, has witnessed several relatives require nursing or residential care. This has prompted concern for his own potential needs, despite being in reasonable health at present.

Alex was widowed five years ago. His only child, Jeremy, aged 30, now lives in Cyprus, but retains significant business and investment interests in the UK. Alex has a sister, aged 58, who lives nearby in Devon. However, he feels it is **likely** that she will be in a similar position to himself should a care need arise.

Alex has been sensible with his money and has accumulated a significant savings and investment portfolio. His house is worth £1,400,000, he has £30,000 in various bank and building society accounts and £90,000 in various equity-based investments. His weekly pension income totals £175.

Jeremy is concerned over his father's apparent obsession with his future health, as he has stated he is quite prepared to provide any necessary help. Alex wishes to retain his independence and is discussing ways to fund his care provision in advance with Jeremy's UK adviser. Jeremy has warned his father that if he is **NOT** careful, such funding could become 'dead money'. Jeremy has also informed the adviser that he wishes to be party to the discussions.

71. In the event that Alex loses mental capacity in the future, what action should he take now to ensure that his affairs can continue to be administered by Jeremy?
- A. Execute a Power of Attorney.
  - B. Execute a Lasting Power of Attorney.
  - C. Register James' interest with the Court of Protection.
  - D. Register as a guardian with the Family Division of the High Court.
72. What type of product would **best** satisfy Alex's concerns?
- A. An income protection insurance policy.
  - B. A pre-funded long term care insurance policy.
  - C. An impaired life annuity.
  - D. A private medical insurance policy.
73. The underwriting of a suitable product to satisfy Alex's requirements will focus **primarily** on his
- A. ability to undertake activities of daily living (ADLs).
  - B. the postcode of his house.
  - C. personal and family medical history.
  - D. mini mental state examination results.
74. Regarding Jeremy's wishes to be involved in the discussions, what action should the adviser take?
- A. Inform Alex that discussions will be three-way.
  - B. Ask Alex if he wishes Jeremy to be involved.
  - C. Ask Jeremy if he agrees to Alex being a client.
  - D. Inform Jeremy that he needs to obtain a Power of Attorney.

75. If Alex purchases an annuity when he needs care, what effect, if any, is this **likely** to have on his potential Inheritance Tax liability?
- A. It will increase immediately.
  - B. It will stay the same.
  - C. It will decrease immediately.
  - D. It will decrease after seven years.

## Specimen Examination Answers and Learning Outcomes Covered

Question	Answer	Learning Outcome	Question	Answer	Learning Outcome	Question	Answer	Learning Outcome	Question	Answer	Learning Outcome
<b>STANDARD FORMAT</b>									<b>SCENARIO FORMAT</b>		
<b>Learning Outcome 1</b>			<b>Learning Outcome 6</b>			<b>Learning Outcome 10</b>			51	D	3.1
1	C	1.1	20	B	6.1	37	D	10.1	52	A	8.1
2	B	1.2	21	C	6.1	38	B	10.1	53	C	9.1
3	D	1.1	22	D	6.1	39	C	10.1	54	A	12.1
<b>3 Questions</b>			<b>3 Questions</b>			<b>3 Questions</b>			55	A	13.1
<b>Learning Outcome 2</b>			<b>Learning Outcome 7</b>			<b>Learning Outcome 11</b>			56	D	5.1
4	C	2.2	23	A	7.1	40	D	11.1	57	C	8.1
5	C	2.1	24	B	7.1	41	A	11.2	58	A	9.1
6	D	2.1	25	B	7.1	42	A	11.1	59	A	12.1
<b>3 Questions</b>			26	A	7.1	43	D	11.2	60	B	3.1
<b>Learning Outcome 3</b>			27	A	7.1	<b>4 Questions</b>			61	B	3.1
7	D	3.1	28	C	7.1				62	D	3.1
8	C	3.1	<b>6 Questions</b>			<b>Learning Outcome 12</b>			63	D	5.1
9	D	3.1				44	C	12.1	64	A	5.1
10	D	3.2	<b>Learning Outcome 8</b>			45	C	12.1	65	A	7.1
<b>4 Questions</b>			29	C	8.2	46	B	12.1	66	C	5.1
			30	A	8.1	47	B	12.1	67	A	5.1
			31	A	8.1	<b>4 Questions</b>			68	D	5.1
<b>Learning Outcome 4</b>			<b>3 Questions</b>						69	C	5.1
11	C	4.1				<b>Learning Outcome 13</b>			70	C	7.1
12	A	4.2	<b>Learning Outcome 9</b>			48	C	13.1	71	B	7.1
13	B	4.2	32	B	9.1	49	A	13.2	72	B	13.1
14	D	4.2	33	A	9.1	<b>2 Questions</b>			73	C	13.1
<b>4 Questions</b>			34	A	9.1				74	B	7.1
			35	D	9.1	<b>Learning Outcome 14</b>			75	C	8.1
<b>Learning Outcome 5</b>			36	D	9.1	50	C	14.1	<b>25 Questions</b>		
15	C	5.1	<b>5 Questions</b>			<b>1 Question</b>					
16	A	5.1									
17	A	5.1									
18	A	5.1									
19	B	5.1									
<b>5 Questions</b>											