

The Actuarial Profession
making financial sense of the future



Where Next for Care?

18 October 2011



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Welcome

Baroness Sally Greengross, ILC-UK
Jane Curtis, Institute and Faculty of Actuaries



The Future of Care Funding

Andrew Dilnot
Commission on Funding of Care
and Support



Fairer care funding

Conclusions and recommendations of the
Commission on Funding of Care and Support

The Commission's remit

The Government asked the Commission to recommend:

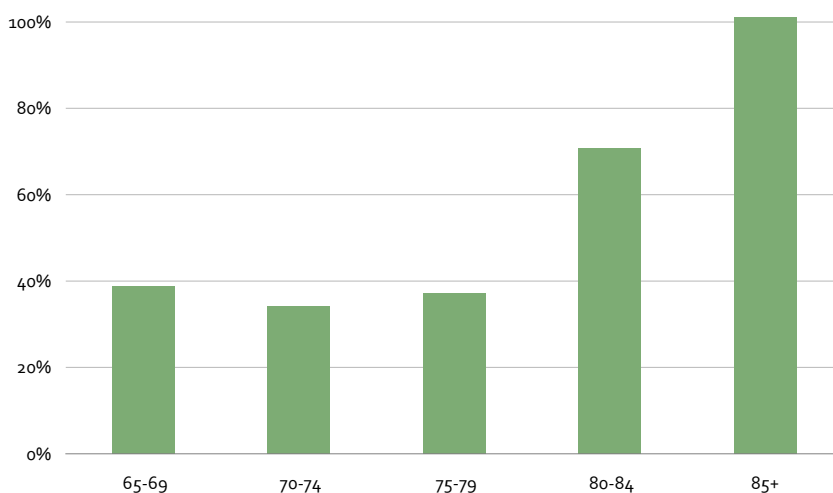
- how **best to meet the costs of care and support as a partnership** between individuals and the state;
- how people could choose to **protect their assets**, especially their homes, against the cost of care;
- how, both now and in the future, **public funding for the care and support system can be best used to meet care and support needs.**

5

Setting the context

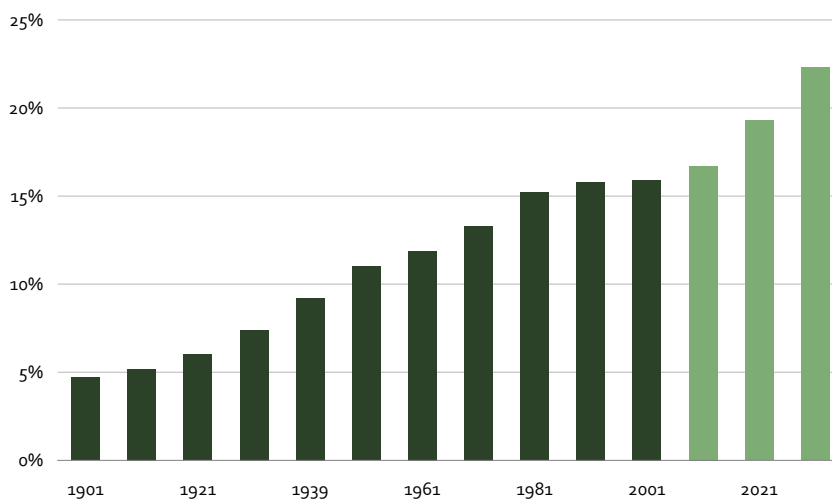
The number of older people is increasing

