



# **WE NEED TO TALK ABOUT CARE**



Care Report 2017

**JUST.**

# FOREWORD

Imagine living in a country where every citizen can look forward to the challenges of ageing with optimism rather than trepidation. Unfortunately, as our research shows, this is not the case.

**This is an apt time to launch our sixth Care Report, our annual snapshot of what the over-45s in England know and think about the later life care system. The government is taking a fresh look at the current system with proposals due next year. There is a compelling need for a national conversation about how to develop a system that keeps people in control and encourages greater later life planning.**

How do people think responsibility should be divided between individuals and the State? What funding arrangements do they think would be fair? Who would they trust to help make decisions? What should be the role of the family in organising or providing care?

The answers to these and other key questions are brought together in this research to show how attitudes are evolving. It provides a rich seam of data to help inform what is sure to be a lively and passionate debate.

How we treat the vulnerable says a lot about us as a nation. Historically we have a lot to be proud of but society is changing and facing challenges such as increasing life expectancy, rising pressure on public funds, and inter-generational fairness.

While we seek to build the care system of the future, we can't ignore today's problems. Organising care for a parent or relative can feel like being dropped into a foreign county with no knowledge of the geography or language. Even as we plan for a better tomorrow, we should act now to make the best of what we have, linking people facing difficult decisions with those who can guide and advise them.

Although public knowledge of the care system remains thin, there are reasons to be positive. Our research shows people are becoming more realistic about the costs of care. Two thirds expressed interest in the debate around who should provide the funding. Most agree individuals and the State should share funding responsibilities, with only the poorest having their costs met.

Policymakers need to seize the initiative and be bold. Yes, it's a tough problem but it is one that we can solve together.

**Stephen Lowe**  
Group Communications Director  
Just Group plc



## Care is a big problem, lots of people need it...

**3.2**  
MILLION

aged 85 and over by 2040,  
double today's number<sup>1</sup>

**80%**

suffer two or more  
long-term health  
conditions by age 85<sup>5</sup>

**1**  
IN 3

in their late eighties  
struggle with 5 or more  
daily living tasks<sup>10</sup>

## The majority of us want the same thing...

**77%**

would like any care  
they need to be in  
their own home

**68%**

want to be near family  
if they did need to go  
into a care home

**73%**

had not thought about  
care nor planned nor spoken  
with family about it

## But few agree how best to pay for it...

**63%**

are interested in the debate  
about who pays for care

**72%**

agree the State should  
pay for care if someone  
is unable to afford it

**45%**

think the taxpayer should  
pay the full cost for  
everyone who needs it

## Government policy is confusing and that is causing problems...

**61%**

are confused about  
care policy

**67%**

don't know the level of assets  
they can own above which  
they must pay their own costs

**52%**

are delaying making financial  
plans about care until new  
rules have been introduced

## FAILING TO PLAN

### Current situation

Workers currently look forward to and make plans for retirement. But few of us think carefully about later life when we become increasingly frail and prone to illness or injury and may need help with activities of daily living such as washing and dressing. Failing to include care planning in general financial planning earlier in life means that at the point where care is needed, people often lack knowledge of the system and may make rushed decisions.

Over the next 20 years or so, the number of people aged 85 and over will more than double to 3.2 million<sup>1</sup>. Currently, about one in seven of those aged over 85 live in a care home<sup>2</sup>. Later life care is likely to touch most of our lives, if not directly then through helping parents or relatives. Nearly one in three (32%) said they had been involved in finding a care home place for parents/in-laws or their partner, while one in five (21%) said they knew of a friend doing this. Talking about care may not seem fun, but it is important.

### Ignoring the issue

Our research found that more than half (53%) of people aged 45-54 say they have not given long-term care any thought. That number falls with age to 32% for those aged 75+ suggesting that the possibility of needing support looms larger with greater age.

### Care in a home or care at home

While more than three-quarters of people (77%) are happy with the idea of receiving care in their own homes, they are less accepting that they may need residential care with fewer than three in 10 (28%) saying they would be happy to go into a care home. If it did happen, the majority (68%) said they would want the home to be near family.

