

# Planning for future care

# 7

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## Summary

- In the context of reforms to the social care system currently taking place, this chapter provides findings for the newly introduced module of questions on people's awareness and understanding of how social care is funded, and whether people have taken any steps to plan for their own future care needs. The questions were asked of adults aged 30 and over.
- Initial questions were about whether, when people need care and support at home that cannot be provided by family and friends, they needed to pay for it themselves. Half of adults aged 30 and over correctly thought that it depended on a person's circumstances (50%). A similar proportion (54%) thought that having to pay for care in a residential or nursing home would also depend on a person's circumstances.
- When shown a list of possible sources of funding for care, the majority mentioned local authority funding (76%), followed by private health insurance or a health plan (54%), an insurance policy for instance to cover illness or inability to work (48%), and the NHS (46%). Fewer mentioned charities or religious organisations. Older participants were less likely than younger ones to mention the different sources of funding.
- The great majority believed that the local authority makes funding assessments for people based on their ability to pay, with women slightly more likely to do so than men (88% and 85% respectively).
- The personal sources of money people thought were most commonly used to pay for care were savings (81%), sale of assets such as the home (72%), income from work or pension (66%), and benefits (56%).
- 21% of adults aged 30 and over believed that there was currently a cap on the amount people pay towards their care over their lifetime, 38% believed there was no cap, and 40% said that they didn't know. Turning to the awareness of a future cap in care costs, now expected to be introduced in April 2020, 32% said they were aware of a cap, with men more likely than women to be aware (34% and 30% respectively). 63% reported that they had not heard about the future cap in care costs.
- There was variation in the proportion aware of the planned future cap on lifetime care costs:
  - those aged 65-74 were the most likely to be aware (49%), and those aged 30-44 the least likely (19%);
  - the lower people's household income, the less likely they were to be aware (21% in the lowest income quintile, 43% in the highest);
  - those with recent experience of arranging care for family or friends were more likely to be aware (41%) than those without such experience (29-30%).
- Participants were asked whether they had thought about how they will pay for care when they are older. 14% said that they had thought about it a great deal, 35% had thought about it a little, 40% said that they hadn't thought about it at all, and 11%

knew that they should have thought about it but hadn't yet. The proportion who reported having thought about how to pay for future care a great deal increased with age, from 9% aged 30-44 to 23% aged 75 and over.

- Participants were asked what actions (from a list) they had taken that might contribute to paying for future care. Joining a company pension scheme was the most frequently mentioned action (43%). Smaller proportions mentioned other actions including buying property, joining a private pension scheme or starting to save for older age (13-22%). 36% said that they had not taken any of the listed actions. Men were more likely than women to have taken each action listed, apart from buying property where proportions of men and women were similar. Conversely, women were more likely to report having taken none of the actions: 41% of women compared with 30% of men.
- There was marked variation according to income group in the proportion who had taken no actions that might contribute to funding future care needs, ranging from 14% in the highest income quintile to 62% in the lowest.

## 7.1 Introduction

### 7.1.1 Background

The Care Act 2014<sup>1</sup> outlines major changes to how social care is funded in England. A new cap on how much an individual will be required to pay for social care within their lifetime will be introduced, as well as increasing the threshold for receiving funding from the local authority. Before the current study, there were no data regarding people's understanding of the way in which social care is funded at present, awareness of the way in which social care funding is changing, or the extent to which they have made any plans for funding their future care needs.

This chapter provides findings for the newly introduced module of questions in the Health Survey for England (HSE) 2014, on people's awareness and understanding of how social care is funded, and whether people have taken any steps to plan for the future. This may provide a baseline if the questions are repeated in future years, allowing analysis of how changes in legislation affect attitudes towards and understanding of the funding of social care.

### 7.1.2 Current system of social care funding

Many people need care and support in their day to day lives because of long-term physical or mental health conditions, disabilities or problems related to old age. However, unlike health care, social care is not a fully funded service, and while there is some funding available, it is not available to all. The current system of paying for care and support was developed over 65 years ago, and it is argued that is outdated and unfair.<sup>2</sup> In a society where life expectancy is increasing, the cost of social care and support for individuals is rising.<sup>2</sup>

Currently, Local Authorities (LAs) decide how much to contribute to an individual's cost of care by assessing, or means testing, their finances, including any assets they may have. If an individual's combined savings and capital amounts to less than £23,250, the LA will provide some funding for social care; if they are above that amount, the individual must meet the costs of their care and support need themselves.<sup>3</sup>

In the current system, there is no cap on the amount that people will need to pay for social care within their lifetime. The severity of a person's care needs may develop over the years, and the current system of unlimited care cost may result in individuals paying sums of money well beyond their means. According to the Department of Health, 1 in 10 individuals pay over £100,000 for social care over their life time and therefore many will lose the assets that they have accumulated over the years, including their homes, until their financial position means that state funding becomes available.<sup>2,4</sup>

### 7.1.3 Social care reform

The Care Act 2014 outlines reforms that will be made both to the way in which the need for state funding will be assessed and to introduce a cap on how much an individual will be required to pay for social care within their lifetime.<sup>1</sup> These changes were originally due to come into effect in April 2016, but it has since been announced that the introduction of the payment cap will be delayed until April 2020.<sup>5</sup>

The new cap will be set to £72,000 for adults over the age of 25 (adults under the age of 25 will have a zero cap). Once this cap is reached the local authority will meet all care costs.<sup>4</sup> This means that those over the age of 25 will never have to pay more than £72,000 for the cost of social care within their lifetime.

### 7.1.4 How is the cap calculated?

Progress towards the cap will be calculated based on the cost of meeting a person's eligible care and support needs, which includes both the personal contribution from the individual, and any funding received from the LA.<sup>4</sup> The local authority will assess an individual's care

and support needs, and allocate a personal budget based on how much they assess these needs should cost. If the individual is paying for care themselves, the LA will calculate how much it would theoretically cost to meet that person's care needs, and that sum will be calculated towards the cap. This is called the independent personal budget.<sup>4</sup> Individuals will also be able to make top-up payments, should they wish to pay more for their care than the local authority has assessed, to live in more expensive accommodation for example.<sup>2</sup>

Excluded in the calculations are daily living costs such as food, accommodation and utilities that a person would require regardless of their care and support needs. These are currently assumed to be £230 per week.<sup>4</sup>

### **7.1.5 Changes to means testing**

There will also be reforms to the way in which individuals who cannot afford their care costs will be supported. Under the new system, an individual with assets under £118,000 will be eligible for means-tested financial help. With these new reforms, up to 23,000 individuals will receive monetary help for their care and support needs from local authorities.<sup>2</sup>

### **7.1.6 Actions to encourage saving for future care**

There has been considerable government focus regarding the need to increase the amount people are saving for their future retirement. Life expectancy in the UK is increasing: while in 1901 there were 10 workers to every pensioner, it is expected that by 2050 there will be two workers to every pensioner.<sup>6</sup>

While the number of pensioners is increasing, the amount people are saving is decreasing, and many people will not have provision to pay for the care and support often required in old age. A key government action is the introduction of 'automatic enrolment', as outlined by the Pensions Act 2008.<sup>7</sup> This new legislation requires employers to enrol all their employees automatically (provided they meet certain eligibility criteria) into a pension into which both the employer and employee must make contributions. This came into effect in October 2012 and is being phased in over a period of six years. Larger companies were the first that were required to start enrolling workers, and by April 2017, all companies, irrespective of the number of employees they have, must enrol their staff into a pension scheme.<sup>8</sup> To help employers new to pension provision, the Government has set up the National Employment Savings Trust (NEST), a workplace pension which is free to employers, easy to set up and specifically built for auto-enrolment.<sup>9</sup>

The minimum contributions are also set to increase from 2017 to 2018. Currently, the minimum employer contribution is 1%, and this will increase to 2% in October 2017, and to 3% in October 2018.<sup>10</sup>

## **7.2 Methods and definitions**

Questions were asked of only one adult per household, aged 30 years or over. In households where there was more than one such adult, one was selected at random to answer the questions. While there was interest in knowing about the views of the general population on this issue, a lower age threshold of 30 was used because adults under this age are likely to have relatively low awareness of and interest in the topic. It should be noted that the HSE sample only covers adults living in their own homes, and therefore does not include older people in residential care, though it includes those in need of and receiving care in their own homes (see Chapter 5).

