



Institute
and Faculty
of Actuaries

IFoA Life Conference

Social Care Working Party: modelling update

Content

	Intro to the working party and scope of research
	History and current state of the adult social care funding
	Designing a New Social Care Product Linked to Pensions
	The working party engagements
	ILC Dinner: Towards a new vision for social care
	Social Care Survey: Attitude towards social care in the UK 2025
	Cost of care at different stages of progressing to needing care, using global and UK data

Social Care Working Party

Introduction



Scope of working party

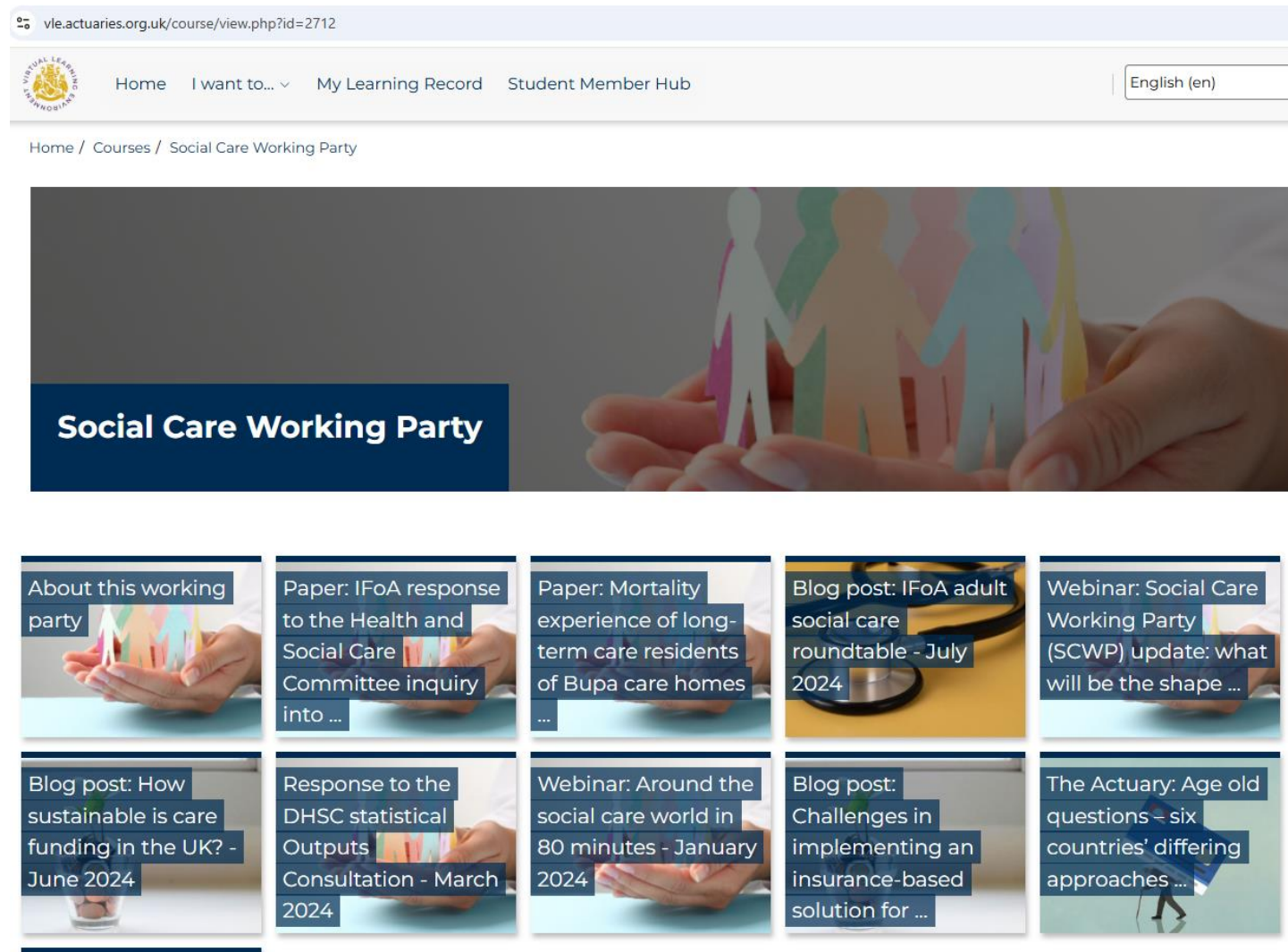
Engagement with different stakeholder to ensure that the Actuaries are part of the conversation in developing a solution

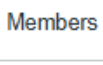
Data availability and feasibility of using the data to design products that could meet long-term care needs



7 members


IFoA VLE and IFoA Communities











☰

[Home](#)
[Members](#)
[Communities](#)
[Forums](#)
[Live Discussions](#)
[Volunteering](#)
[Resources](#)
[IFoA Highlights](#)
[Communities Help](#)


[Health and Care](#) > [Health and Care](#)