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I HAVE NOT GIVEN  
LONG-TERM CARE  
ANY THOUGHT

## ROLE OF THE FAMILY

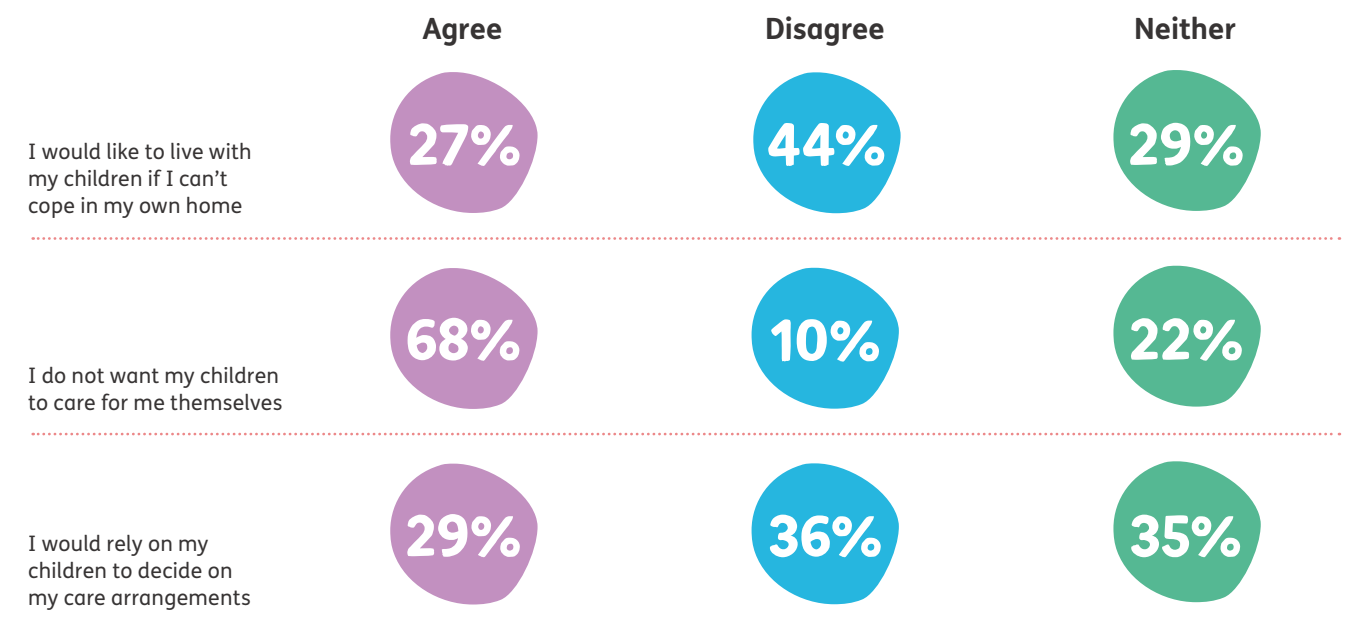
What is the role of the family in caring for ageing parents or relatives in today's society? More than half of older people in England who receive help with care needs rely on family and friends, compared to fewer than one-third of those receiving council help<sup>3</sup>.

Yet among those with children, our research shows a general reluctance to involve them in later life care, perhaps because people would prefer to be in control and worry about “being a burden”.

Attitudes do vary with age. The numbers disagreeing that they want to live with children rises from 38% for those aged 45-54 to more than 50% for age 65-74, before falling

back to 45% from age 75. It is notable, however, that while fewer than one in five (19%) have spoken to family and friends about what may happen if they need care (the figure is a little higher at 24% for those aged 75+), only 3% have actually spoken to children about moving in with them in later life.

The idea of living with children does seem to become more acceptable with age. Although over a third disagree that they would rely on children to decide on care arrangements, the number agreeing rises from a quarter (25%) among those aged 45-54 to more than a third (33%) for those aged 75+.



### PLANNING AHEAD, MORE CONTROL

It's not just a national conversation we need about what we want from the care system, but also personal conversations with our nearest and dearest too. Care is part of the broader topic of financial planning in later life that should include income, inheritance and legal considerations such as powers of attorney. Who would want something as important as our own care when we are frail and vulnerable left to chance? Encouraging planning earlier in life is an important step towards giving people more control over their futures and delivering the outcomes to which they aspire.