One person per household was selected because the questions covered knowledge and opinions about funding for social care, and if more than one person in a household were asked the same questions, the answers given by one participant might influence others.

Before asking any questions, participants were given an explanation as to what is meant by social care and support, and shown a list of examples, so that participants understood exactly what the questions were referring to.

The module of questions was developed in discussion with a number of stakeholders in the Health and Social Care Information Centre and the Department of Health, and was subjected to cognitive testing before being finalised. A similar module was designed and tested for use in the English Longitudinal Study of Ageing (ELSA) for use in Wave 7 (fieldwork 2014/15), so that comparisons may be drawn between the two surveys.

### **7.2.1 How care and support is paid for**

The first part of the module assessed people's understanding of how care and support is paid for. Participants were asked if they felt that people who require care and support in their own home needed to pay for all, some, or none of it themselves, or whether this depended on their circumstances. Participants were also asked if this was the case for those requiring care in a residential/nursing home.

Participants were then asked where they thought funding for social care came from; whether it was from local authorities, charities, the NHS, or private insurance. Participants were able to give more than one answer, state none of these or that they didn't know. They were then told that the local authority did provide funding, and were asked whether they thought the local authority provided funding for all, or to some depending on their ability to pay.

Finally participants were asked about personal sources of funding, establishing what sources they thought people use to pay for care and support. Participants were shown a list of possible sources, such as pension or saving, and were able to give more than one answer, state none of these or that they didn't know.

### **7.2.2 Awareness of a cap on costs for care**

To assess awareness of current and future legislation relating to a cap in care costs, participants were initially asked whether they believed that, at the moment, there was a limit on the amount of money people have to pay for care and support over their lifetime. They were then told that the government will be introducing a new policy to limit the amount of money people need to pay for care and support over their lifetimes, and asked if they were aware of this new legislation.

### **7.2.3 Involvement in arranging care**

Participants were also asked whether they had been involved in arranging care for either their family or friends in the last five years. This will help identify whether awareness or attitudes towards social care funding is related to whether people have had recent experience of arranging care.

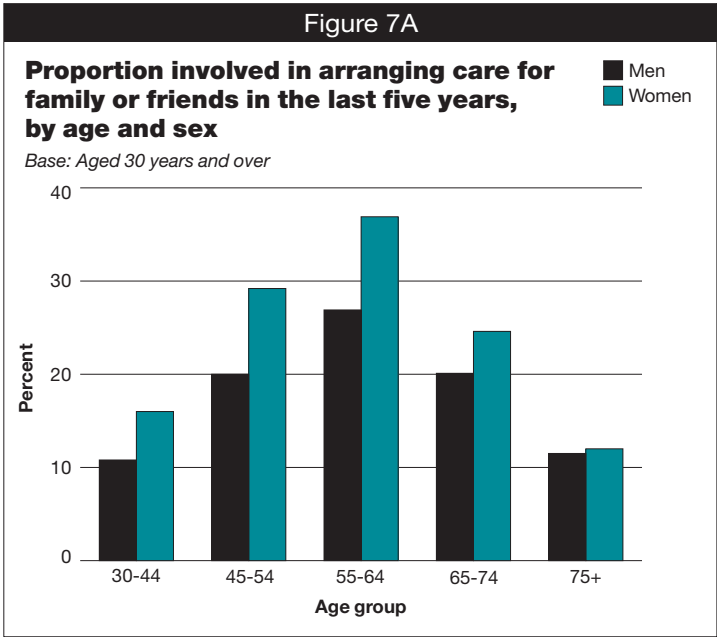
### **7.2.4 Planning for future care**

Participants were asked whether they thought their friends or family had made plans for paying for future care. They were also asked about whether they themselves had given any thought to how they might pay for any future care needs they might have. Finally, they were asked if they had taken any actions that would help with the cost of care, such as joining a pension scheme, or taking out private health insurance. Participants were shown a card with various options for which they were able to give more than one answer, give an 'other' answer, or state that none of them applied.

## **7.3 Proportion of adults involved in arranging care**

Participants were asked whether they had been involved in arranging care or support for their family or friends in the last five years. The majority of participants reported not being involved in arranging care or support (71% of men and 67% of women), and overall women were more likely than men to have been involved in arranging care (23% of women compared with 17% of men). Around one in ten said that they had not had any family or friends who had needed care (11% of men, 10% of women).

Across both men and women, those involved in arranging care peaked in the middle age groups, particularly those aged 55 to 64 years, as shown in Figure 7A. **Table 7.1, Fig 7A**



## 7.4 How care is paid for

### 7.4.1 Awareness of whether people need to pay for care

A question was asked about whether, when people need care and support at home that cannot be provided by family and friends, they needed to pay for it themselves. Half of adults aged 30 and over correctly thought that it depended on a person’s circumstances (50%), while 21% thought people had to pay for some of it themselves. Only 11% thought that they had to pay for all of it themselves and 9% thought that people do not have to pay for any of it.

An equivalent question asked about payment for care and support in a residential or nursing home. Responses were similar: 54% thought that it depended on circumstances, 19% thought people had to pay for some of it, 13% thought they had to pay for all of it themselves, and 5% thought they had to pay for none of it.

There was little difference in views between the sexes for either care in a person’s own home or care in a residential/nursing home.

