
Sharing the burden: the impact of long-term care on the financial situation of families in Europe

Session: Informal care is not free and not even cheap

Global Observatory of LTC celebration of the UN's
International Day of Care and Support

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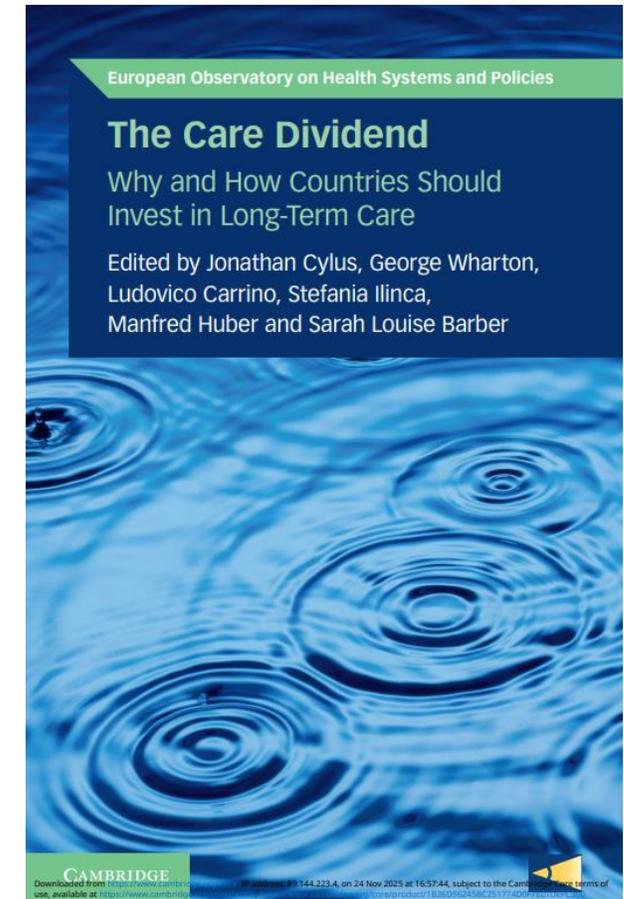
Sharing the burden: the impact of long-term care on the financial situation of families in Europe

What we know:

- A significant share of families' contributions to the costs of LTC takes the form of *time* rather than OOP payments
- The value of informal care is at least as high as public expenditure on long-term care, even in relatively high-spending countries (Ekman et al., 2021; Del Pozo-Rubio et al., 2020)
- Caregiving competes for time which may impact labour and earnings
- Informal care is concentrated among poorer individuals (Rodrigues et al. 2018)

Aim was to look at the cost of LTC for service users and their families, focusing on:

1. Out-of-pocket payments for home care services
2. **Financial impact of caregiving on informal carers**



Measuring financial impact on informal carers

- **Data:** waves 4 (2011), 5(2013) and 6 (2015) of the Survey on Health, Ageing and Retirement in Europe (SHARE)
- **Sample:** informal carers aged 50-64 years from 10 European countries (AT, DE, SE, ES, IT, FR, DK, SW, BE, CZ)
- **Approach:** compare outcomes in the period immediately before and after starting to provide care
- **Measures:**
 - Employment (whether employed and number of hours)
 - Income (how equivalised household income changes)
 - Risk of poverty (impoverished, further impoverished) based on threshold of 60% of national median equivalized income



Defining informal care:

- Providing personal care inside and outside the household or home help outside the household

Impact on labour

~10% of carers **exited the labour market**

Around **22% reduced working hours**

Carers worked around **8 hours less/week**

Reductions in labour supply and equivalised household income after becoming a carer

Country	Percentage of carers who stopped working	Percentage of carers who reduced their working hours	Percentage of carers who reported a reduction in income
Austria	8.6	22.2	46.2
Germany	9.0	21.4	46.4
Sweden	4.9 ^a	25.6	59.7
Spain	10.2	19.6	43.3
Italy	8.2	16.2	45.3
France	12.0	23.1	50.0
Denmark	9.1	26.6	49.4
Switzerland	6.4	33.9	39.5
Belgium	10.8	22.2	49.3
Czech Republic	9.5	21.7	48.3
Total	9.7	21.8	47.2

Reduction in labour market participation, mostly among carers reducing hours, rather than dropping out of the labour market altogether

Impact on income

Many carers experienced a **deterioration in their financial situation**

39-50% reported a **reduction in household income**

Household income was on average **35% lower**

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Some households experienced increases in income

(withdrawing savings, intergenerational transfers, partners' or own increase in labour, taking up old-age pension)

Country differences

Some countries may have better opportunities to **combine informal care with work** (E.g. Sweden, Switzerland)

Low share of carers reducing hours may reflect **differences in 'would-be carers' and employment rates** (e.g. Spain, Italy)

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Effect of caregiving on risk of poverty

4,3-12% of carers were impoverished as they transitioned to caregiving

~4.6% became further impoverished

Impoverishment is seemingly highest in countries **with cash for care benefits** as main mean of support, more **limited formal home care** and where **informal care is intensive**

Impoverishment and poverty rates in connection with caregiving

Country	Impoverished (%)	Poverty rate before caregiving (%)	Poverty rate after caregiving (%)
Column	1	2	3
Austria	8.5	23.1	21.5
Germany	5.8	13.5	13.9
Sweden	4.3 ^a	6.9 ^a	6.2 ^a
Spain	11.4	37.1	34.4
Italy	12.0	34.2	28.7
France	5.8	14.3	14.2
Denmark	5.5	4.9 ^a	6.4
Switzerland	5.1 ^a	5.6 ^a	5.6 ^a
Belgium	5.5	8.8	9.0
Czech Republic	12.0	32.5	26.0
Total	7.5	19.4	18.2

Effect of caregiving on risk of poverty

Complicated effects on poverty rate:

- A sizeable share of carers were **below the poverty line before beginning to care**, highlighting the type of individuals who take on care (lower income)
- **Poverty rate reduced in some countries**, where poverty rate prior to caregiving is highest
- Short-term effects may be explained by **take up of social benefits, cash for care benefits, previously marginally employed carers, cohabitation**

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Summarizing impact on informal carers

- Carers find themselves in **precarious financial situations**, even before taking up care (which care contributes to)
- **Informal care is not cheap!** Effect of caregiving on **employment and income** can be quite substantial
- **Increased risk of poverty among carers**, particularly in countries that are considered familialist
- If informal care is considered as an in-kind subsidization of LTC by families, it's **disproportionately paid by lower-income families**
- **Income-maintenance policies, social benefits** that financially protect carers and **expanding access and eligibility to LTC services** can help
- These **short-term effects of caregiving** may be exacerbated in long term