## LOOKING AFTER THE PENNIES

### Current situation

Residential and domiciliary (in-home) care is means tested and in England only people with assets of less than £14,250 can expect the State to meet their full care costs. Those with up to £23,250 are expected to pay some of the cost of care, while those with assets above this are “self-funders” who pay their own costs. The value of the home is disregarded in the financial assessment in some circumstances, for example, where it remains the home of a spouse or dependant.

### Knowledge of £23,250 threshold

Some people think the care system, like the health system, is free at the point of use. Our research backs up the general lack of knowledge of the threshold. When presented with a scenario of one of a couple needing to enter a care home, nearly half (45%) and the highest figure for five years) did not know there was a means-tested threshold. One third (33%) were aware of the limit while some thought it was lower (3%) or higher (15%). A minority (3%) thought the State paid regardless of assets.

### Lifetime cap of £72,000

Plans by the government to introduce a cap on lifetime care costs of £72,000, originally due to be adopted in April 2016 but deferred until at least 2020, have entered the public consciousness although there is a great deal of confusion. One in five (20%) believed it was true that the cap was already in place. A similar number (22%) said it was false. The remaining 58% did not know.



### FAILING TO PLAN, PLANNING TO FAIL

Our research found knowledge of today's care system was sketchy and there is confusion over the progress of reforms that would introduce a cap on care costs. There is broad agreement that both the State and individual do have a shared role to play in funding later life care, but little agreement on where the lines should be drawn. Uncertainty and lack of clarity about rules and responsibilities justifies people adopting a “fingers crossed” approach rather than planning for better outcomes in later life.

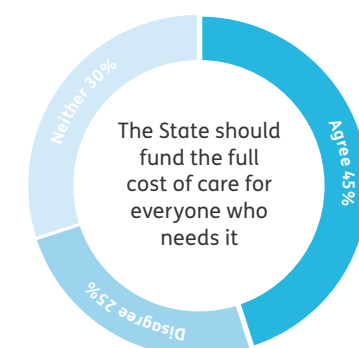
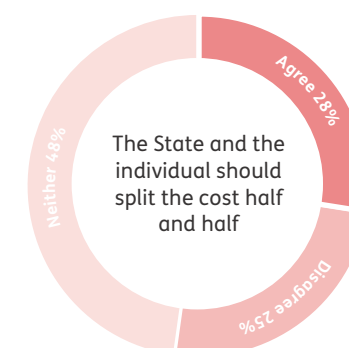
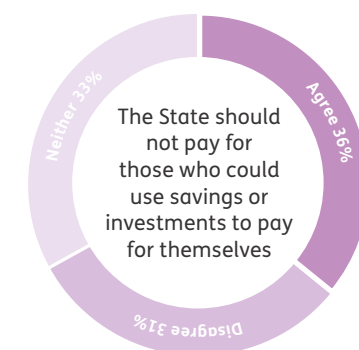
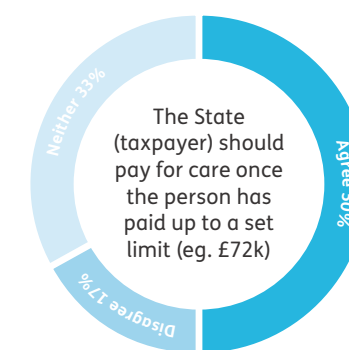
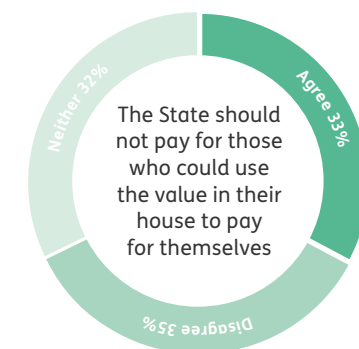
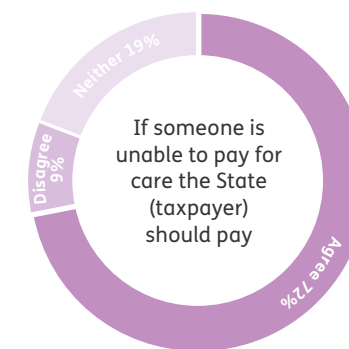
## ROLE OF THE STATE

Most people support the idea of the State providing a safety net. More than seven in 10 (72%) agreed that the State should pay care fees if someone is unable to afford it. Fewer than half (45%) agreed that taxpayers should pick up the full cost for everyone who needs care.