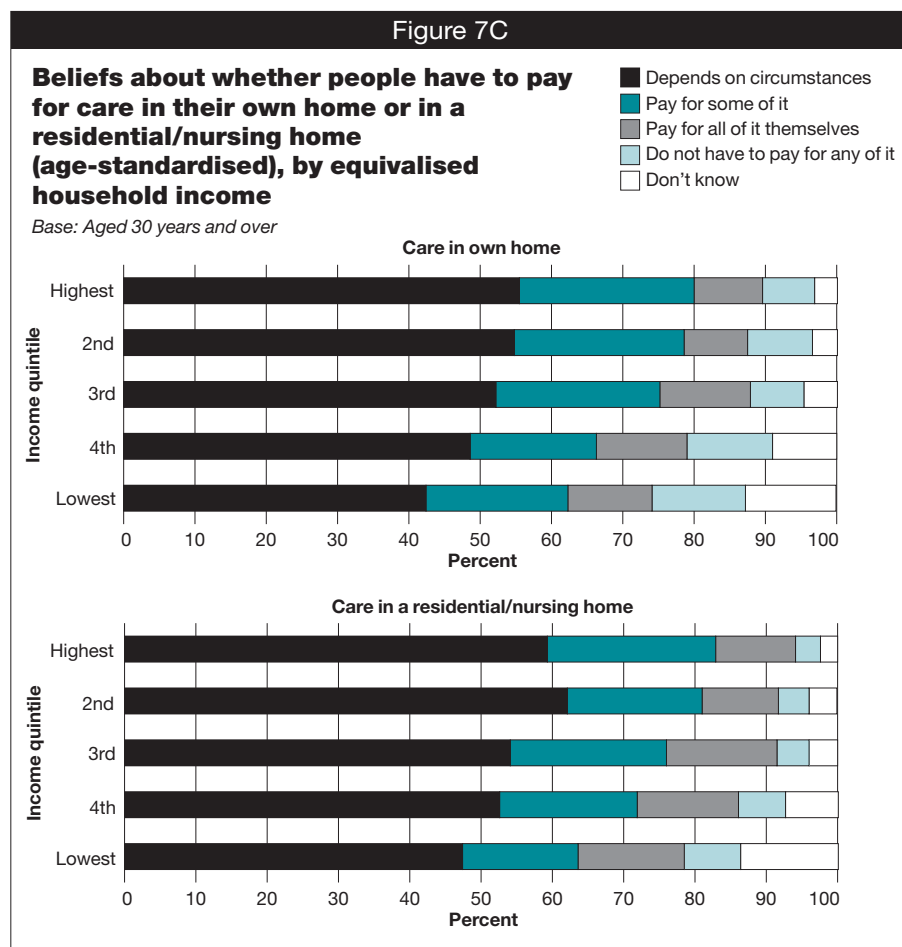
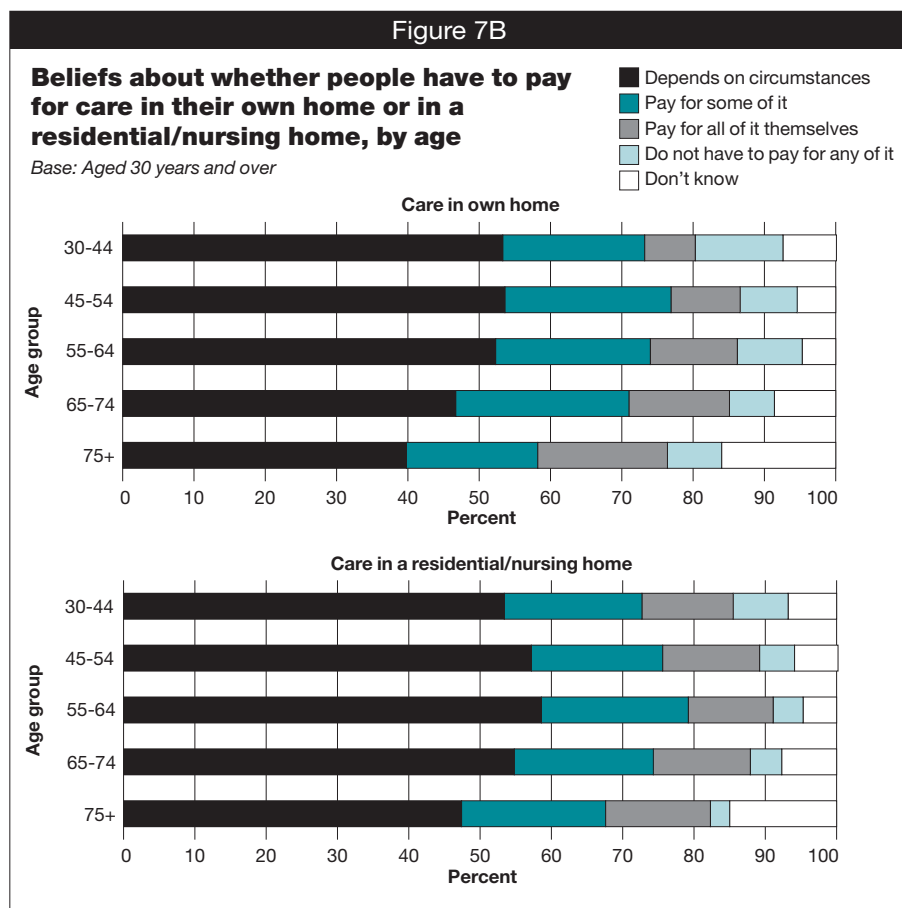
There was significant variation in views by age, as can be seen in Figure 7B, with similar patterns for both care at home and care in a residential or nursing home. Older participants, particularly those over 75, were less likely than younger participants to say that having to pay would depend on circumstances, and were more likely to believe that people requiring care in their own home had to pay for it all themselves. The oldest age group were also the most likely to say they did not know whether people who need care or support needed to pay for it themselves, both for care in their own home and care in a residential/care home.

**Table 7.2, Figure 7B**

### 7.4.2 Awareness of whether people need to pay for care, by equivalised household income

Beliefs about whether people needed to pay for care themselves also varied by equivalised household income, a measure which takes into account the number of adults and dependent children in the household as well as overall household income.<sup>11</sup> Results are shown in Figure 7C. Those in the lowest quintile were the least likely to say that paying for care depended on a person’s circumstances, and more likely to say they didn’t know whether people had to pay for care themselves, both for care in their own home and care in a residential/care home.

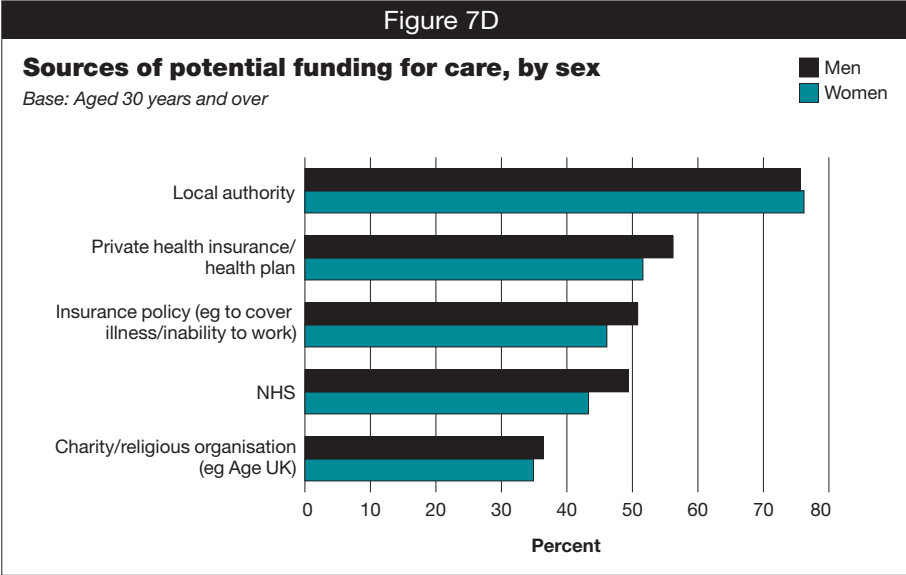
**Table 7.3, Figure 7C**



7.4.3 Possible sources of funding for care

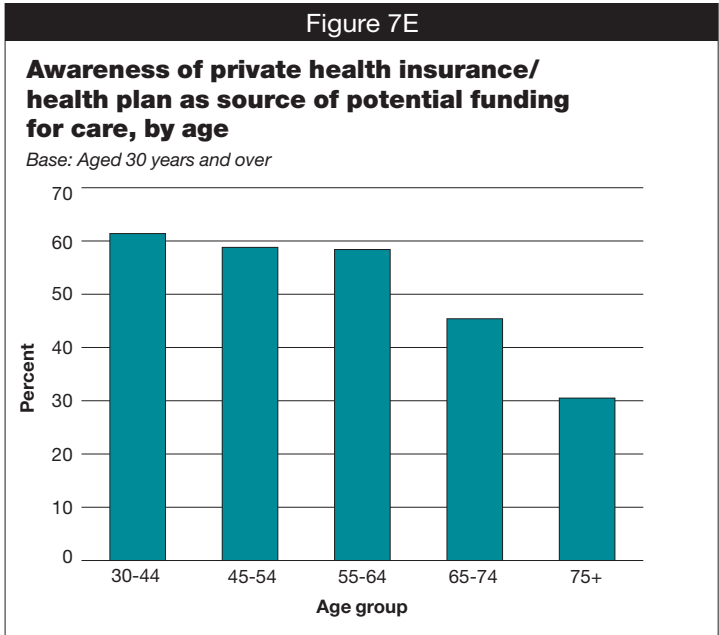
When shown a list and asked about possible sources of funding for care, the majority of adults aged 30 and over mentioned local authority funding (76%), followed by private health insurance or a health plan (54%), an insurance policy for instance to cover illness or inability to work (48%), the NHS (46%) and lastly, charities or religious organisations such as Age UK (36%).

