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Caring for your future

The long-term financial impact of caring

Contents

Summary

Taking on a caring role can result in a sharp reduction in family income making it difficult to continue to work full time. The poverty rate among working-age carers increases with the number of hours they care for, particularly after 20 hours per week.[1] In some cases disability or illness means that no one in the household is able to continue in paid work.

There are extra costs of caring too that are often not covered by disability benefits even when entitlement exists. Higher utility bills, transport costs and the cost of care services can all stretch household finances to the limit.

It's easy to miss out on financial support that's available. For many people, looking after an ill, older or disabled loved one doesn't have a name, it is 'just something you do'. However, not recognising you are carrying out a caring role can be a real barrier to accessing vital support with repercussions for household finances both in the short term and far into the future. With 6000 people beginning a new caring role every day, there is an ongoing need to reach people with information and advice.[2]

Research carried out in 2016 found that 91% of carers said they missed out on financial or practical support (or both) as a result of not identifying as a carer. Of these carers who missed out on support due to not identifying as a carer half of carers (52%) said missing out impacted negatively on their finances and 2 in 5 carers (42%) said missing out on support had caused them to give up work to care.[3]

Over a third of carers (37%) responding to our most recent survey described their financial situation as 'struggling to make ends meet', while a further 20% said they are in or have been in debt as a result of caring.[4]

Based on responses from Carers UK's State of Caring Survey 2018, examining the experiences of nearly 7000 current carers – this research explores the impact that caring has on finances and how this changes the longer you provide care. Unless specified, all results are from carers across the UK.

The findings are stark and demonstrate how the negative impacts of caring are intensified over time with carers' financial resilience diminishing, the longer their caring role continues.

The findings underline the need to access financial support early and the importance of support to remain in or return to work where carers are able to and wish to. Much more must be done to ensure that people can get the help they are entitled to at all the stages of their caring role.

The financial hardship experienced by carers, particularly in the longer term speaks to the urgent need for the UK Government, and where appropriate for devolved administrations, to rethink carers' social security and pension entitlements as well as the services and support they need to combine paid work and care. Without this many more people will face difficult decisions about whether to continue in employment and will experience intolerable financial pressure in return for caring for their family and friends.

The forthcoming Green Paper on adult social care funding in England and the NHS Long Term plan provide opportunities for supporting and sustaining the contribution of unpaid care now and in the future. In the devolved nations, Governments must consider sustainable funding for social care for both adults and children within their upcoming budgets. These opportunities must not be missed.

1 NPI (2015) Informal carers and poverty

2 Carers UK (2015) Need to know: Transitions in and out of caring

3 Carers UK (2016) Missing Out: The Identification Challenge

4 Carers UK (2018) State of Caring 2018

20%

of UK carers **are in or have been in debt** as a result of caring

Scotland	**22%**
Northern Ireland	**19%**
England	**20%**
Wales	**24%**

37%

of UK carers are **struggling to make ends meet**

Scotland	**36%**
Northern Ireland	**34%**
England	**37%**
Wales	**34%**

Only **48%**

of UK carers **can afford their bills without struggling financially**

Scotland	**46%**
Northern Ireland	**50%**
England	**48%**
Wales	**49%**

Key findings

Two in five (44%) of those caring for more than 15 years **could afford their bills without struggling financially**, compared with three in five (62%) of carers in their first year.

The number of carers in **debt because of caring** increases from nearly one in ten (12%) of people caring for a year or less to one in five (19%) of those caring between five and nine years.

A quarter (25%) of people who have been caring for over 15 years report **that they have been in debt as a result of their caring role**.

Half of people caring for more than 15 years and struggling financially report **having to cut back on essentials like food or heating**.

Length of time spent caring increases likelihood of struggling financially

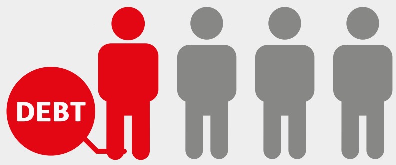
More than a third of current carers (37%) responding to our most recent survey described their financial situation as ‘struggling to make ends meet’, while a further 20% said they are in or have been in debt as a result of caring. Fewer than half of carers (48%) said that they could afford their bills without struggling.