Today's care funding system leaves people vulnerable to depleting all but £14,250 of their wealth before the State steps in. A major report in 2011<sup>4</sup> suggested a quarter of those aged 65 will need to spend negligible amounts on

care, half will spend more than £20,000 and one in ten more than £100,000<sup>4</sup> over their remaining lives.

Even where people have the means to pay for their own care by using savings or the value of a home, our research showed there was a one-third split between those who thought the individual should pay and those who thought the State should pay with the remaining third expressing no preference.



## COUNTING THE COST

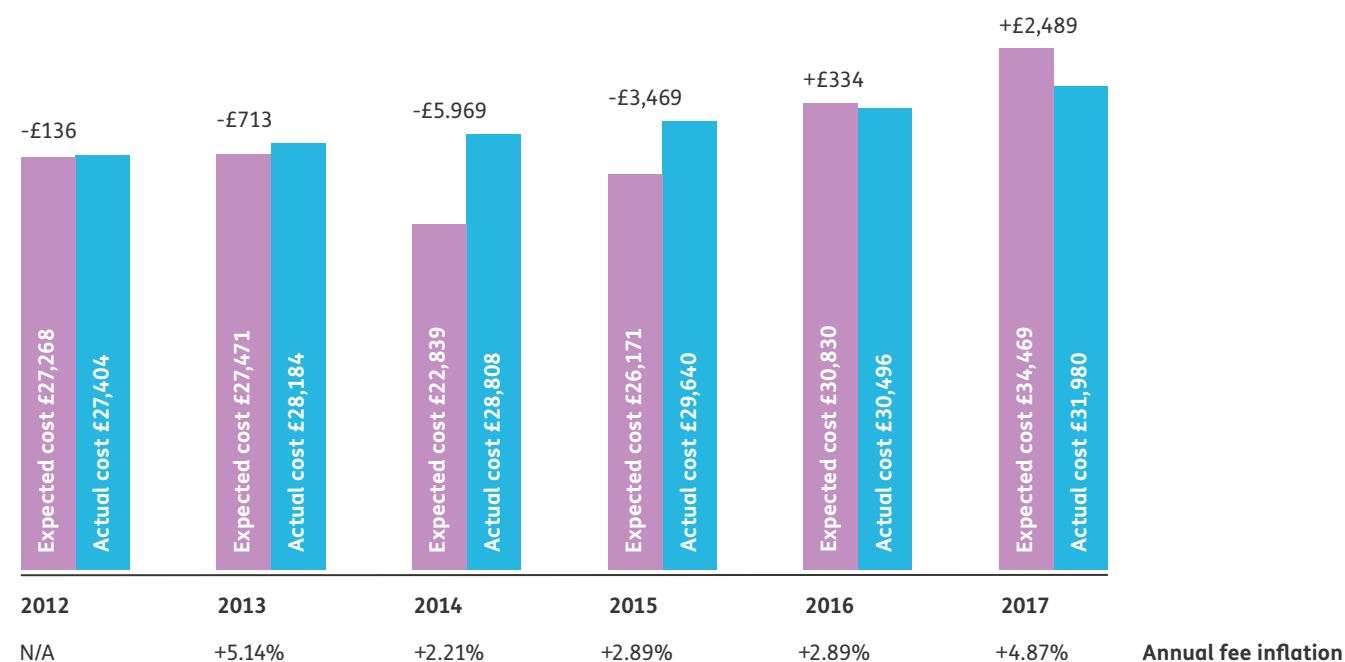
### Current situation

Around £23 billion is spent on care each year in total, of which £15.7 billion is for residential care and £7.3 billion for domiciliary (in home) care<sup>2</sup>. There are more than 400,000<sup>2</sup> older people in residential homes and hundreds of thousands more who receive help in their own homes, in many cases relying on family and friends. Of the 400,000 people in residential homes 172,000 (44%) are self-funders who pay all their own costs and nearly 50,000 (12%) pay some costs<sup>2</sup>. Weekly costs in a care home average £615 (or £31,980 per year), rising to £700 (or £36,400 per year) if nursing care is required<sup>2</sup>. It is estimated that nearly 1.2 million people don't receive the help they need with essential activities, including 700,000 who don't receive any help at all<sup>5</sup>.