Results were similar for men and women; however men were more likely than women to say that a possible source of funding for care was from private health insurance, insurance policies, or the NHS, as shown in Figure 7D.



There were significant differences across age groups in awareness of the possible sources of funding. Adults aged 55-64 were more likely to think that the local authority provides funding for care (84%) than among other age groups (between 73% and 79% among those aged 30-54 and 65-74, and dropping to 66% for those aged 75 and over). The pattern for private health insurance or a health plan is shown in Figure 7E, with much lower levels of awareness among the two older age groups; and there was a broadly similar pattern for the other sources of funding.

Table 7.4, Figures 7D, 7E





7.4.4 Awareness of means testing

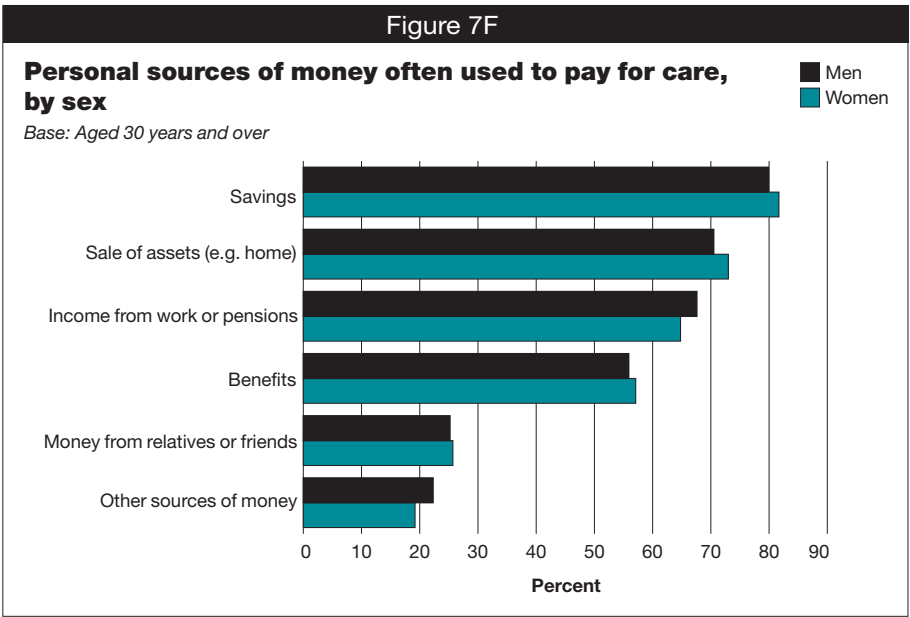
Participants were asked about their awareness of whether the local authority applies means testing when assessing contributions to the cost of care. The great majority believed that the local authority makes assessments for people based on their ability to pay, with women slightly more likely to do so than men (88% and 85% respectively). 6% of adults aged 30 and over did not think that the local authority applied means testing, while 7% didn't know.

Participants' awareness about local authority means testing also varied by age. The main difference was that adults aged 75 and over were significantly more likely than any other age group to report that they did not know whether the local authority applies means testing.

Table 7.5

7.4.5 Personal sources of money often used to pay for care

Participants were asked about which personal sources of money (from a list) they thought were often used to pay for care and support. Proportions were similar for both men and women, as shown in Figure 7F.



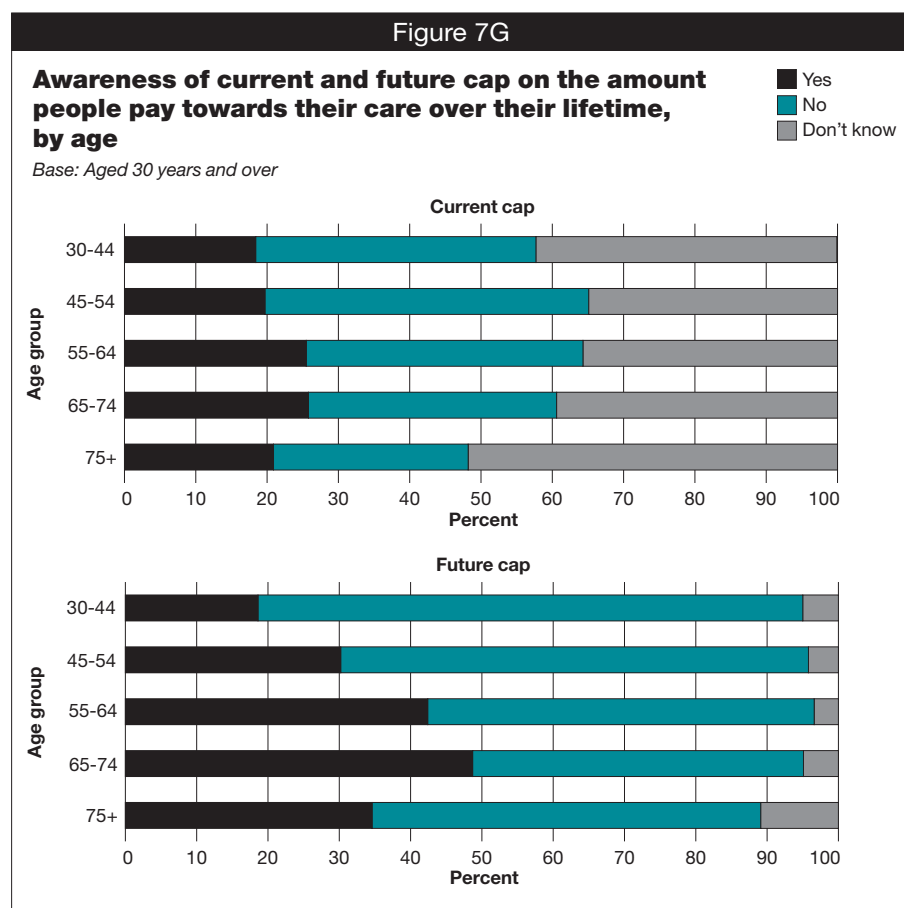
There were variations with age for all the personal sources of money listed. Overall, those aged 45-64 were the most likely to mention each of the sources, while older participants, and particularly those aged 75 and over, were less likely to do so. Those aged 30-44 were slightly less likely than the 45-64 age group to mention savings or sale of assets as common sources of personal funding for care. Across age groups 30-64, similar proportions mentioned income from work or pensions (68-70%), or benefits (60-62%).

Table 7.6, Figure 7F

7.4.6 Awareness of a current and future cap on care costs, by age and sex

Participants were asked if they thought there was currently any limit on the amount of money people have to pay for care and support over their lifetime. They were then informed of the future cap and asked whether they were aware of this before the interview. 21% of adults aged 30 and over believed that there was currently a cap on the amount people pay towards their care over their lifetime, 38% believed there was no cap, and 40% said that they didn't know. A larger proportion of men than women believed there was no current cap (41% and 35% respectively), while a greater proportion of women than men didn't know (43% and 37% respectively).