Comparing carers’ financial situation with how long they have been caring reveals the cumulative financial hit that carers take over time. The proportion of carers who can afford their bills **without a struggle** drops sharply from 62% of respondents who have cared for less than a year down to 55% of those with a caring role of between one and four years. It continues to drop the longer the period someone is caring for.

Similarly the number of carers who are or have been in debt because of caring increases from 12% of people who have had a caring responsibility for a year or less to 14% of those who have cared for between one and four years. For those caring between five and nine years the proportion who are in debt rises steeply to 19% and to 25% of those who have been caring for over 15 years.

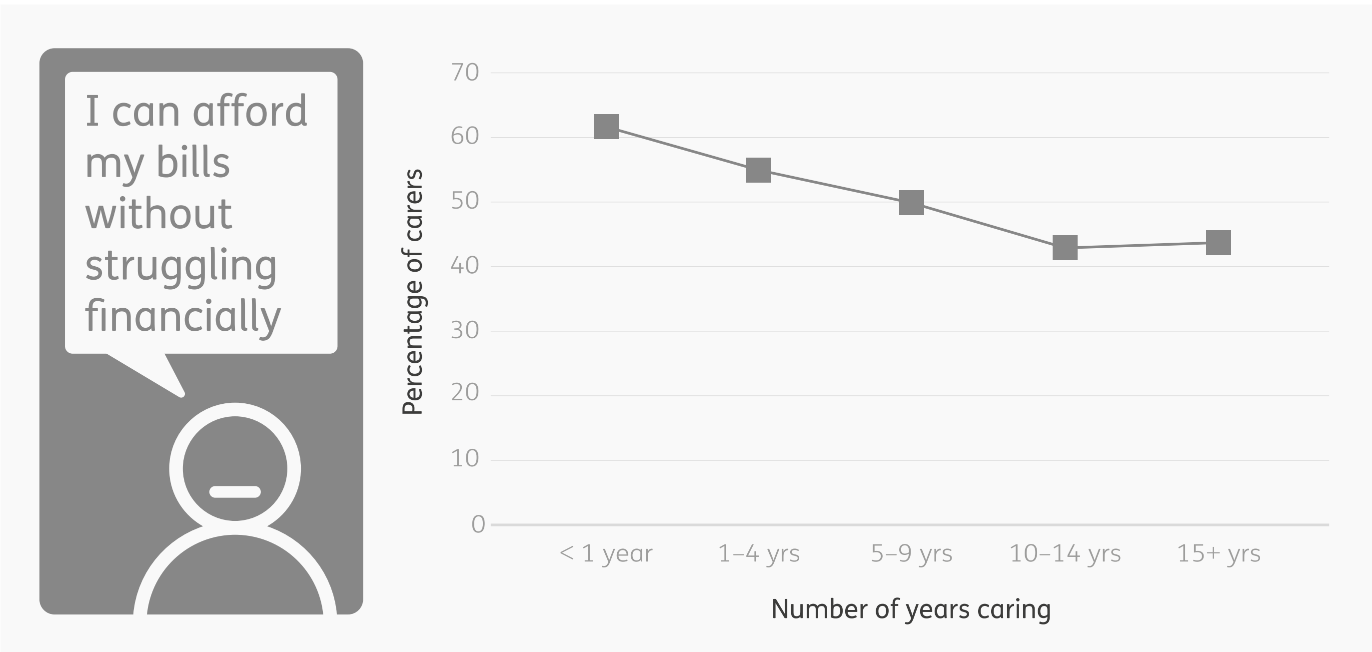
Overall, double the proportion of people caring for over 15 years have been in debt compared with those in their first year.