▼

All recent discussions ▼
By last reply date ▼
Descending ▼

	Critical Illness Incidence Rates Working Party	16 views	1 reply	Latest over 1 year ago by Katy Stephenson
	Social Care Working Party roundtable ⓘ +1	18 views	1 reply	Latest over 1 year ago by Scott Reid
	Roundtable event on discussion output of University of Leicester Diabetes model	17 views	0 replies	Started over 1 year ago by Scott Reid
	Social Care working party - volunteer vacancy	9 views	0 replies	Started over 1 year ago by Tom Kenny
	Empowering collaboration between health actuaries and healthcare organisations	34 views	2 replies	Latest over 1 year ago by Katy Stephenson
	Mental Health Working Party Newsletter - Q1 2024	23 views	0 replies	Started over 1 year ago by Joe Wilson

History and current state

Adult Social Care landscape

Interactive question

Instructions

Go to

www.menti.com

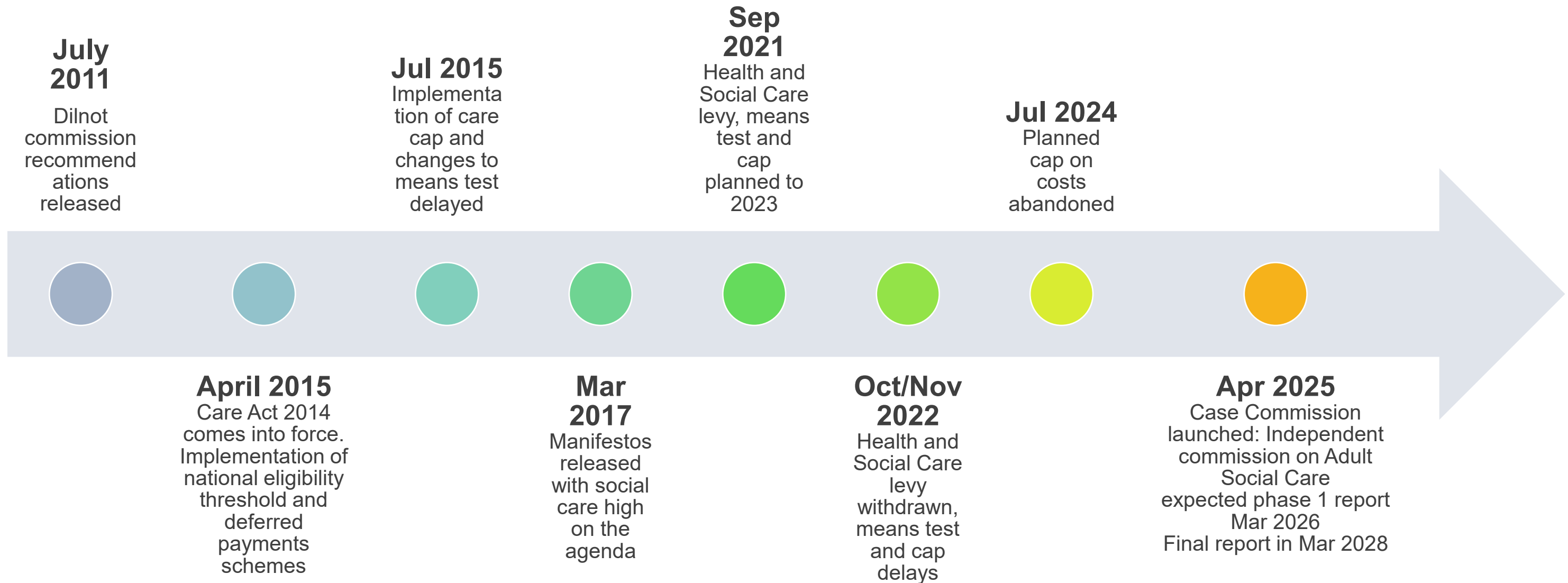
Enter the code

2713 2208



The political timeline (so far)

Recent history of the debate on Adult Social Care Funding




Paper by Vince Bodnar and Gregory Moore

Designing a New Social Care Product Linked to Pensions

Research design

Objectives, approach and design

Objectives

- Design and test the consumer appeal of a social care insurance product linked to a defined contribution pension
-  Provide contributory learnings and other useful insights from consumer interactions.

Approach

- Initially informed by the authors' experience with consumer attitudes towards social care and retirement planning
- Use in-depth qualitative consumer input to shape the design
- Stay open-minded and nimble, let consumer input drive design thinking
- Design a product informed by this input
- Test the appeal of such a product with consumers, also using an in-depth qualitative approach.

Ethnographic method explained

- Rooted in anthropology
- Dives deep into a social group to understand behaviors, beliefs, ways of life
- Focuses on immersion in everyday realities, not survey data.