The proportion that believed there was a current cap varied with age. As Figure 7G shows, adults aged 55-74 were the most likely to believe there was a current cap. Furthermore, adults aged 75 years and over were much more likely than younger groups to say they didn't know whether there was a current cap.



Turning to the awareness of a future cap in care costs, 32% said they were aware of a cap, and men were significantly more likely than women to be aware (34% and 30% respectively). Figure 7G shows variation in awareness by age, with those aged 65-74 most likely to be aware of the future cap in care costs, and those aged 30-44 the least likely. Overall 63% of adults aged 30 and over reported that they had not heard about the future cap in care costs.

Table 7.7, Figure 7G

#### 7.4.7 Awareness of a current and future cap on care costs, by socio-economic measures

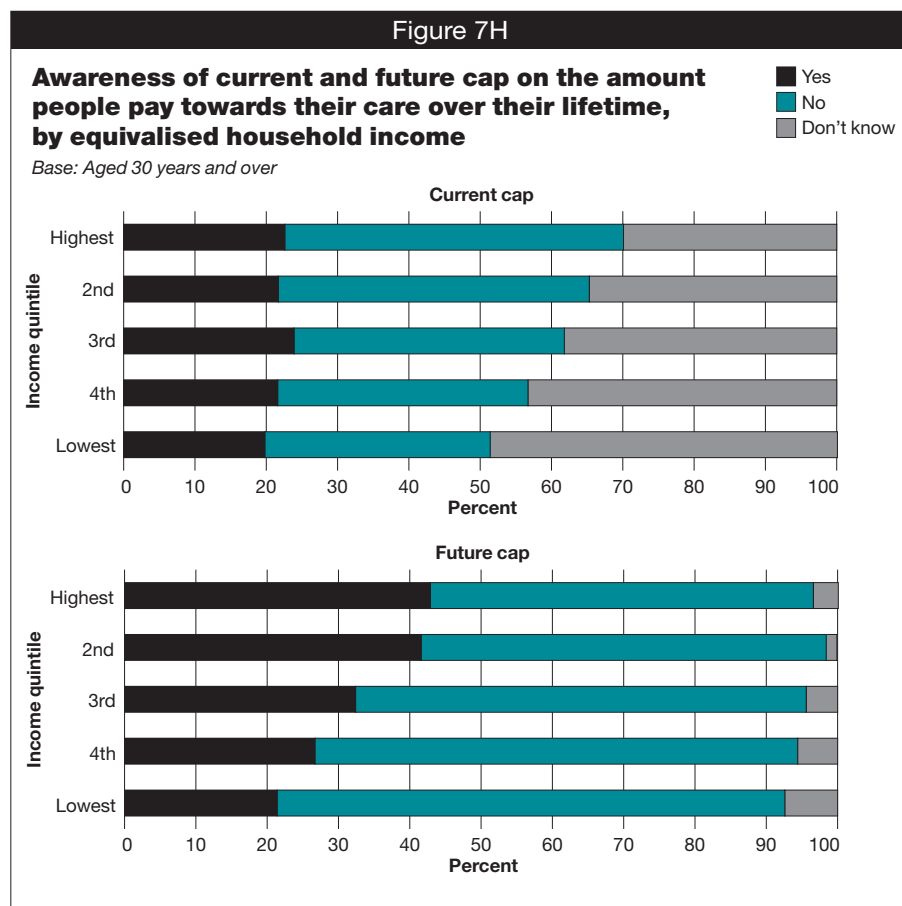
Awareness of a current or future cap in care costs also varied according to household income, as Figure 7H shows. When asked about a current cap, there was little difference across the income groups in the proportion who thought that there was one, while the proportion who said they didn't know increased markedly from higher to lower income groups. In relation to a future cap, the lower people's household income, the less likely they were to be aware that there will be a cap in the future.

There was a very similar pattern for area deprivation measured by the Index of Multiple Deprivation scores. There was no significant variation in the proportion who thought there was currently a cap on lifetime care costs, but awareness of a future cap decreased from 42% of both men and women in areas of least deprivation to 24% and 20% respectively living in the most deprived areas.

Table 7.8, 7.9, Figure 7H

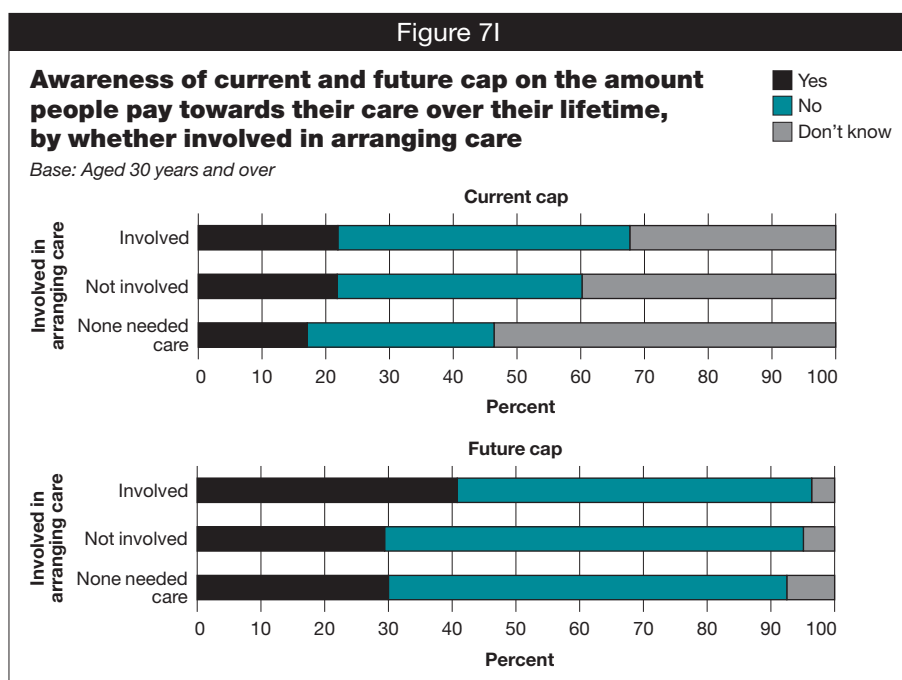
#### 7.4.8 Awareness of a current and future cap on care costs, by whether people were involved in arranging care

Awareness of a current or future cap on the costs of care was influenced by whether or not people had been involved in arranging care and support for their family or friends in the last five years. Figure 7I shows the results. There was little difference between the different groups in the proportion who thought that there was a current cap (17-22%), but those who said they did not have family or friends needing care were the most likely to say they didn't know whether there was a cap (54%, compared with 32-40% among the others).



There was a slightly different pattern for awareness of a future cap. Those involved in arranging care were more likely to be aware (41%), while awareness was at a similar level among those who had not been involved in arranging care or did not have anyone needing care (29-30%).