25%

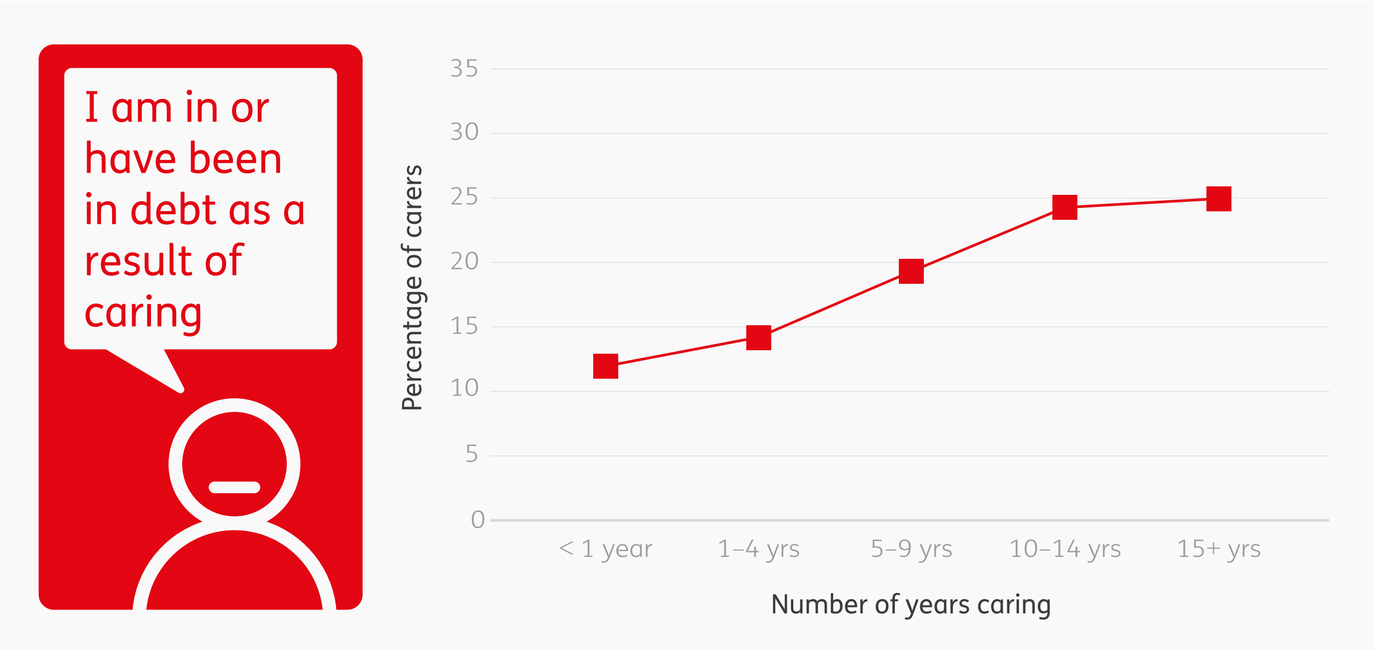


of those who have been caring for over 15 years have **been in debt as a result of caring**

Impact over time of carers’ ability to afford to pay bills without struggling



Carers reporting having been in debt as a result of caring over time



Financial decisions made by carers who say they are struggling to make ends meet

Number of years caring	< 1 year	1–4 years	5–9 years	10–14 years	15+ years	All
Using your bank account overdraft	-	30%	29%	36%	30%	**31%**
Using credit cards	-	34%	32%	39%	33%	**34%**
Taking out a loan from the bank	-	9%	7%	13%	6%	**8%**
Borrowing from family or friends	-	28%	30%	26%	25%	**27%**
Using pay day loans	-	3%	3%	2%	2%	**3%**
Falling into arrears with housing costs *i.e. rent or mortgage payments*	-	6%	7%	5%	8%	**7%**
Falling into arrears with utility bills	-	10%	12%	13%	12%	**12%**
Cutting back on essentials *(like food and heating)*	-	42%	46%	48%	50%	**46%**
Cutting back on luxuries	-	81%	77%	86%	79%	**80%**
Cutting back on support services which help with caring	-	11%	14%	12%	14%	**13%**
Cutting back on seeing friends/family	-	61%	62%	60%	60%	**61%**
Cutting back on hobbies/leisure activities	-	74%	74%	77%	76%	**75%**
Using savings	-	41%	41%	39%	41%	**41%**
Using food banks	-	4%	3%	4%	4%	**4%**

Coping in financial hardship

We asked carers who identified as ‘struggling to make ends meet’ what steps they were taking to manage their finances and cope with the financial pressure. Responses showed the difficult decisions carers are making both to cut back on spending but also to borrow money or use savings to manage.