Application of the method

- Conduct in-depth phone interviews with empathetic listening, reactive questions on concerns, motivations
- Derive strong themes related to planning for social care and retirement and to product appeal
- Product appeal and actionability discussions included usage of a mock website, positioned as live. The interviewer was described as a neutral contractor hired to hear consumer feedback.

Study scope

- 50+ in-depth interviews of 40 consumers, plus employers
- Individuals aged 30 to 60 with incomes of £60k-£120k.

 Contributory learnings are marked with a lightbulb symbol throughout.

Key insights

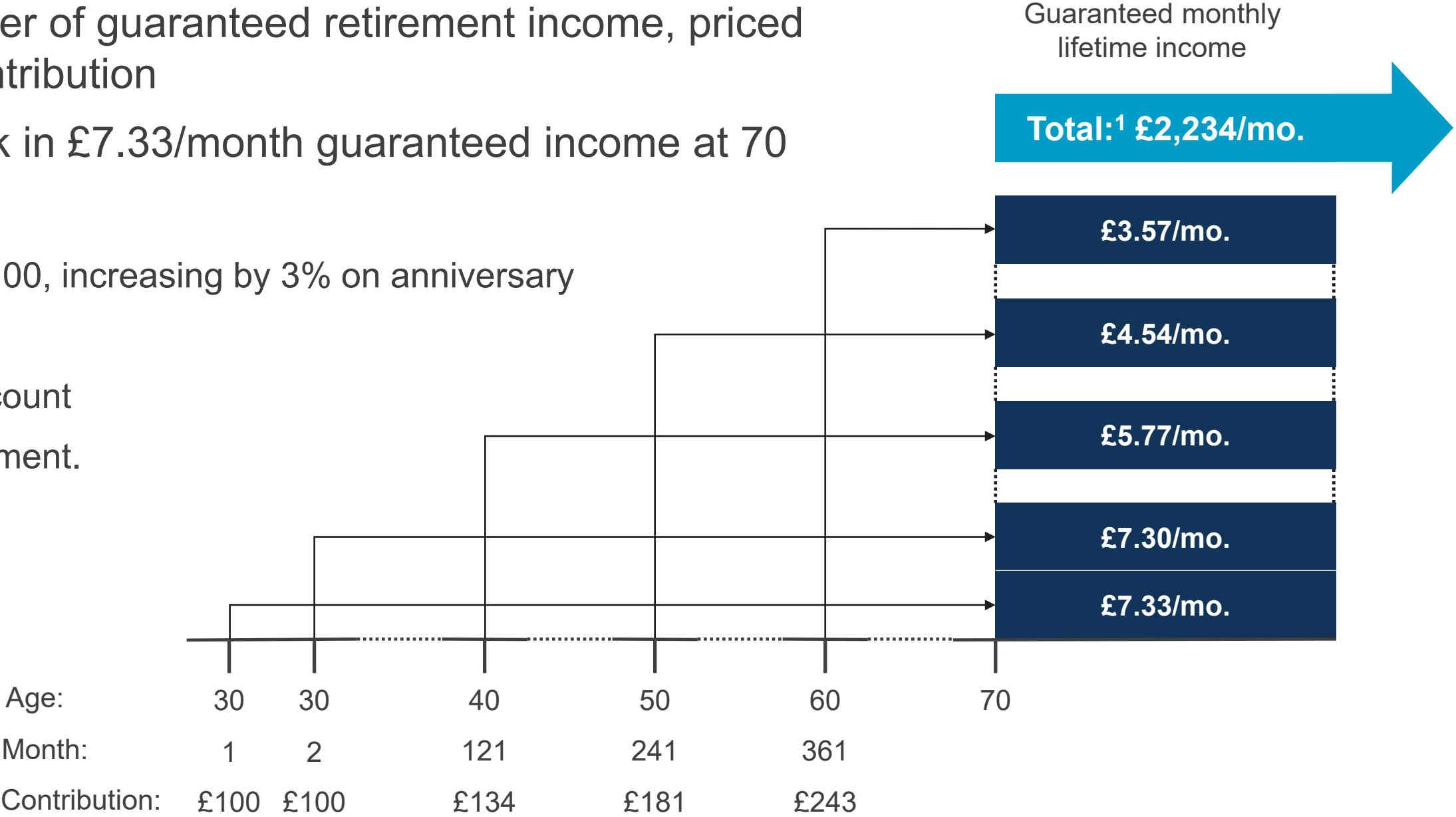
Shaping product design

Insight	Description	Resulting product features
Retirement assurance prioritisation	💡 People worry about both retirement income and social care (funding and finding) but prioritize the former	<ul style="list-style-type: none">• “Retirement Income Fund” as core feature• “Social Care Fund” as secondary• Social care coordination services
Preference for certainty	💡 Preference for locking in guaranteed income pre-retirement over investment risk and growing a pot	<ul style="list-style-type: none">• Each contribution locks in a known layer of guaranteed monthly income at retirement, closely resembling a US deferred income annuity
Difficulty starting	<ul style="list-style-type: none">• People don’t know how or where to start planning for retirement, delaying action	<ul style="list-style-type: none">• Easy-to-use, education-based enrolment platform• Interactive displays of contributions and resulting benefits• Ongoing engagement to encourage increasing contributions
Flexibility	<ul style="list-style-type: none">• People want contribution and withdrawal flexibility	<ul style="list-style-type: none">• Flexible contribution frequency and amounts, including lump sums• Withdrawals allowed (with market value adjustment)
Accessibility	<ul style="list-style-type: none">• Insurance terminology is confusing, creating an access barrier• Low usage of financial advisors	<ul style="list-style-type: none">• Avoid insurance terminology• Workplace-based enrolment as alternative, broad distribution• Potential for employer contributions

