

# JUST.

## NEWS RELEASE

Tuesday 06 July 2021



### Bank of Mum and Dad ignoring future care costs when gifting lump sums to children

- Ninth edition of the Just Group Care Report reveals seven in 10 parents who gifted £5,000+ to adult children did not think about potential future care costs<sup>2</sup>
- Failure to deliver promised reforms is discouraging people from planning for long-term care

Most parents who give lump sums to adult children do not factor how much they may need to cover care costs in later life when deciding how much cash to gift, new research reveals.

The **Just Group Care Report 2021 – The Policy Vacuum\*** – found that four in 10 parents aged 45+ had gifted more than £5,000 to children aged 18+ to help them cover major expenses such as weddings, house deposits or to pay for education<sup>2</sup>.

Seven in 10 (69%) of those gifting had not factored care costs they may potentially pay later in life when deciding how much cash to hand over<sup>2</sup>. And only one in 25 (4%) had made helping with any future care costs a condition of making the gift<sup>2</sup>.

“This is our ninth report since 2012 shining a light on the understanding and attitudes of over-45s towards adult social care and for this edition we shone a spotlight on the Bank of Mum and Dad and ‘living inheritances’,” said **Stephen Lowe, group communications director at retirement specialist Just Group**.

“Despite people knowing future care costs could run into many thousands of pounds, it’s very rarely part of the discussion when handing over significant sums.”

The research found that only about one in six (16%) were confident their children would be able to help pay for care in the future, with four in 10 (41%) saying they would not be able to help<sup>2</sup>. Six in 10 (59%) of those making gifts were confident they could pay for their own care later in life<sup>2</sup>.

“We also found that although financial advisers tend to deal with wealthier people, they still had to challenge about a quarter of clients who wanted to gift money early,” he said. “Mostly that is because they were concerned the client did not have the cash or was not factoring in the income they would need in retirement or potential care costs.”

Uncertainty around people’s responsibilities to pay for care in the future appears to be discouraging many from factoring it into their financial plans or even discussing the care issue with children.

Recurring delays to reforms of the creaking care system, most recently by Boris Johnson who promised to ‘fix care once and for all’ when he became Prime Minister, is undermining people’s planning for what could be one of their biggest future expenses.

“Once again, our report shows low levels of engagement with care with around four in five (77%) over-45s agreeing they have not thought about care, planned for it or spoken to family about it,” said **Stephen Lowe**<sup>1</sup>. “One in 10 (12%) said they are waiting until the government clarifies its plans.<sup>1</sup>

“We all aspire to a good standard of care should we need it in later life. But it will only be when the government makes clear what support the State will offer and what individuals must pay for themselves that people will have the confidence to make future plans.

“Failing to act has extra costs too in terms of a rising number of older people putting extra pressure on the health service and on families trying to look after them.

“It is time our leaders had the political will and courage to act. It is time to ‘Get Social Care Done!’.”

## Enquiries

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### Notes to Editors:

#### About the research

\* – Just Group Care Report 2021 – The Policy Vacuum:

<https://www.justgroupplc.co.uk/~media/Files/JJRMS-IR/news-doc/2021/just-1045-care-report-2021-v8-spreads.pdf>

The report this year consists of three rounds of research making up the long-running data series, as well as a spotlight on living inheritances. Please see the research notes below.

1 – an online survey among 1,000 adults aged 45 years and older in England and Northern Ireland, conducted 7-13 April 2021 by Opinium.

2 – spotlight on living inheritances – online survey among 1,014 adults aged 45 years and older in the UK, conducted 13-17 May 2021 by Opinium

3 – spotlight on living inheritances – online survey among 214 IFAs in the UK conducted 14-17 May 2021 by Opinium.

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