### Growing realism about care costs

This year's Care Report provides more evidence of greater realism – and perhaps pessimism – about care costs. The expected cost of residential care was estimated to be £34,469 which is £2,489 higher than the actual cost revealed by industry figures<sup>2</sup>. Last year was the first year costs had been over-estimated but the difference then was just £334. Although averages are illuminating, it's important to remember that costs vary regionally and are higher for self-funders and those who need nursing care.

### Expected cost of one year in residential care<sup>2</sup>



## CALCULATING THE ODDS

### Length of stay in a care home

Latest industry figures suggest the average stay in a care home is 30 months<sup>2</sup> but the situation varies. Detailed research from 2011 found that of the 55% who survive the first year, seven in 10 will survive the second year<sup>6</sup>. Overall, one in 10 will survive more than 5 years.

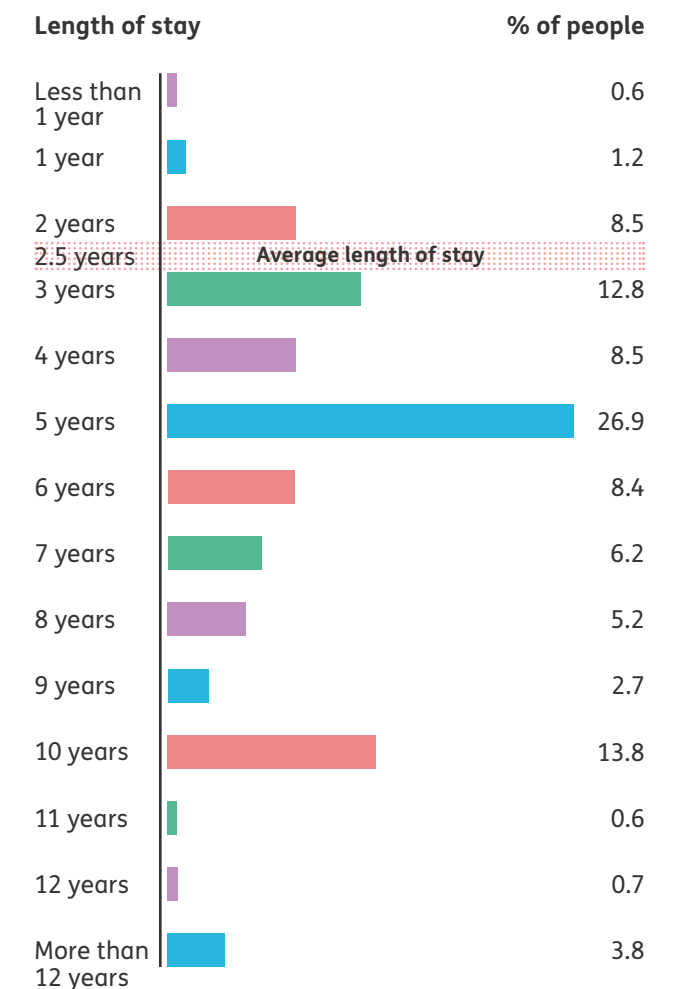
When asked how long people who go into residential care will spend living in the care home, our respondents reflected this range of possibilities. Few thought less than one year, with the most popular estimate by more than a quarter of people being 5 years, although there were also clusters around 3 and 10 years.

### Chances of entering a care home

Our research revealed a broad spectrum of views about what percentage of the population aged over 65 would need to go into long-term residential care at some point in their lives. The most common answer (chosen by nearly two in 10) was between 31-40% of the population, although more than half chose a higher proportion.