Primary feature: locking in layers of guaranteed income

Illustration

- Each contribution creates a layer of guaranteed retirement income, priced and locked in at the time of contribution
- Example: £100 at 30 might lock in £7.33/month guaranteed income at 70
- Assumptions
 - Monthly contributions, initially at £100, increasing by 3% on anniversary
 - 5.5% interest discount
 - No pre-retirement survivorship discount
 - CMI S4 Series Mortality post retirement.



¹Total shown at the top of the bar is the sum of all layers purchased before age 70, which is annuitised at age 70

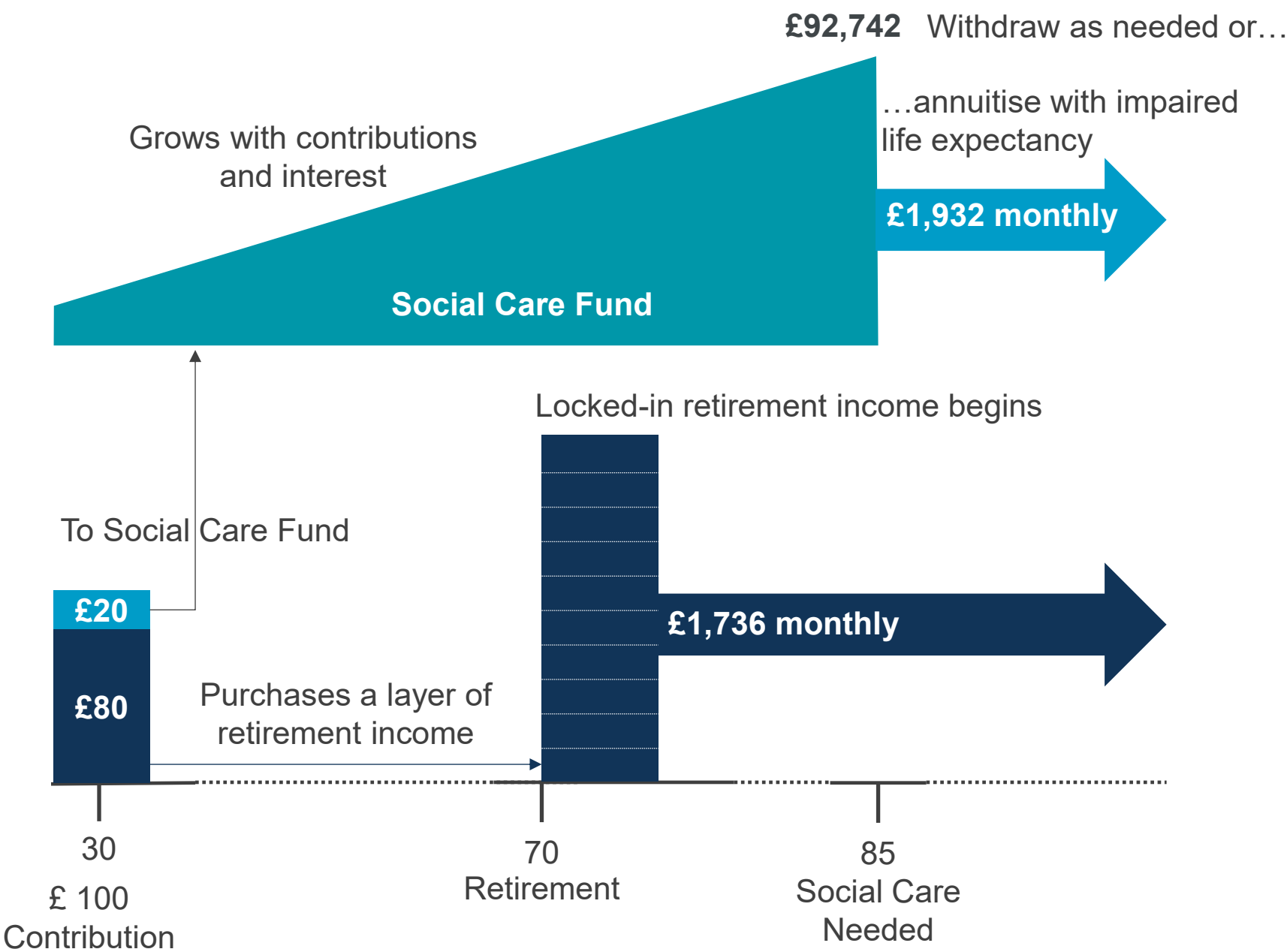
Secondary feature: Social care funding

Illustration

- An elected portion of each contribution payment (e.g., 20%) goes towards a Social Care Fund
 - Remainder purchases a layer of guaranteed monthly retirement income (per prior page)
- The Social Care Fund grows with each contribution and interest (e.g., 5.5%), before and after retirement
- Can be used to fund social care when needed (e.g., age 85) either by periodic withdrawals or annuitised based on impaired life expectancy
- Customers elect contribution allocation informed by local social care costs and estimates of resulting fund.

Example

Local care cost	Fund needed at 85	Annuitized income