Growth in the number of older people in England 2010-2030



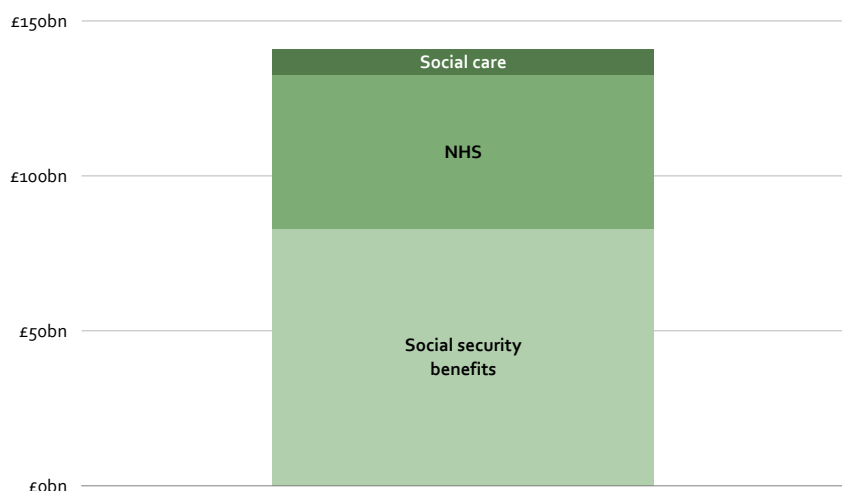
Flexible societies are good at adapting

Proportion of UK population aged 65 and over



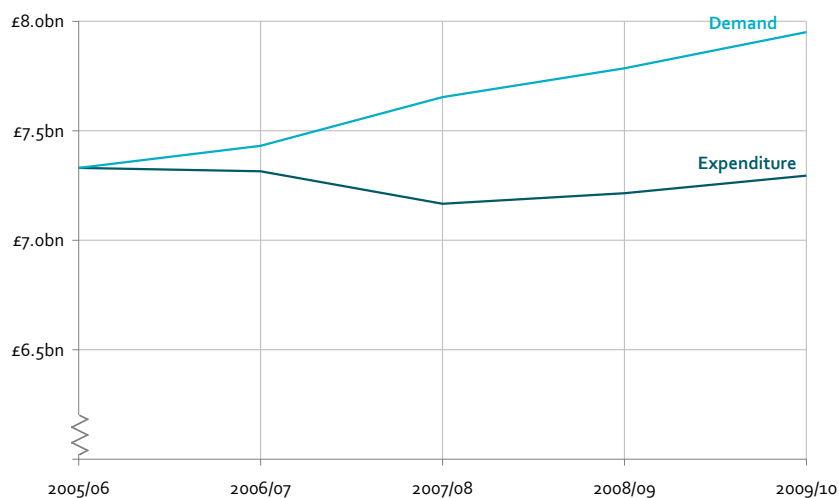
Social care is one element of state support

Public spending on older people in England 2010/11



Funding has not kept up with demand

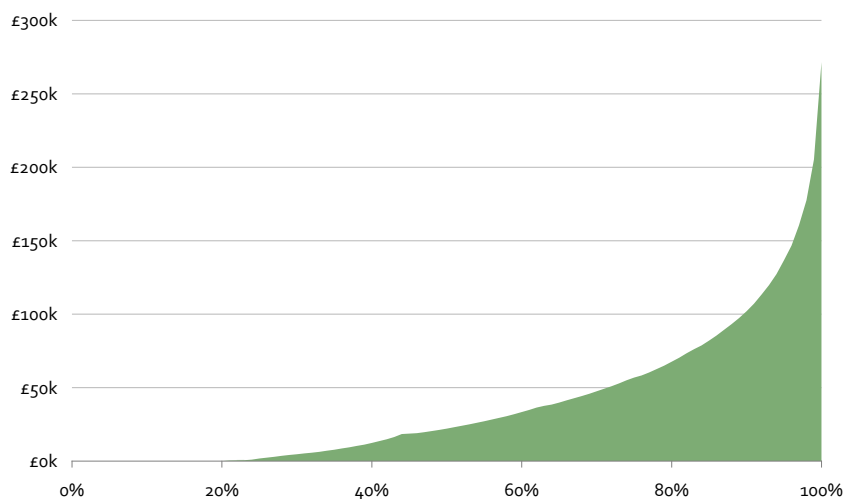
Expenditure and demand: older people's social care (2009/10 prices)