Industry figures suggest 0.6% of those aged 65-74, 3.8% of those aged 75-84 and 14.8% of those aged 85+ live in care homes or hospitals<sup>2</sup>. However, around 30% of people use some form of local authority funded social care in the last year of life<sup>5</sup>.

### Perceived average length of stay in residential care



### ARE GLOOMY HEADLINES HITTING HOME?

People are becoming more realistic about the scale of potential care costs in later life, perhaps as a result of recent news coverage of the funding squeeze on adult social care services. Currently people are vague about the chances of needing care and how long they might be expected to pay before the State steps in to support them. To encourage more planning, people will need far better information and guidance about the risks they face as well as the solutions available.

# SOURCES OF ADVICE

## Current situation

Local authorities are often the first point of contact for care enquiries. Under the Care Act 2014, councils must establish and maintain information and advice services relating to care and support. Councils must also seek to identify those who could benefit from “financial information and advice independent of the local authority and actively facilitate those people to access it”. Only a minority take regulated financial advice – around 7,000 of the 60,000 self-funders who move into care each year according to the Society of Later Life Advisers (SOLLA).

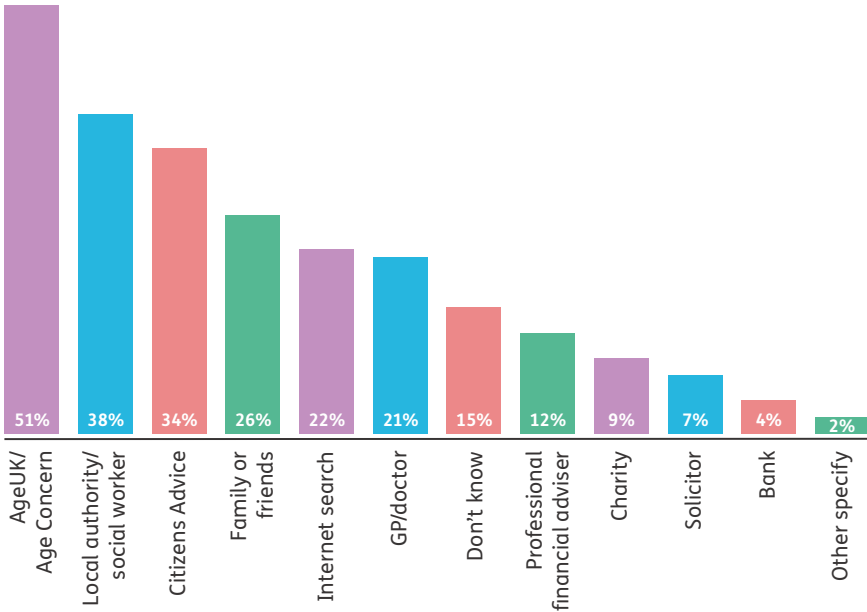
People have high expectations about what information they would expect local authorities to provide if they contacted them about their own or a relative’s care. Eight out of 10 (79%) said they would expect to receive information about all the care options as standard, and nine out of 10 (87%) said they would find this helpful.

If you approached your local authority about care options for yourself or a relative, which types of advice/ guidance would you expect to receive as standard, and which would you find helpful?

	Information I would expect as standard	Information I would find helpful
Clear information about all the care options	79	87
Referral to a professional independent financial adviser	34	54
Guidance as to what your entitlements to benefits are	79	86
Information on your local care homes and their facilities	76	85
Ideas on local services which could provide support instead of residential care (eg. respite care)	79	86

## Sources of advice

Asked where they would go for advice if they needed residential care, more than half said they would contact Age UK. Local authorities and Citizens Advice were popular answers chosen by about one-third. Many would do informal research with family or friends (26%) or on the internet (22%). Less common selections were professional financial advisers (12%) and solicitors (7%).



## The role of regulated financial advice

Where the local authority refers directly to a professional financial adviser, three in 10 (31%) said they would be grateful and arrange a meeting. One in five (19%) said they would speak to them over the phone and a similar number (18%) said they would liaise via email or video. About one in six (15%) said they would contact their own adviser. Only one in 10 said they would not choose to speak with the adviser they had been referred to.