£2,000/month	£92,742	£1,932



Closing remarks

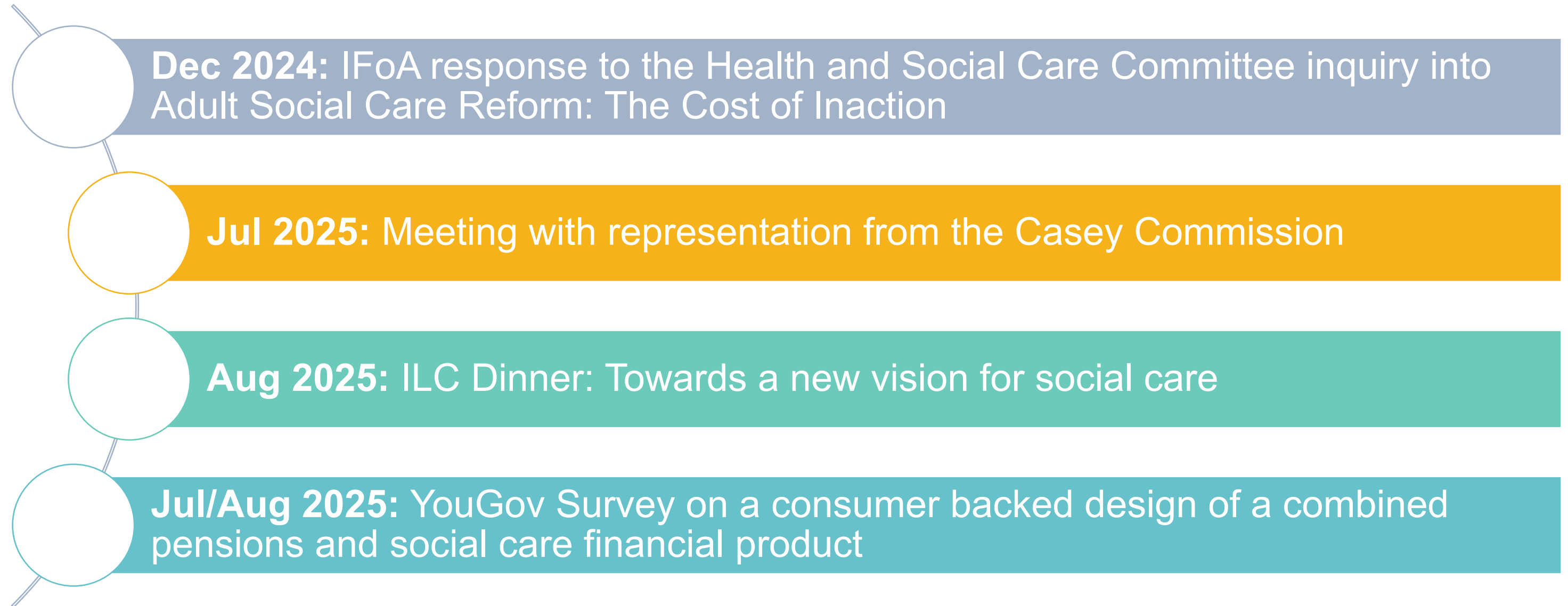
- 💡 • The road to working-age consumers contributing to social care funding runs through retirement income assurance
- 💡 • To consumers, retirement income assurance means locking it in during working years
- 💡 • Many consumers are willing to receive this assurance and remove investment risk/gains
- 💡 • The product has strong consumer appeal (57% willingness to enroll)
 - The product addresses dual anxieties by prioritizing retirement income and integrating social care funding
 - Self-service enrolment, contribution flexibility, liquidity and ongoing engagement makes it “easy to start” and later build on.

Representing the Actuarial Profession in the public discourse

The working party engagement

SCWP – engagement with stakeholders

Update since 2024 life conference



International Longevity Centre (ilc) – Discussion paper

Towards a new vision for social care: policy solutions for an ageing population

Rethinking UK Social Care – Vision and Challenges

- Ageing population demands urgent social care reform.
- Pressures on unpaid carers, fragmented support, and avoidable NHS costs.
- By 2034/35, an additional **£9.1 billion per year** is needed to meet basic care demand.