Conclusions and recommendations of the Commission on Funding of Care and Support

Care costs are uncertain and can be very high

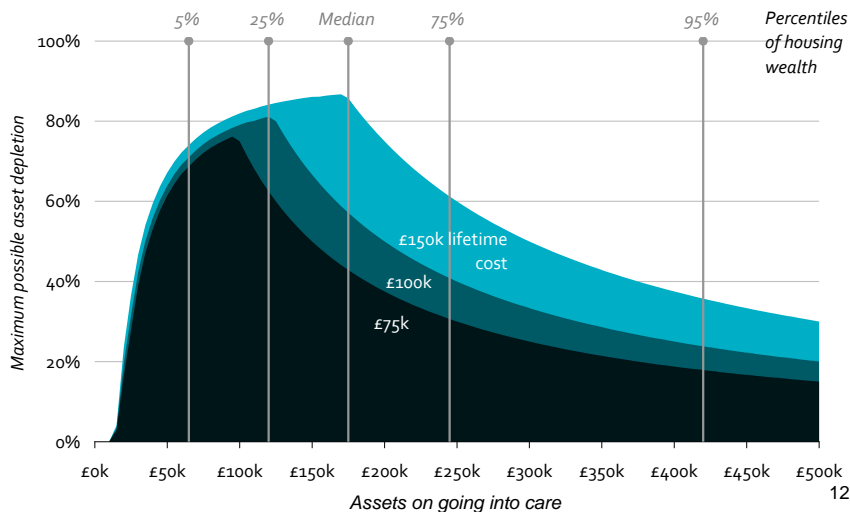
Expected future lifetime cost of care for people aged 65 in 2009/10



Conclusions and recommendations of the Commission on Funding of Care and Support

Fear is the natural response to current system

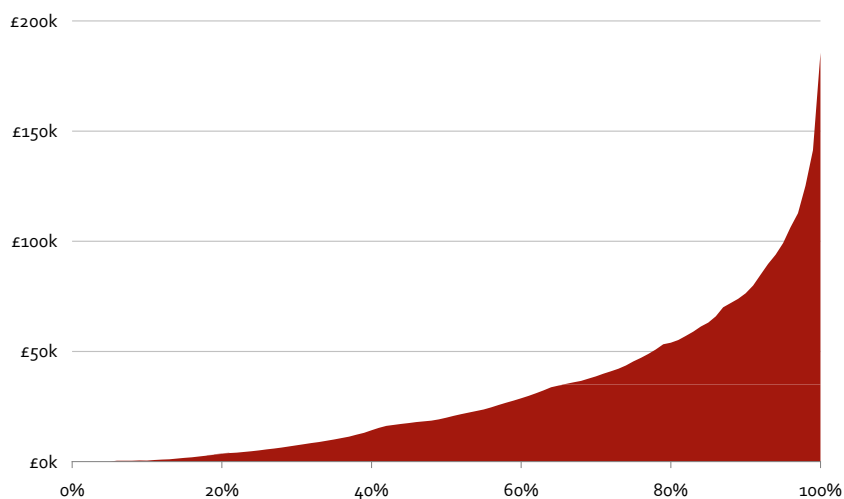
Maximum possible asset depletion for people in residential care



Conclusions and recommendations of the Commission on Funding of Care and Support

A cap removes the risk of very high costs

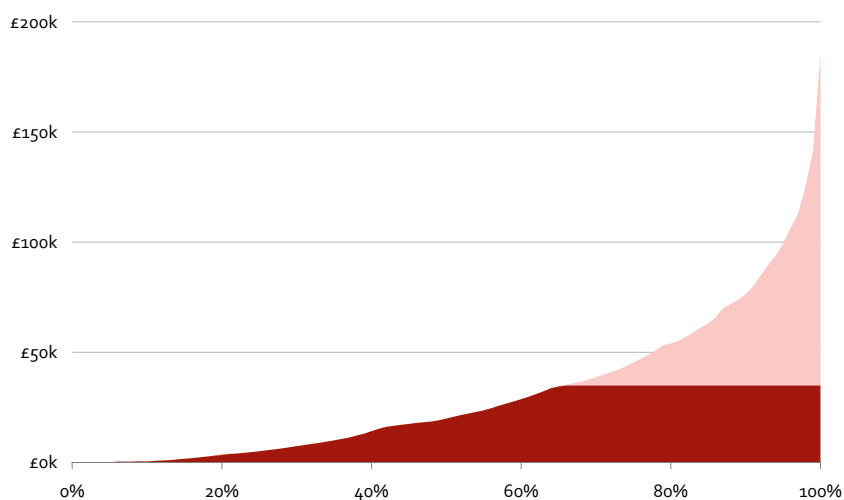
Expected lifetime costs for people going into care in 2010/11, by percentile



