

PRESS RELEASE

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“Over a third of over 50s may not have adequate finances to fund potential care needs.” Says Pensions Policy Institute

The Pensions Policy Institute (PPI) is today publishing **Care in later life: incentives to use assets to pay for care** sponsored by The Association of British Insurers (ABI). With more people than ever reaching older age it has long been recognised that the care system in England is in need of an overhaul. Expanding the number of financial options available may be one way to increase awareness and encourage individuals to think about and engage with the issue of care in later life. This report analyses five proposals raised by others within the financial industry.

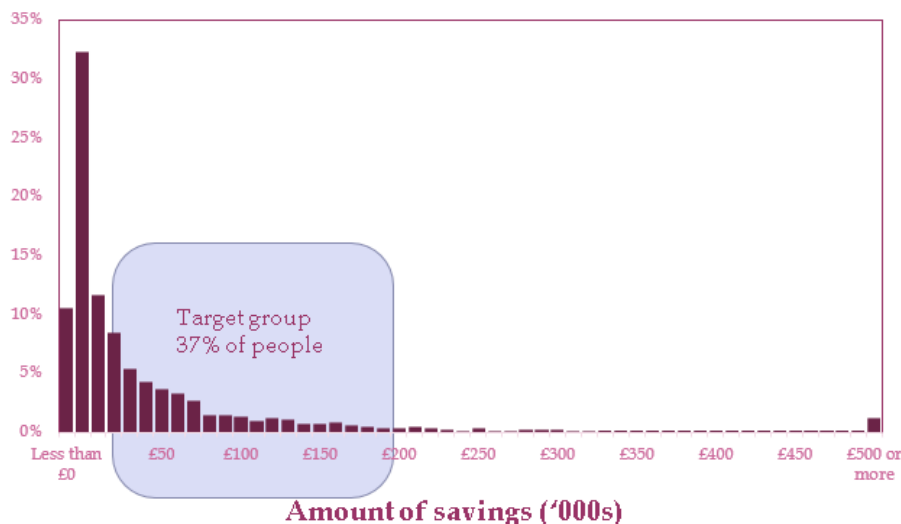
There is a clearly identifiable group of people who are unable to claim support from the state but do not have adequate finances to fund their care needs. This group may benefit from some way of preparing, or to be able to efficiently use currently owned assets to meet care costs if, following reform, they are required to self-fund. This report considers a target group to be people who have savings and assets, excluding their house value, of more than the threshold for losing state support (£23,250), but less than £200,000. The target group makes up approximately 37% of people in England aged over 50.

The target group of people for care funding is around 37% of people

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Distribution of savings levels among people in England aged over 50 (excluding pension and housing wealth). Target group is those with between £23,250 and £200,000 of savings.



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John Adams, Senior Policy Analyst at the PPI said “In 2010, the Government set up the Commission on Funding of Care and Support, (“the Dilnot Commission”), among the Commission’s findings was the difficulty people have in adequately planning or providing for their care needs. Individuals may not recognise the need to pay for care, they may avoid thinking about the possibility of requiring care, or may believe that the NHS is responsible for paying for care. The difficulties that people face in planning for care could have led to the lack of demand for care funding arrangements, which in turn means financial providers have had little incentive to develop care products.

The diversity in people’s assets means that a single solution to this complex issue is unlikely to work for all. In developing a care funding framework, a wide range of options might need to be available, with the aim of enabling people to find the best solution for themselves.

A properly functioning care funding solution is likely to need engagement of individuals, the State and financial providers. Raising awareness of this need to provide for care, is an issue that remains and requires further attention.”

~~ ENDS ~~

For further information please contact -

Danielle Baker, Head of Membership & External Engagement (PPI)
020 7848 4467 or 07714250910, email: press@pensionspolicyinstitute.org.uk

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Notes for editors

1. **The Pensions Policy Institute (PPI)** is an educational research charity, which provides non-political, independent comment and analysis on policy on pensions and retirement income provision in the UK. Its aim is to improve the information and understanding about pensions policy and retirement income provision through research and analysis, discussion and publication. Further information on the PPI is available on our website www.pensionspolicyinstitute.org.uk.
2. This report was sponsored by:



3. Sponsorship has been given to help fund the research, and does not necessarily imply agreement with, or support for, the analysis or findings from the project.
4. The social care system in the UK is devolved to the individual countries. This paper concerns the system in England.
5. In analysing these five proposals the Pensions Policy Institute is not endorsing them.

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