Cutting back

Troublingly, almost half of all carers struggling to make ends meet (46%) said they cut back on essentials such as food and heating to cope. Going without these essentials is likely to have a detrimental impact on a carer’s health, whilst cutting back on hobbies, leisure activities, and seeing family and friends can have a significant effect upon a person’s wellbeing and their risk of chronic loneliness. The responses from carers about the spending decisions they make in the face of financial pressure show how their ability to manage their finances by cutting back on spending lessens over time in other words, their financial resilience, drops over time.

Both those who have been caring for a shorter amount of time and those who’ve been caring for longer are cutting down on “luxuries”. But, caring for longer makes it more likely you’re cutting down on essentials as well.

A higher proportion of those who have been caring for longer periods of time are forced to make more difficult choices. Over time the numbers cutting back on essentials increases from 42% of those caring for between 1 and 4 years to 50% of those who have been caring for over 15 years.

Financial decision made by carers in different nations who are struggling to make ends meet

80%

of UK carers have **cut back on luxuries** as a result of caring

Scotland	**81%**
Northern Ireland	**75%**
England	**81%**
Wales	**77%**

46%

of UK carers have **cut back on essentials** as a result of caring

Scotland	**48%**
Northern Ireland	**34%**
England	**47%**
Wales	**47%**

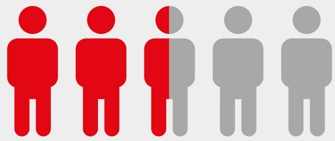
Another stark spending decision is being made by carers who have been caring for longer periods. They are more likely to cut back on spending on support services which help with caring. 14% of those caring for more than 15 years are doing this compared with just 1 in 31 of those who have been caring for a year or less.

> We have run out of money, all savings are gone and we are still overdrawn at the bank, we don't eat every day as we have to spread the food out, we cannot afford repairs on the house and I sleep on a broken bed and sit on a broken settee... we are getting further into debt.
>
> *– someone caring for between 10 and 14 years*

50%

of those caring for over 15 years **cut back on essentials**

(Compared to 42% of those caring for between 1 and 4 years)



Access to credit and savings

Looking at how length of time spent caring impacts on carers' ability to cope when managing on low incomes and in many cases high costs of caring, we can see that their choices to use savings or access credit of different kinds change over time.

> I am managing at the moment because I am using my savings to pay my bills.
>
> *– someone caring for less than one year*

For those in their first year of caring who are struggling financially, a large proportion rely on savings with 17 in 31 saying that they used savings to cope. The proportion drops down to between 39% and 41% across the different lengths of time spent caring. This suggests that a significant number of people's savings are only sufficient to support them through the first year of caring – this is consistent with increasing numbers of carers reporting they are struggling financially the longer they care for.

> I have stayed afloat financially for the last 7 years by using my savings but now this is virtually depleted.
>
> *– someone caring for between 5 and 9 years*

Behaviour towards borrowing changes starkly following the first few years of caring. Whilst none of the 35 carers reporting they were struggling financially who had been caring for a year or less had taken out a loan from the bank, 9% of those caring for between one and four years had done so.

For those caring for 10-15 years 13% had taken out a loan from the bank. Similarly the proportion of those using credit cards to manage their financial pressures rises from 10 in 31 of those who have cared for a year or less to 39% of those who have been caring for 10-14 years.

The proportion of people accessing credit in the form of loans, overdrafts or credit cards peaks at those caring for 10-14 years and drops off slightly for those caring for 15 years or more. This may be because those who have been caring for 15 years or more tend to be older and may be less willing or able to access credit. The proportion of those borrowing from friends or family remains more consistent across the different groups.

Falling into debt

The numbers of caring facing even more serious financial issues including falling into arrears with their housing and utility bills broadly increases over time spent caring.

Of those reporting that they are struggling financially, 1 in 31 who have been caring for a year or less reported being in arrears with their rent or mortgage costs with this increasing for those with longer caring roles reaching 8% of those who have been caring for 15 years or more. Similarly 1 in 31 of those caring for a year or less report being in arrears with utility bills and this rises to 13% of those who've cared for 10-14 years.