Conclusions and recommendations of the Commission on Funding of Care and Support

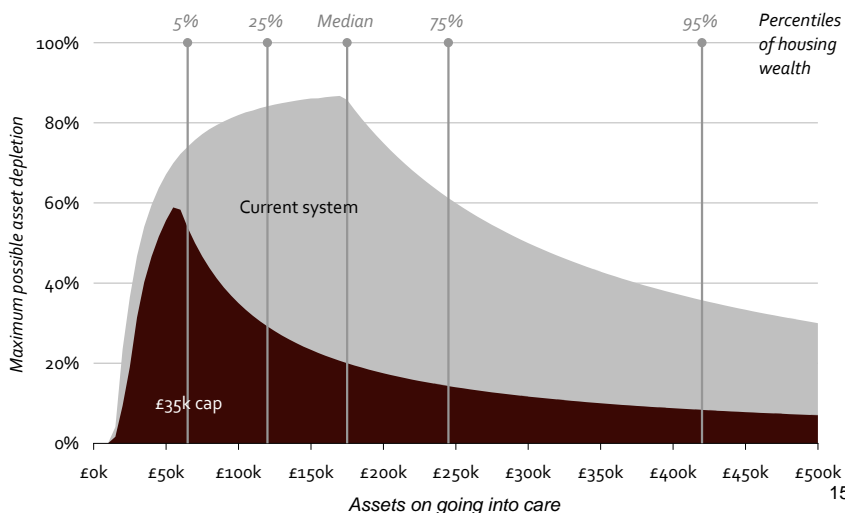
A cap removes the risk of very high costs

Expected lifetime costs for people going into care in 2010/11, by percentile



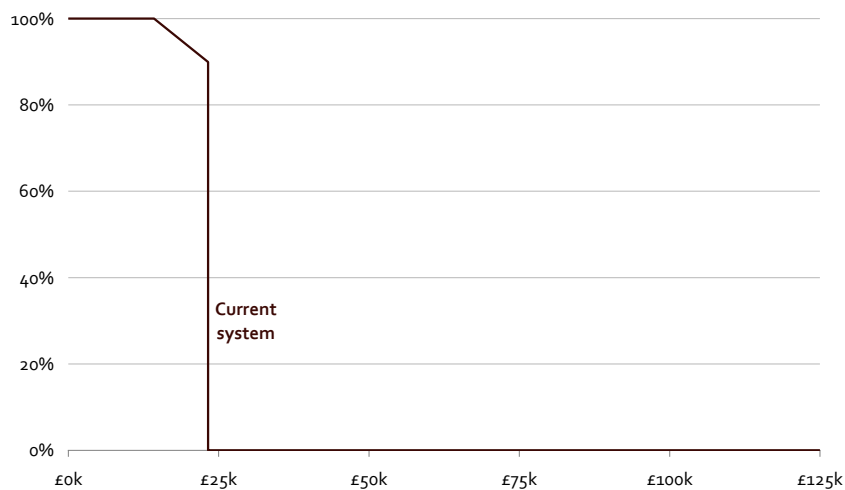
And offers significant asset protection

Maximum possible asset depletion for people with £150k residential care costs



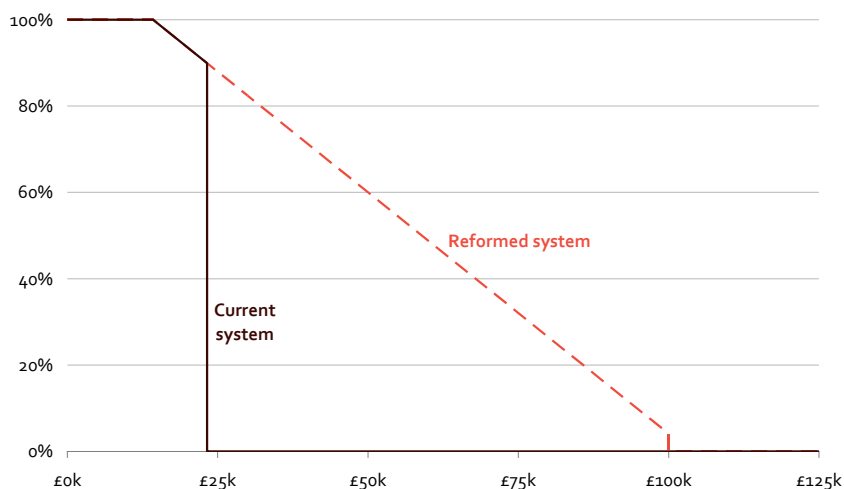
But we also need to reform the means test