Prevention



Reducing the need for care through early intervention and support

Equity



Ensuring fair access to services for all demographics

Integration



Coordinating health and social care systems for seamless delivery

Source: <https://ilcuk.org.uk/wp-content/uploads/2025/09/ILC-Towards-a-new-vision-for-social-care.pdf>

International Longevity Centre (ilc) – Discussion paper

Towards a new vision for social care: policy solutions for an ageing population

Policy Proposals for Sustainable Social Care

- Needs-based national planning: Central data systems and minimum standards to address disparities.
- New funding mechanisms: Explore long-term care insurance and better financial support for carers.
- Integrate workforce and carer roles, prioritise prevention and digital integration.



Source: <https://ilcuk.org.uk/wp-content/uploads/2025/09/ILC-Towards-a-new-vision-for-social-care.pdf>

You Gov survey

Who Cares? Exploring Attitudes Toward Social Care in the UK: 2025 Survey



Retirement Outlook

- **3 in 5** are pessimistic about achieving their desired lifestyle
- **71%** have limited on no investment knowledge
- **3 in 5** from pre-retirement age use workplace pension
- **1 in 2** want guaranteed income
- **3 in 10** not considered planning for retirement yet



Care planning

- **3 in 4** not taken steps to prepare for long-term care needs
- **76%** are open to downsizing their home for care planning
- **2 in 5** provide or expect to provide informal (unpaid) care
- **1 in 4** carers dedicate over 40hrs weekly
- **30%** worry about affordability of long-term care



Care funding

- **3 in 5** believe social care is mostly funded by individuals
- **1 in 2** predict the cost of residential care at £50k
- **2 in 5** predict the cost of residential care at £50k

Expected funding sources:

- **39%** Personal savings/ investments
- **31%** Local authorities
- **25%** the NHS



Helping options

- **1 in 2** trust the government for reliable information
- **1 in 5** are satisfied with retirement planning tools

Preference on type of support to prepare for social care

- **38%** government initiatives or support
- **24%** more affordable long-term care insurance or savings
- **25%** jargon free resources

You Gov survey

Cross-cutting policy recommendations

Awareness campaigns

Accessible planning tools

Regulatory clarity

CHALLENGES



OLDER ADULTS

(50 to 64 and 65+)

- Higher concern about care costs
- Preference for income stability
- Better understanding but still gaps



WORKING-AGE ADULTS

(25 to 49)

- Moderate savings
- Growing concern about retirement



YOUNGER ADULTS

(18 to 24)

- Low engagement
- Limited savings
- Poor understanding of social care

ACTIONS

Older adults (50-64 & 65+)

- Promote clear, jargon-free long-term care insurance
- Guidance on downsizing and home equity release
- Expand education on community-based care options



Working Age Adults (25-49)

- Employer-led retirement planning and advice
- Flexible pension options mixing workplace and personal savings
- Target campaigns around life milestones (home-buying, family) to prompt planning



Younger Adults (18-24)

- Integrate financial literacy and social care in education
- Youth savings incentives and starter pension schemes
- Use social media, gamification, and influencers