Table 7.10, Figure 7I



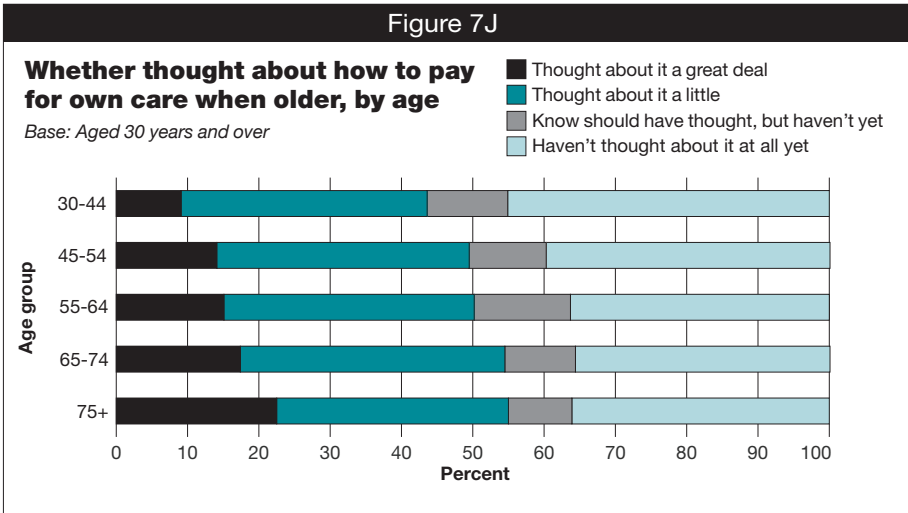
7.5 Planning for how to pay for future social care

7.5.1 Thoughts about how to pay for future care, by age and sex

Participants were asked whether they had thought about how they will pay for care when they are older. 14% said that they had thought about it a great deal, 35% had thought about it a little, 40% hadn't thought about it at all, and 11% knew that they should have thought about it but hadn't yet.

Proportions were similar for men and women, but there was variation with age. Figure 7J shows that the proportion of adults who reported having thought a great deal about how to pay for future care increased with age. The reverse was observed in terms of those that hadn't thought about it at all, with adults aged 30 to 44 years most likely to report this.

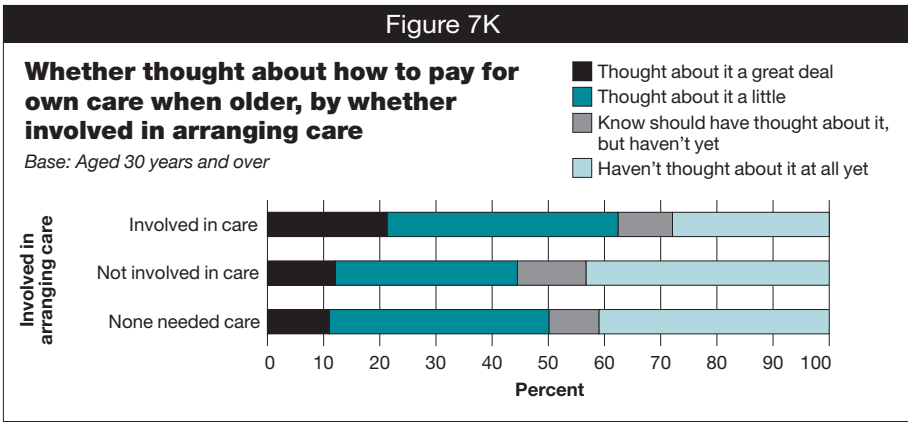
Table 7.11, Figure 7J



7.5.2 Thoughts about how to pay for future care, by whether people have been involved in arranging care

Figure 7K shows variations in whether people aged 30 and over had thought about their own future care needs, depending on whether they have had recent experience of arranging care for someone else. Those involved in arranging care for a family member or friend in the last five years were more likely than others to have put some thought into how they will pay for their own future care needs, with higher proportions who had given a great deal of thought or only a little.

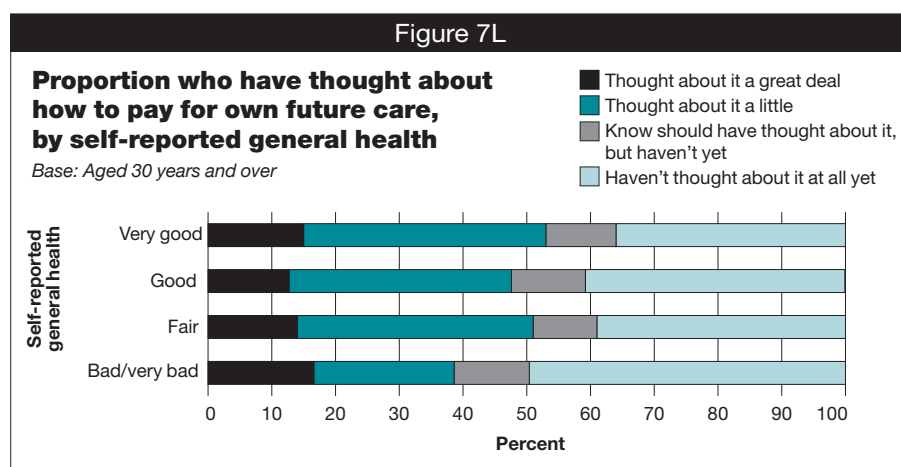
Table 7.12, Figure 7K



7.5.3 Thoughts about how to pay for future care, by current health

It might be assumed that an individual's current state of health might influence the extent to which they had thought about funding future care needs. In terms of self-reported general health, only a small proportion – 9% - of those aged 30 and over said that their health was

bad or very bad, with a large majority saying that it was good or very good (71%). There was no significant difference according to how people reported their health in the proportions who said they had thought about future funding a great deal. However, those who reported their health to be bad or very bad were the least likely to have thought ‘a little’ about how they will pay for care in the future, and most likely to say they had not thought about it at all (see Figure 7L).



Participants were asked about whether they had any longstanding illnesses, and if so whether these limited their daily activities. Having a longstanding illness did not influence the extent to which people aged 30 and over had thought about how they will pay for their own care in the future. There were no statistically significant differences between those who did not have a longstanding illness and those who had either a limiting or non-limiting longstanding illness.

**Table 7.13, 7.14, Figure 7L**

#### 7.5.4 Family and friends' plans for future care

Participants were asked to think about their family and friends who did not currently require care and support, and whether they thought such people had any plans for how they will pay for their own future care when they are older. Almost half (49%) of participants said they thought that almost nobody had any future plans, 22% reported that only a few had plans, 12% reported that quite a lot or almost all had plans and 17% didn't know. Proportions were similar between men and women.