## PLANNING FOR A BRIGHTER FUTURE

Financial decisions made by self-funders can have a big impact on local councils and private care providers as well as on their own circumstances. It’s estimated that nearly one in four (24%) of self-funders run out of money<sup>7</sup>, putting more pressure on local authority funding and disrupting care provider revenue streams. There is an appetite for good advice about residential care independent of the local authority but this has not translated into an increased take-up of regulated financial advice which can help people fully understand their entitlement and care funding options.



## CONCLUSION

For the sixth year running, the Care Report offers important insights into people's knowledge and attitudes towards long-term care.

One important message is that policy prevarication appears to undermine planning for care – more than half said they are delaying decisions because of lack of clarity on policy. Care is something people find hard to talk about with family as well as difficult to plan for.

This could soon change. The government has announced it plans to present proposals to reform care and support for older people. It said that to deliver a lasting solution it will take time to debate these complex issues and listen to a range of perspectives to build consensus.

This Care Report should form an important part of that debate because it lays out what people think about the current system and their thoughts on potential sources of future funding. It examines where they think the line should be drawn between State provision and individual responsibility.

While we look to long-term solutions, we must not forget the more immediate pressures facing the system.

Greater understanding and awareness would be a good start but there is also an urgent need to make better, fairer use of the resources already at our disposal.

Most people accept that the State's role is to provide a safety net but don't believe the State should pay the costs of those who can afford their own care. The debate needs to focus on agreeing where to draw the line between the two extremes.

Paying for your own care gives you autonomy and control over the standard of care, maximising independence for as long as possible. Yet the truth is that many of today's self-funders are paying more than their fair share to subsidise other care home residents, while still being vulnerable to running out of money themselves.

Discussions must also clarify the role of property wealth, an important source of funding today but one that can provoke high emotions and unhelpful headlines. Using taxpayer money to protect private property wealth is a difficult argument for many to support.

Improving social care is not an insurmountable problem, but it will require some tricky choices. What is indisputable is that the longer we leave it, the worse it's going to get. So what are we waiting for?

### OUR RECOMMENDATIONS...

- **Agree the key objectives – consultation and collaboration can create care policy that aims to reduce inertia and break down barriers to care planning.**
- **Define the balance of responsibilities between individuals and the State – offer consistency, clarity and confidence about what the policy is and how it works.**
- **Promote earlier and more targeted action – a financial health-check or “money MOT” at age 50 could highlight the challenges of later life while still giving people time to effect change.**
- **Incentivise care planning and personal autonomy – use tax breaks or subsidies as a way to motivate people to make their own active financial choices which ultimately deliver the outcomes they want without depleting the public purse.**
- **Consider risk-pooling solutions – care needs are beyond the individual's control and only by working together can the majority protect the minority from catastrophic care costs in later life.**
- **Highlight the value of regulated financial advice – to ensure options are understood and private and public resources are deployed to maximise the benefits.**
- **Support innovation and spread best practice – work with local authorities and private sector providers to deliver solutions to the challenges of caring for an ageing population.**
- **Celebrate discourse and debate at both a national and personal level – “we need to talk about care”.**

## ROLE OF PROPERTY

The only plan is that there is no plan! If encouraging greater planning for care is a long-term objective, what can we do in the here and now?

In a situation where billions are needed, property wealth can't be ignored – indeed it is already the basis of the current system with many having to sell homes or use local authority Deferred Payment Agreements to meet their costs.

The context is that the over-65s in the UK are estimated to have more than £1 trillion in property assets<sup>8</sup>. Nearly nine in 10 (88%) of couple households over State pension age are owner-occupiers with median property values of more than £230,000. Nearly two-thirds (63%) of single households own their home with a median value of £180,000<sup>9</sup>.

Given the sums involved, how can it be reasonable to tax younger, working age people in order to protect the wealth of older, richer people? Yet there are practical problems such as the uneven geographical spread of property wealth and care costs, plus issues around which later life illnesses and conditions do or do not qualify for financial support.

There is an expectation that property wealth has a role to play. Asked how people might pay for care, the most common answer was by selling a home (33%) followed by savings (31%) and pension income (28%). One fifth (21%) answered 'don't know'. Many agree that care costs should be reclaimed from property sales – but only up to a certain amount with seven in 10 (73%) suggesting less than half the home value.