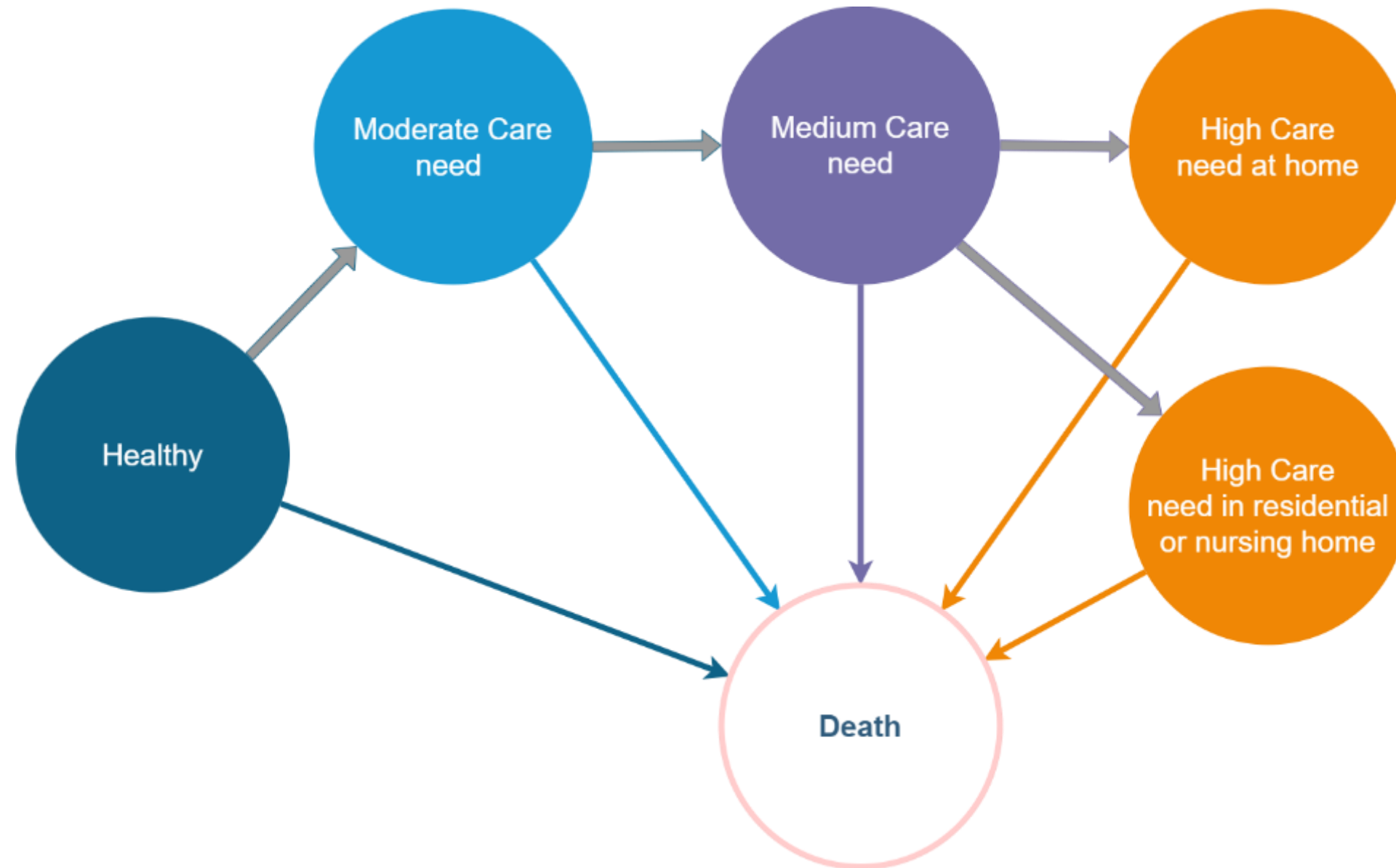


Insurance Product Design

Using actuarial approach to model future cost of long-term care

Multistate model

When should insurance claim be triggered



Cost of care – model - assumptions

- Society of Actuaries (2000-2011 Long-Term Care Experience Study) data set used to set claim inception and termination rates
- Claim distribution by care setting based on DHSC data for England
 - Nursing 10%, Residential 20% and At home 70%
- Annual claim inception rates by age and care setting (using distribution above)

Age	Nursing	Residential	At home
65	0.01%	0.02%	0.08%
70	0.07%	0.14%	0.47%
75	0.17%	0.34%	1.20%
80	0.32%	0.64%	2.23%
85	0.55%	1.10%	3.84%
90	0.94%	1.88%	6.59%
95	1.21%	2.43%	8.49%

Cost of care - model - assumptions

- Nursing home claim termination rates

		Claim duration (months)								
Age	Policy Duration (years)	1	12	24	36	48	60	72	84	96
65	1	13.5%	2.1%	1.7%	2.0%	2.2%	2.7%	2.7%	2.7%	2.7%
75	11	16.6%	2.6%	2.1%	2.4%	2.7%	3.3%	3.3%	3.3%	3.3%
85	21	12.4%	3.8%	3.4%	4.0%	4.5%	5.4%	5.4%	5.4%	5.4%

		Claim duration (months)								
Age	Policy Duration (years)	1	12	24	36	48	60	72	84	96
65	1	4.5%	1.1%	1.3%	1.6%	1.7%	2.1%	2.1%	2.1%	2.1%
75	11	5.8%	1.5%	1.6%	2.0%	2.3%	2.7%	2.7%	2.7%	2.7%
85	21	4.6%	2.3%	2.9%	3.5%	3.9%	4.7%	4.7%	4.7%	4.7%

- Care at home termination rates

		Claim duration (months)								
Age	Policy Duration (years)	1	12	24	36	48	60	72	84	96
65	1	12.8%	2.0%	1.6%	1.8%	1.9%	2.1%	2.0%	1.8%	1.7%
75	11	14.2%	2.2%	1.8%	1.9%	2.0%	2.3%	2.2%	2.0%	1.9%
85	21	9.6%	2.9%	2.6%	2.9%	3.0%	3.4%	3.2%	3.0%	2.8%

Cost of care - model - assumptions

Model Assumptions

Mortality rates based on CMI185 Series 4 tables

Weekly cost of care

- Nursing = £948.59
- Residential = £825.94
- At home (assumes 4 hours of care per day) = £560