> We combine our benefits and just manage to scrape by at the end of the month but there are times when it is very stressful and financial sacrifices have to be made to afford all the basic things we need.
>
> *– someone caring for 15 years +*

Implications of caring on future financial resilience

It is not surprising that, although significant numbers of people who are juggling caring with paid full or part time work are still struggling with every day finances, those who are not able to work due to their caring roles, their own health conditions or because they have not been able to enter or return to work are much more likely to be in financial hardship.

Just over half of those in full time work said they could afford their bills without a struggle compared with only 17 in 66 of those who are unemployed and looking for work and 28% of those who aren't able to work due to sickness or disability.

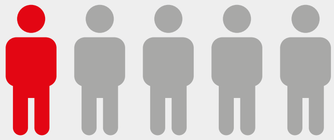
1 in 5 of full-time (20%) and part-time (18%) employees are or have been in debt as a result of their caring responsibilities compared with 22 in 66 of carers who are looking for work and 27% of those unable to work. 40 in 66 of carers who are seeking work report that they are struggling to make ends meet.

Carers who are retired were least likely to be struggling with their finances. Some of these people will have had more opportunity to build up pensions and accumulate savings and may have benefitted from the greater affordability of home ownership in the past. The greater financial impact on working age people also reflects the very low level and pressure on benefit payments available to those under retirement age.

It's clear that the financial hardship experienced by carers not in work will have long term repercussions for their financial resilience in the future.

Leaving work to care not only puts pressure on the day-to-day finances of carers and their families – it can also have far reaching consequences for their long-term financial independence and security. Our 2014 State of Caring Report found that nearly half of carers (44%) who had left work to care said they would not be able to save for a pension as a result and over half (58%) reported that they would not be able to save up to provide for their own care needs.

20%



of full-time employees **are or have been in debt** as a result of their caring responsibilities

"I'm concerned about my finances as I retire. I have not been able to save for retirement since caring."

– someone caring for between 5 and 9 years

Those who do remain in work alongside caring tend to earn less than people who do not provide care. The New Policy Institute's report on Informal Carers and Poverty found that:

> *"Family carers who remain in work earn less per hour than non-carers. Men who provide family care earn 15% less per hour than men who don't. For women this difference is 4%. This does not control for industry or occupation.) Carers who provide 20+ hours of care a week still earn 5% less than non-carers, even when we take into account differences in hours of paid work, and sociodemographic differences between carers and non-carers."* [5]

5 NPI (2015) Informal Carers and Poverty

Carers are acknowledged to be particularly at risk of being 'under-pensioned' largely because they are less likely to have paid into a private pensions scheme.[6]

Women make up the majority of those providing care in their 40's and 50's and more of them may have to reduce their hours of work or leave work entirely, making them increasingly vulnerable to poverty. Unpaid caring responsibilities for a relative or friend with disabilities are, along with parental responsibilities, recognised as key factors in the gender pensions gap.

Aside from needs arising from unpaid caring responsibilities, carers are also likely to have other characteristics which affect employment. This includes having a long-term illness: 22% of those caring between 20-49 hours per week and 28% of those caring for 50 hours per week or more have a limiting long term illness compared to 12% of those not caring.[7]

This was recognised by John Cridland CBE in his final report following his independent review of State Pension age arrangements after 2028:

> *"Whilst a later State Pension age can be mitigated by longer working, the two objectives of unpaid caring, and longer working are not easy to reconcile. It is the same group of people, at the same age, needing to allocate their time in two diferent ways. Both contributions are important to society and to the Exchequer. Family social care is essential, and its reduction would lead to increased State social care. However, carers in their 50s and 60s also need an income; they need to build up a pension; and they need to save. If they do, they add to national wealth. We need to value their unpaid contribution to a decent society."*

As the number of hours of unpaid caring increases, and the supply of social care services is diminished by spending cuts, people face an increasing challenge to remain in work at the same time as providing care. Whilst some are able to access support and flexibility from employers, this is by no means the case for all carers.

A wide reaching review of the financial recognition and support given to people whose caring responsibilities mean they are not able to work full-time is needed. The current levels of benefits particularly for working age carers are completely inadequate and fail to come anywhere close to compensating carers for the loss of income they face from caring.