The effect of extending the means test on the amount of support people receive



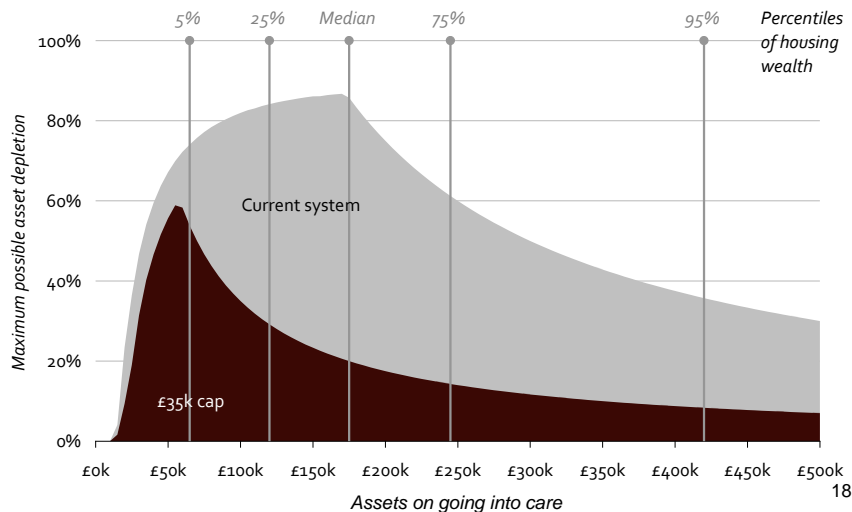
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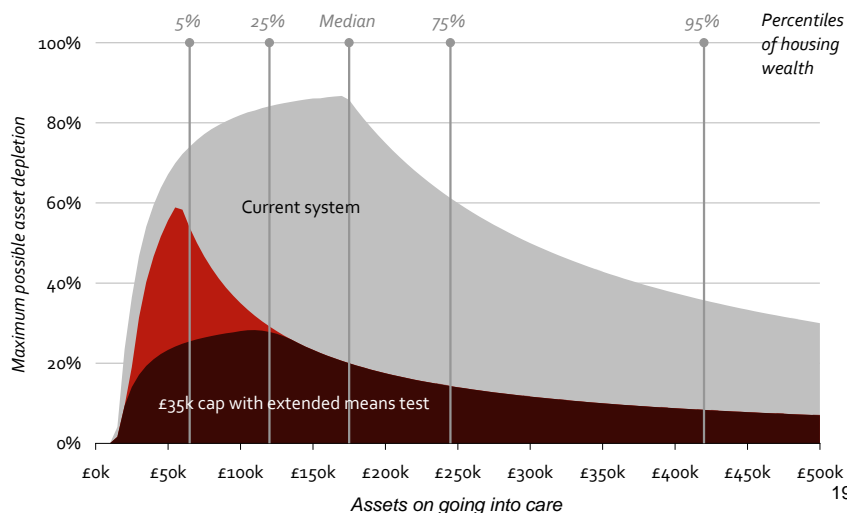
Extending the means test helps the poorest

Maximum possible asset depletion for people with £150k residential care costs



Extending the means test helps the poorest

Maximum possible asset depletion for people with £150k residential care costs



The reforms reduce the costs individuals face

Initial level of wealth	Maximum spend on care
£40,000	£9,000
£50,000	£12,000
£70,000	£18,000
£100,000	£28,000
£150,000	£35,000