Care fee inflation 3.0%

Discount rate 6.0%

Profit and expense loading 10%

Cost of care - model

Projection Year	Calendar Month	Age Year	Active Mortality Rate (Monthly)	Active life Incidence Rates (Monthly)			Active Lives					Disabled Lives											
				1	2	3	BOM Lives	Deaths	New Incidents	Recoveries	EOM Lives	BOM Lives				New Incidence				Deaths			
				NH	ALF	HHC						NH	ALF	HHC	Total	NH	ALF	HHC	Total	NH	ALF	HHC	Total
1	1	65	0.0323%	0.0009%	0.0018%	0.0065%	1.000000	0.000323	0.000092	0.000000	0.999585	0.000000	0.000000	0.000000	0.000000	0.000009	0.000018	0.000065	0.000092	0.000000	0.000000	0.000000	0.000000
1	2	65	0.0323%	0.0009%	0.0018%	0.0065%	0.999585	0.000323	0.000092	0.000006	0.999176	0.000009	0.000018	0.000065	0.000092	0.000009	0.000018	0.000065	0.000092	0.000001	0.000000	0.000003	0.000004
1	3	65	0.0323%	0.0009%	0.0018%	0.0065%	0.999176	0.000323	0.000092	0.000012	0.998773	0.000017	0.000036	0.000121	0.000174	0.000009	0.000018	0.000065	0.000092	0.000001	0.000001	0.000006	0.000007
1	4	65	0.0323%	0.0009%	0.0018%	0.0065%	0.998773	0.000323	0.000092	0.000015	0.998372	0.000024	0.000053	0.000170	0.000247	0.000009	0.000018	0.000065	0.000092	0.000001	0.000001	0.000008	0.000011
1	5	65	0.0323%	0.0009%	0.0018%	0.0065%	0.998372	0.000322	0.000092	0.000016	0.997974	0.000030	0.000069	0.000215	0.000314	0.000009	0.000018	0.000065	0.000092	0.000002	0.000001	0.000010	0.000013
1	6	65	0.0323%	0.0009%	0.0018%	0.0065%	0.997974	0.000322	0.000092	0.000018	0.997577	0.000036	0.000085	0.000256	0.000377	0.000009	0.000018	0.000065	0.000092	0.000002	0.000002	0.000012	0.000015
1	7	65	0.0323%	0.0009%	0.0018%	0.0065%	0.997577	0.000322	0.000092	0.000018	0.997181	0.000041	0.000100	0.000295	0.000437	0.000009	0.000018	0.000065	0.000092	0.000002	0.000002	0.000013	0.000017
1	8	65	0.0323%	0.0009%	0.0018%	0.0065%	0.997181	0.000322	0.000092	0.000019	0.996786	0.000047	0.000116	0.000332	0.000494	0.000009	0.000018	0.000065	0.000092	0.000002	0.000002	0.000014	0.000018
1	9	65	0.0323%	0.0009%	0.0018%	0.0065%	0.996786	0.000322	0.000092	0.000019	0.996391	0.000051	0.000130	0.000367	0.000549	0.000009	0.000018	0.000064	0.000092	0.000002	0.000002	0.000015	0.000019
1	10	65	0.0323%	0.0009%	0.0018%	0.0065%	0.996391	0.000322	0.000092	0.000020	0.995997	0.000056	0.000145	0.000402	0.000603	0.000009	0.000018	0.000064	0.000092	0.000002	0.000002	0.000015	0.000020
1	11	65	0.0323%	0.0009%	0.0018%	0.0065%	0.995997	0.000322	0.000092	0.000020	0.995603	0.000061	0.000159	0.000435	0.000655	0.000009	0.000018	0.000064	0.000092	0.000003	0.000003	0.000016	0.000021
1	12	65	0.0323%	0.0009%	0.0018%	0.0065%	0.995603	0.000322	0.000092	0.000020	0.995210	0.000065	0.000173	0.000467	0.000706	0.000009	0.000018	0.000064	0.000092	0.000003	0.000003	0.000016	0.000022

Cost of care - model - output

- Probability of needing care in later life at age 65 = 51%
- Expected cost of care = £19,752
- Likely monthly premium (paid over 15 years) to cover cost of care = £193
- Based on BUPA study, the expected cost of care in a nursing home at the point of entering a home would be £95k for a male and £118k for a female.
- The actual cost will vary significantly based on the health of the individual entering the home.
- There is a significant variation in time spent in a care home as shown on the following slide.

Mortality experience of long-term care residents

- Joint work between the Mortality Research Steering Committee of the Institute & Faculty of Actuaries & Bupa
- Authors: Dr Mary Hall FIA, FSAI, Mr Andrew Barry FIA
- This paper presents analysis the duration of care and the mortality of residents of Bupa care homes in Britain during the period 2016-2019.
- The paper provides insight into:
 - the duration or length of stay by types of care and gender;
 - mortality experience of Bupa residents.
- How can this research support modelling of the cost of care?

Table 3. Proportion of deaths over the period 2016-2019 by year post admission to Bupa LTC facility for males and females respectively.

	Year 1	Year 2	Year 3	Year 4	Year 5+
Males	59%	17%	9%	7%	8%
Females	47%	18%	12%	8%	16%