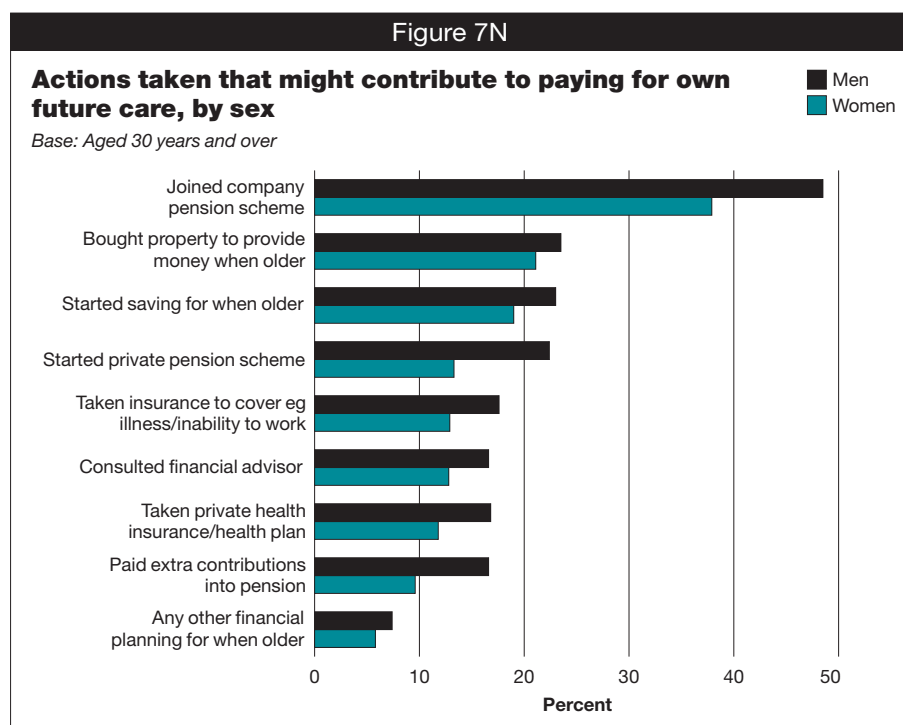
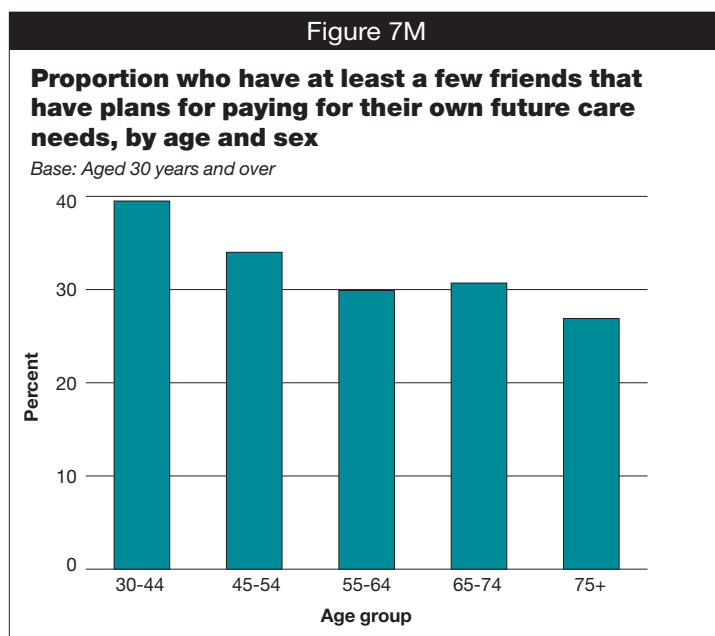
The proportion of those who thought at least a few family and friends had plans declined with age, as shown in Figure 7M. However, it should be noted that older participants were more likely to say that they didn't know whether family or friends had plans (20% aged 65-74 and 35% aged 75 and over said 'don't know', compared with 12-15% of younger participants).

**Table 7.15, Figure 7M**

#### 7.5.5 Actions taken to pay for future care, by age and sex

Participants were asked what actions they had taken, from a list, that might contribute to paying for future care. Joining a company pension scheme was the most frequently mentioned action, taken by 43% of adults aged 30 and over. The next most frequently mentioned actions were buying property, or starting to save for older age, and these and the remaining actions were mentioned by considerably smaller proportions (13-22%) than joining a pension scheme.<sup>12</sup> 36% said that they had not taken any actions.

Figure 7N shows the proportions of men and women who had taken the different actions, and it can be seen that men were statistically significantly more likely than women to have reported each of them, with the exception of buying property where the proportions were very similar between the sexes.. The widest gaps between men and women were on joining a company or private pension scheme or paying extra contributions into a pension scheme. Conversely, women were more likely to report having taken none of the actions listed: 41% of women compared with 30% of men.

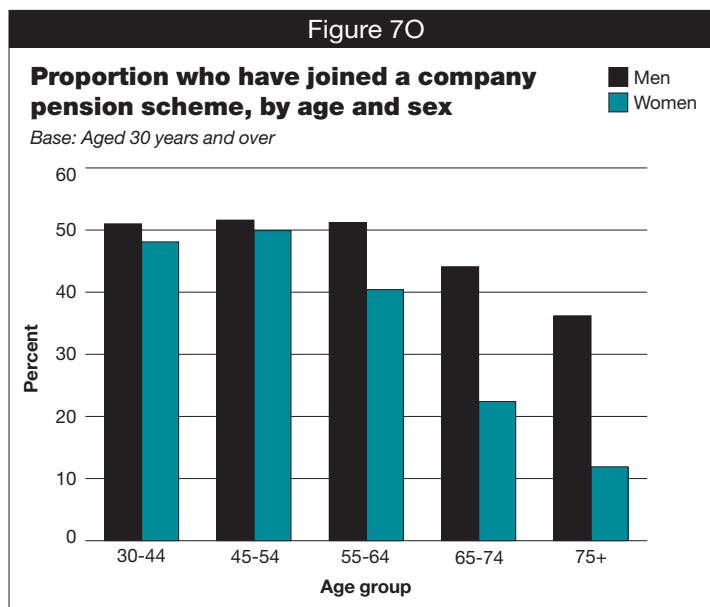


There was also variation by age, with different patterns for different actions. Figure 7O shows the breakdown by age for joining a company pension scheme. Very similar proportions of men and women aged 30-54 had a company pension. For men there was little change for the 55-64 age group, with some decline in older men. There was a much steeper decline in the proportion with a company pension among older women from the age of 54; in the 75+ age group three times as many men as women had a pension.

For other actions, there was little difference between men and women. Around a quarter of those aged 30-64 had bought property to provide money for later, with fewer in older age groups doing so. Saving for when older, and consulting a financial adviser increased to a peak in the 55-64 age group (25% and 18% respectively in this age group) and declined in older participants. Those aged 45-64 were the most likely to have taken out private pensions and made extra contributions to pensions (25% and 17% respectively). Taking private health insurance, or insurance to give cover for instance for illness or unemployment, were most common among a slightly younger group aged 30-54 (14-22%).

Overall, those aged 75 and over were most likely to report that they had not taken any of the actions listed (52% compared with 28-39% of those under the age of 75).

**Table 7.16, Figures 7N, 7O**

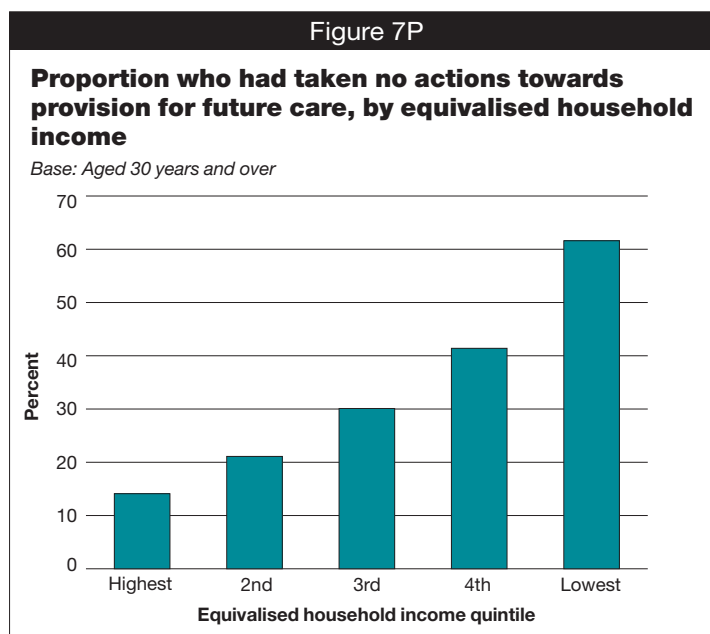


### 7.5.6 Actions taken to pay for future care, by equivalised household income

There were marked variations by equivalised household income in the proportions taking actions which could contribute to funding for future care needs. Across all listed actions, there was a very steep increase from those in the lowest quintile to those in the highest. For instance the proportion of those that had joined a company pension scheme ranged from 20% in the lowest quintile to 64% in the highest. Other actions were mentioned by 11% or fewer in the lowest quintile, compared with 24%-39% in the highest quintile.