Care for people of working age

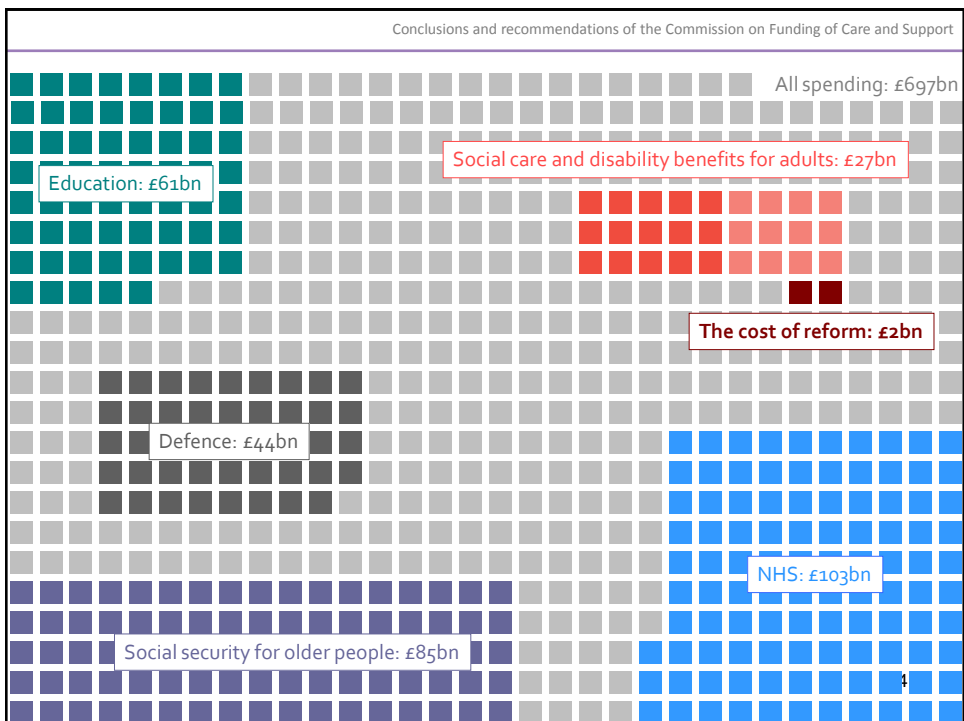
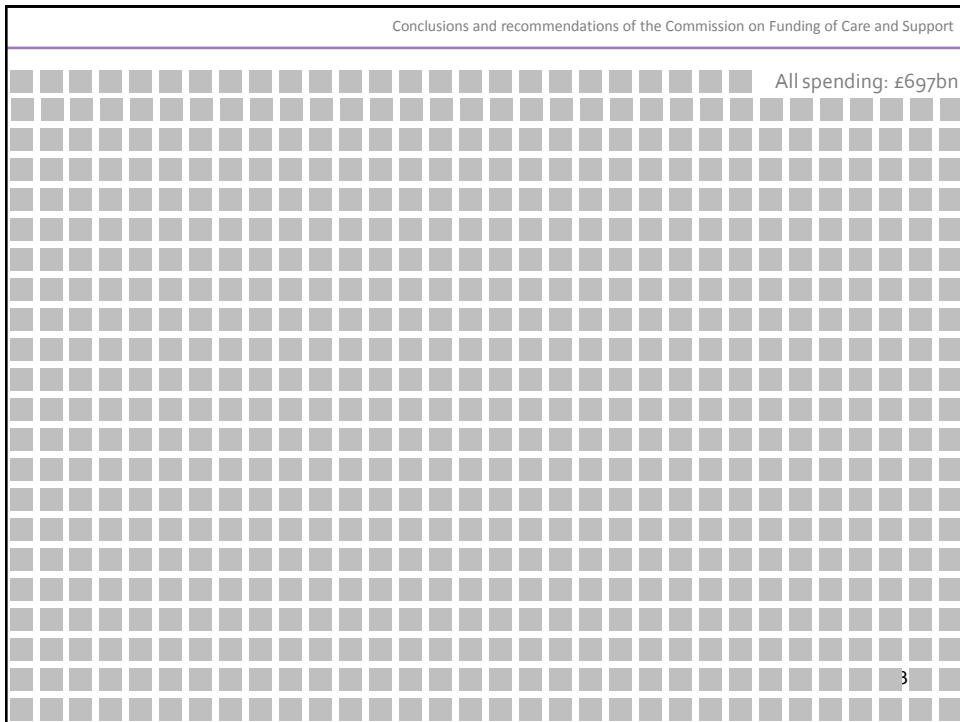
Age	Maximum spend on care
Under 40	Free care
40 to 50	£10,000
50 to 60	£20,000
60 to 65	£30,000
65 +	£35,000

21

General living costs

- People in residential care would need to make a contribution towards their general living costs (such as food and heating).
- People have to pay these costs if they live at home.
- Believe this contribution should be fixed - recommending **between £7,000 and £10,000 p.a.** (as the maximum possible contribution).

22



We are also recommending other reforms

- A major campaign to improve **information and advice**
- Better information and needs assessments for **carers**
- More **consistent, portable assessments** with a **national eligibility** threshold
- **Better integration** of health and social care

We also think there will be an opportunity for the financial services sector to help people with their contributions.

