6 in 10 over-45s are underestimating the cost of care by thousands of pounds

Brits could face a worrying shortfall if they need care later in life. A report from the Just Group (8 December 2025) suggests that 6 in 10 over-45s are underestimating the cost of a care home by thousands of pounds.

Industry figures suggest average residential care home fees are almost £66,500 a year. However, 60% of over-45s believe the annual cost would be less than £60,000, with 28% underestimating the true cost by more than half.

Of those surveyed who had previously helped find care for a loved one, 85% said they were shocked by the cost.

With the report estimating that 4 in 5 people aged over 65 will require some level of care before they die, thousands of families could be surprised by the care bill they receive.

Read on to find out whether you're likely to need to self-fund care, and how to make it part of your financial plan.

Taxpayer support is means-tested, and many care home residents need to pay care costs

According to the report, 67% of people surveyed said they were surprised by how little financial support the state provides, and how much they'd have to contribute.

Indeed, taxpayer support is means-tested, and as a result, many people are required to cover all or a portion of their care costs.

In England and Northern Ireland, anyone with assets valued at more than £23,250 is expected to pay their own residential care costs in full. You will have to contribute some of your income to cover fees if the value of your assets is between £14,250 and £23,250. Whether your home is included when calculating the value of your assets will depend on your circumstances.

In Scotland, personal and nursing care is free, but you might still need to pay for other costs, such as accommodation. If your assets total more than £35,000, your local council will not cover the additional fees associated with a care home.

In Wales, you might need to cover all your care home fees if you have assets that exceed £50,000. If your capital is below this threshold, your local council will contribute towards your fees.

A care plan could provide certainty and peace of mind

While you may hope that you don't need to move into a care home in the future, making the potential costs part of your financial plan now could offer peace of mind.

The report from Just Group found that 73% of people said the process of finding care was very stressful. Being unsure whether you can afford the costs and how it might affect your goals could further add to this stress for both you and your loved ones.

Yet, the survey shows only 7% of over-75s have made a specific provision to cover the cost of care themselves.

There are several ways you might fund care yourself. According to the report, among those paying for their own costs, the top three ways were:

- Savings or investments (59%)
- Pension income (48%)
- Proceeds from selling property (36%).

A care plan might involve reviewing your assets and setting a portion of them aside to cover care if it's required.

Being proactive about planning for care could mean you have greater choice in the future.

For example, 71% of people said a care home close to family would be important to them. If you have a care fund to draw on, you might be able to select a care home that would otherwise be out of reach.

Similarly, you might prefer a care home that has certain amenities, which would make the next chapter of your life more enjoyable. Again, making care part of your financial plan could mean you have the option to choose a care home that suits your needs.

Contact us to talk about your care plan

A care plan can help you set money aside in case you need support later in life and offer you peace of mind. Please get in touch to talk about making care part of your wider financial plan.

Please note: This article is for general information only and does not constitute advice. The information is aimed at individuals only.

All information is correct at the time of writing and is subject to change in the future.

The value of investments and any income from them can fall as well as rise and you may not get back the original amount invested.

HM Revenue and Customs practice and the law relating to taxation are complex and subject to individual circumstances and changes which cannot be foreseen.

Approved by The Openwork Partnership on 12/02/2026.