# MAKING A PLAN, TAKING CONTROL

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Catriona Lumiste

SOLLA Accredited Later Life Adviser & Care Fees Planning Specialist

“Planning for care is so different to many other aspects of financial planning. The key point is that any plan offers a sustainable income to cover care in the home of the individual’s choice and avoids them having to move home because they run out of money. A Care Fees Planning Specialist will consider the client’s whole situation – including any desire to leave an inheritance to family or friends – and will balance the need for care fees and the wishes of their will as far as is practical. Putting a plan in place offers individuals some control and peace of mind when they may feel daunted going through the maze of options for long term care needs particularly when so much emotion and decision-making is involved.”



## ROY

At 83 years of age Roy was in good health apart from some arthritis. However, after a fall he lost his confidence and when his good friends and neighbours decided to move away Roy began to think about his own future plans. He decided on a short stay in a care home to see how that might suit him. After a couple of weeks Roy decided he very much enjoyed the social aspect of living in the home and decided to move there on a permanent basis.

Roy contacted a SOLLA Accredited Later Life adviser to explore how he could make financial provision for his future. Roy wanted to make sure he could give money to his son, daughter and grandchildren but still be confident that he could cover his ongoing care fees.

Together Roy and the adviser put together a financial plan which covered his future care fees and also made sure he would be able to make specific financial bequests to his family in his will. Roy wished he had taken financial advice sooner but was glad that he now felt in control of his finances and confident of his financial provision for the future.

## JUNE

June was admitted to hospital after a fall and after a short stay there, Mary (June’s daughter) and her husband Jim, were advised that they should look at moving June into a care home. June had established Mary and Jim as attorneys for her health, welfare and financial affairs some years earlier when she set up a Lasting Power of Attorney; so Mary and Jim contacted a SOLLA Accredited Later Life adviser who could help make sure June could afford to pay for her care for the rest of her life in the care home of her choice.

After a thorough review of the options available, Mary and Jim (in consultation with June and the financial adviser) decided to buy an annuity plan which would provide enough income for June’s care fees. This protected the rest of June’s investment portfolio from care fees and allowed June to leave an inheritance for her family, which was important to her.

# ABOUT JUST

Just (Just Group plc) is a FTSE-listed specialist UK financial services company created by the merger of Just Retirement Group and Partnership Assurance Group.

A leader in the individual retirement income, lifetime mortgage, care and defined benefit de-risking markets, Just has been trusted to manage over £15 billion of customers’ retirement savings and has helped customers release over £3.5 billion from their properties.

Just provides a wide range of products, advice and professional services to individual customers, financial intermediaries, corporate clients and pension scheme trustees.

Between 2012 and 2017, we interviewed 11,870 individuals. This includes almost 200 advisers, 24 power of attorney (face-to-face) and the following tranches of over 40s: 1,088 (2017) – Index; 1,005 (2016) – Index; 1,592 (2015) – Index; 1,165 – August 2015; 1,005 (2014) – Index; 2,056 – December 2014; 841 (2013) – Index; 2,000 – July 2013; 894 (2012) – Index. The 2017 research sample was 1,088 adults aged 45+ from the UK, excluding Scotland and Wales. All statistics are drawn from this research unless otherwise stated.

1 ONS, UK population in age groups, Table A2-1, 2016 release  
2 LaingBuisson Care of Older People UK Market Report 28th Edition  
3 Adult Social Care Funding (England), Commons Library Briefing, October 2017  
4 The Report of the Commission of Fairer Funding of Care and Support (Dilnot) July 2011  
5 Age UK Later Life UK Factsheet November 2017  
6 Julien Forder and Jose Luis Fernandez (PSSRU Discussion Paper 2769) January 2011  
7 Independent ageing 2013 - Council support for care self-funders - Local Government Information Unit July 2013  
8 Savills Residential Property Focus 2017 Issue 1  
9 ONS Wealth & Assets Survey. Chapter 3: Property wealth, Wealth in Great Britain, 2012-2014  
10 English Longitudinal Study of Ageing (2016).







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## FURTHER INFORMATION

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