25

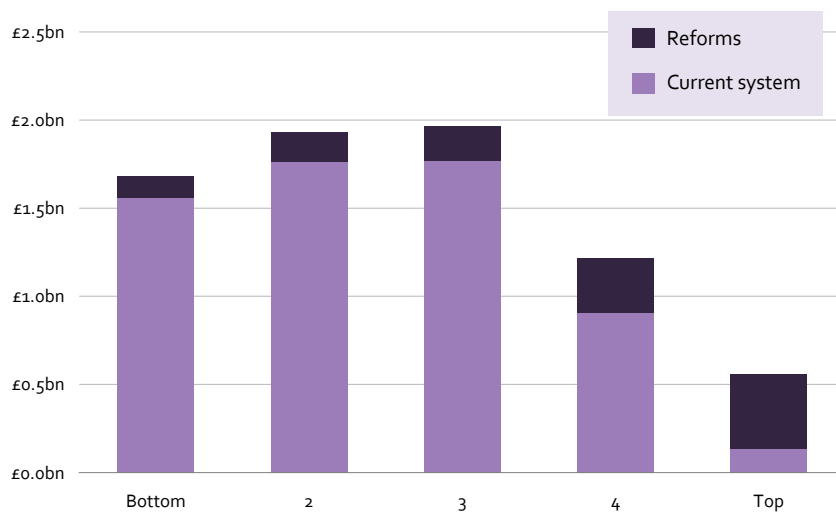
Thank you

Commission on Funding of Care and Support

www.dilnotcommission.dh.gov.uk

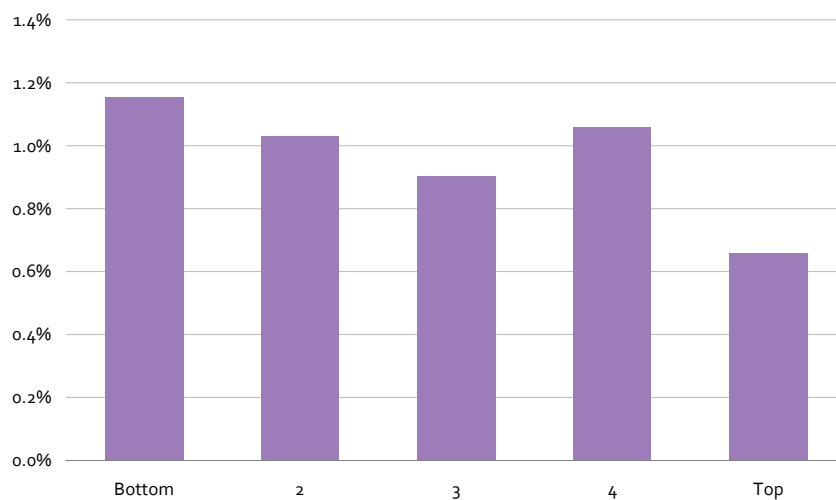
Who benefits from the reforms?

Public expenditure on social care, by income quintile



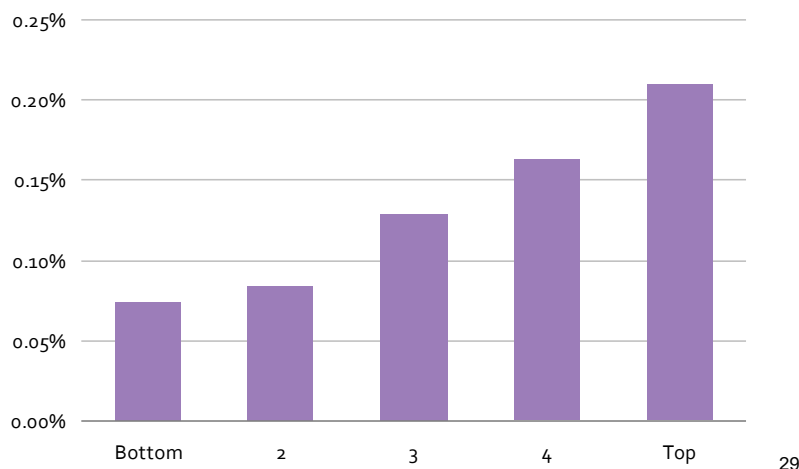
Who benefits from the reforms?

Additional public expenditure as a proportion of income, by income quintile



Who could pay for the reforms?

Additional tax paid, as a percentage of income, if reform were funded through direct taxes, by household income quintile



29

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The Future of Care Funding Panel Debate

Andrew Dilnot
Julia Unwin, JRF
Jane Ashcroft, Anchor
Jules Constantinou, Gen Re