There was also marked variation according to income group in the proportion who had taken no actions that might contribute to funding future care needs. This variation was in the opposite direction to the pattern for each of the actions taken, and is shown in Figure 7P. The proportion taking no action ranged from 14% in the highest income quintile to 62% in the lowest.

Table 7.17, Figure 7P



### 7.5.7 Actions taken to pay for future care, by whether people were involved in arranging care

People that had been involved in arranging care and support for their family or friends were more likely than those who had not to have taken all of the listed actions that might contribute to future care costs. The only exception was for taking out insurance, for

instance to cover illness, where no significant difference was observed. There was no difference between those that had not been involved in arranging care, and those that did not have family or friends that required care.

Table 7.18

## 7.6 Discussion

A new module of questions was introduced in the HSE 2014 to develop a baseline measure of people's understanding and awareness of how social care is funded within the UK, and any preparations they may have made towards their own future care costs. Given the recent focus on encouraging people to save for their retirement, it is important to ascertain how this is affecting the actions people have taken. If the questions are repeated in future surveys, it will be possible to measure how this will change in years to come.

### 7.6.1 How care and support is paid for

Participants were asked a range of questions to assess their knowledge and understanding of how social care and support is currently paid for. Across all adults aged 30 and over, around half showed an understanding that funding was available to some depending on their circumstances, though a fifth of adults believed that that people needed to pay for some of it, suggesting that they believed some form of funding is available to all. The majority were aware that the local authority provided funding, and that this was provided to people based on their ability to pay.

When asked about whether there was currently any limit on the amount that people would need to contribute to their care costs, there was a mixed response. Around 40% said that there was no current limit, a similar proportion said that they didn't know, while around 20% believed that there was a limit in place. Once informed of the future cap, 32% of adults said they had heard of this, while the majority (63%) reported that they had not been aware of it.

Patterns of awareness showed some variation with age, with those in the younger and middle age groups showing the most awareness of how social care is funded; who provides this funding and under what circumstances. In contrast, those aged 75 years and over were the least likely to have a clear understanding of how social care is paid for, and more often said they did not know the answers to the questions. However, older participants, particularly those aged 55-74, were more likely to have heard about the future cap on lifetime care costs that individuals will have to pay.

Patterns also emerged across household income. Generally, the lower the equivalised household income, the less likely there was to be a clear understanding and awareness of the current care system (i.e. whether or not people need to pay for care and support themselves and whether or not there is a current cap). Those in lower income households were also less likely to be aware of the future cap on care costs. Like participants aged 75 years and over, those in the lowest quintile were more likely to say they did not know rather than give a response.

### 7.6.2 Planning for future care

Around half of adults aged 30 and over had not given any thought to how they will pay for their care needs in the future (and 11% recognised that, although they had not yet, they should have thought about it). As would be expected, the proportion that had given it at least a little thought increased with age, and this was true of both men and women.

In terms of actions that had been taken that might contribute to the costs of future care, joining a company pension scheme was the most frequently reported, though this was still only by 43% of adults aged 30 and over. Men were more likely than women to have done this, and almost all the other actions covered, including joining a private pension scheme and paying extra contributions into a pension scheme. There were also very marked differences according to equivalised household income, with those in the highest income groups much more likely than those in the lowest to have made provision towards possible



future care costs. Conversely, 62% of those in the lowest income households had taken no action to provide for future care, compared with only 14% in the highest income households.

Personal experience of arranging care for a family or friends in the last five years was an important influence on awareness of the issues around funding for care, and increased the likelihood that people would have given thought to their own future care needs. Those who had been involved in planning care for others were also more likely than others to have taken a number of actions which could contribute to their own future care costs.

It is clear that there is a great deal of uncertainty about the current funding system for care for older people, and similarly there are large proportions of the population aged 30 and over that are not aware of the cap on care costs that will be introduced as a result of the care reforms. While this cap is now likely to be introduced in 2020, at the time of fieldwork it was expected that this reform would be introduced in 2016. It is perhaps not surprising that people at the younger age of the spectrum had relatively little awareness of current or future funding, since care needs in older age might seem a remote prospect, but it is interesting that on many issues older people were not much better informed, and the oldest groups tended to say that they didn't know what the situation was. It is notable that those who had had some personal involvement in arranging care for friends or relatives were better informed than those with no such involvement.

It is also notable that there are inequalities in this area in terms of socio-economic status, with marked differences between those in higher and lower income households. Those in higher income households were more likely to be better informed about current funding systems, were more aware of the future care funding cap, and were very much more likely to have taken actions or carried out planning that might contribute to provision for future care needs. With an ageing population and continuing pressure on government funding, it will be important to target relevant information at lower income groups as the care reforms are introduced. The requirement for all employers to enrol staff in a pension scheme may make some impact on the disparities between different income groups, although those in unemployment or in more informal employment may still remain with little provision for future care needs.

## References and notes

- 1 The Care Act 2014. [www.legislation.gov.uk/ukpga/2014/23/contents/enacted](http://www.legislation.gov.uk/ukpga/2014/23/contents/enacted)
- 2 Department of Health. *The Care Act 2014. Consultation on draft regulations and guidance to implement the cap on care costs and policy proposals for a new appeals system for care and support*. DH, London, 2015. <http://careact2016.dh.gov.uk/category/cap/>.
- 3 Age UK. *Social care funding changes*. [www.ageuk.org.uk/home-and-care/care-homes/social-care-funding-changes/care-cap-and-means-test-changes/](http://www.ageuk.org.uk/home-and-care/care-homes/social-care-funding-changes/care-cap-and-means-test-changes/)
- 4 Department of Health. *Care Act factsheets*. DH, London, 2015. [www.gov.uk/government/publications/care-act-2014-part-1-factsheets/care-act-factsheets#factsheet-6-reforming-how-people-pay-for-their-care-and-support](http://www.gov.uk/government/publications/care-act-2014-part-1-factsheets/care-act-factsheets#factsheet-6-reforming-how-people-pay-for-their-care-and-support)
- 5 Department of Health. *Delay in the implementation of the cap on care costs*. DH, London, 2015. <https://www.gov.uk/government/publications/delay-in-the-implementation-of-the-cap-on-care-costs>
- 6 Department for Work and Pensions. *Automatic enrolment into a workplace pension – key facts*, DWP, London, 2014. [www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/299886/auto-key-facts-enrolment-booklet.pdf](http://www.gov.uk/government/uploads/system/uploads/attachment_data/file/299886/auto-key-facts-enrolment-booklet.pdf)
- 7 Pensions Act 2008. [www.legislation.gov.uk/ukpga/2008/30/contents](http://www.legislation.gov.uk/ukpga/2008/30/contents)
- 8 Department for Work and Pensions & Webb. S. *New timetable clarifies automatic enrolment starting dates*. DWP 2012. [www.gov.uk/government/news/new-timetable-clarifies-automatic-enrolment-starting-dates](http://www.gov.uk/government/news/new-timetable-clarifies-automatic-enrolment-starting-dates)
- 9 [www.nestpensions.org.uk/schemeweb/NestWeb/public/home/contents/homepage.html](http://www.nestpensions.org.uk/schemeweb/NestWeb/public/home/contents/homepage.html)
- 10 [www.thepensionsregulator.gov.uk/employers/contributions-funding.aspx](http://www.thepensionsregulator.gov.uk/employers/contributions-funding.aspx)
- 11 Not all households provide information about household income. 22% of adults aged 30 and over lived in households that did not have any information about household income.
- 12 A small proportion, 7%, mentioned other actions or financial planning that they had undertaken, in addition to those on the list presented to them. These are not discussed in this section. The group classified as taking 'no action' excludes anyone who mentioned 'other actions'.