



What's fair for older people – how will we pay for care?

Chair: Jane Vass, Director of Policy and Research, Age UK

Speakers:

- Simon Bottery, Senior Fellow, Social Care, The King's Fund
- Jim Boyd, Chief Executive, Equity Release Council
- Yvonne Braun, Director of Policy, Long-Term Savings and Protection, Association of British Insurers

Session description:

This session was about the appropriate balance between the state and the private individual in funding care.

Currently, 41% of care home residents are self-funders, and even those who receive local authority funding contribute almost all their income, while a quarter pay a 'top-up'. What should be the respective roles of the state, the individual and the private sector in paying for care?

Speakers Jim and Yvonne described some positive signals for the future, such as new funding products and the possibility of a Retirement Commission.

However, both research described by Simon and experience of participants from the floor showed public confusion and lack of awareness of cost and liability for care, as well as the complexity of the current system. The consistent message from the public is that a future system should be simpler and give shared liability.

Simon Bottery

Research by Kings Fund and Select Committee consistently reveals the same messages about how the public view the current system and how they think a new care funding system should look:

- Confusion, disbelief, lack of awareness and anger at the current system.
- People don't save for their future social care and no market for private insurance policies
- Consensus from public that a new system should be a partnership between state and individual, risk pooling, and that Tax and NI are the way to fund.
- Public view that care funding should be ring fenced as a protected budget.



Jim Boyd

- Housing wealth can be used to pay for care needs, either through downsizing or releasing equity. Equity Release market is creating a range of different solutions.
- However, it's not always the right solution for everyone and importance of knowledgeable advice from FCA regulated SOLLA advisor.
- Welcomed that the Government is looking at setting up a Retirement Commission which would take a long term view, similar to the Pensions Commission. This might help government make difficult decisions.

Yvonne Braun

- There are several products which could be used to fund care in future, and pension's flexibility has helped.
- However, as people understand neither the liability for costs, nor the true costs it is not surprising that 75% of people do not think about how they will fund future care needs. Awareness is a key issue.
- Three Government interventions recently announced will help- i) midlife review ii) single financial guidance body (which will deliver the midlife reviews) iii) pensions dashboard to enable people to check their pensions entitlement.
- Importance of having a long-term system that can be relied on by individuals planning ahead.