Far more must be done too to enable people to remain in work alongside caring as this reduces their likelihood of being in financial hardship whilst they are caring and protects their finances for their own later life and care needs.

6 Pensions Policy Institute (2016) The Under-pensioned

7 NPI (2015) Informal Carers and Poverty

Recommendations

Improve access to information and advice for carers

- Navigating the maze of benefits and entitlements alongside trying to work out the complex health and social care system can be extremely difficult. Local health and care authorities could really maximise early help for carers. Digital sources of information are key in providing widespread information that is easily accessible, backed up by more personal interventions.
- For those juggling work and care, accessible information about rights at work and an understanding of an employer's specific policies is essential for carers to remain in work. Carers who have supportive employers say that it is a key factor in them remaining in work. This is vital for their future financial stability.
- The NHS Long Term Plan in England is a vital opportunity to make identification of carers systematic and consistent; bringing better outcomes for carers and those they care for, and linking carers earlier into information and advice.
- The UK Government and devolved administrations should review their own information resources particularly gov.uk to look at how key information and pathways could be improved for carers looking for support.

Ensure that carers and their families do not suffer financial hardship as a result of caring

- Carer's Allowance must be raised across the rest of the UK to at least the level of Jobseeker's Allowance, as has been done in Scotland, with equivalent increases to the Carer Premium, Addition and Element to ensure that those on the lowest incomes benefit. In the longer term, financial support for carers must be increased significantly.
- The earnings threshold for Carer's Allowance needs to rise year on year in line with the National Living Wage pegged at least to the equivalent of 16 hours a week so carers don't have to choose between Carer's Allowance and keeping in touch with the workplace. A taper should also be introduced.
- Ensure that carers are auto-enrolled in a second pension – a Carer's Pension needs to recognise the value of unpaid work and ensure that they do not suffer financial hardship later in life.
- Ensure that the wider debate around Universal Credit considers the role and impact on carers.
- Government needs to review the freezing of benefit rates. Although disability and carer's benefits continue to rise, freezing other benefits has a wider impact on families' income, thereby affecting carers.

Ensure carers are able to juggle work and care, if they wish to, with support to return to work alongside or after caring

- Create a new right to paid time off work to care of at least 5-10 days.
- Put in place tailored support for carers looking to return to work, including recognising the skills carers have developed through their caring role.
- Work with employers to include carers in health and wellbeing support at work.
- Recognise that good quality and affordable care services are an essential part of enabling carers to remain in or return to work alongside caring.

Put in place enough funding so that older people and people with disabilities are able to access the high quality and affordable care they need and are able to have a life alongside caring roles

- An urgent and significant increase in funding for care services is needed now or the role of families and friends who are caring will become increasingly unsustainable as carers are pushed to breaking point by a lack of support.
- Consideration of new funding models for social care and the priorities for future NHS spending must have carers' contributions, both financial and practical, at their heart and deliver a sustainably funded health and care system that is fairer for families.

Public awareness campaign to improve understanding and recognition of caring

- While professionals play a central role in identifying carers, everybody has a part to pay in ensuring their social networks, family, friends and colleagues are supported if caring. By increasing recognition of the value of providing care amongst wider society, we can all help to improve wider understanding and recognition of carers' huge contribution.

About the research

The figures in this report come from responses to Carers UK's 2018 State of Caring survey. A total of 7,397 carers and former carers responded to the survey between March and May 2018, but only responses from the 6,828 people currently providing care who completed the survey are included in this report as it is designed to provide a snapshot of caring in 2018.

Compared to the carer population as a whole, respondents to this survey were more likely to be female and caring for a high number of hours every week. As not all respondents completed every questions in the survey, a number of the figures given in this report are based upon responses from fewer than 6,828 carers. This, together with the sample sizes of different groups, should be taken into consideration when reading the results.

In particular, it should be noted that:

- The figures relating to actions of carers struggling to make ends meet who have been caring for less than a year are based on 31 respondents.
- The figures relating to actions of carers struggling to make ends meet who are looking for work are based on 66 respondents.

carersUK
making life better for carers

Carers Rights Day

Carers UK runs Carers Rights Day every year where we are joined by hundreds of organisations raising awareness of caring, helping to identify carers and signpost them to information, advice and support.

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