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In the mid2030s, the health of the baby boomers will have deteriorated and many in these large cohorts will be in need of formal and/or informal long-term care.

This "**care wave**" will transform two generations: the baby boomers in need of care and their children who may supply care. It will have significant implications for labour supply, especially for women, saving behaviour, and therefore for productivity, economic growth and its inclusiveness.

The overarching objective of BB-Future is to understand the size and the implications of the care wave on economic and social outcomes, to appreciate the quality of this second ageing-related transformation and to develop policy recommendations for advance planning on the EU and Member State levels.

Abstract: *BB Future demographic projections point to increased unmet care needs across all countries studied in the upcoming decades. To reduce this care gap, policymakers must address both sides of the equation: (A) the demand side, encompassing individuals in need of care, and (B) the supply side, encompassing the infrastructure and workforce available to provide it. Both require (C) design changes of the long-term care provision and insurance schemes.*

This is Part B of BB-Future's policy recommendations which focuses on care supply.

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Policy Recommendations – Supply

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Preliminary recommendations

Note: These recommendations are preliminary and reflect discussions within the BB-Future consortium and with participants in the project's several policy roundtables. They will continue to be expanded and refined as the project progresses and new results emerge. The BB-Future consortium will present final policy recommendations at the end of the project.

B1: Target support for informal caregivers by income

The same care burden costs low-income families their earnings and high-income families their free time. Today, 49% of care hours provided by low-income families come at the expense of paid work, a figure projected to rise to 53% by 2070. A means-tested formal care subsidy is unlikely to solve this problem, as it primarily helps those who are already using paid care by reducing its cost.

Recommendation:

- **Introduce or expand income-tested cash allowances for informal caregivers**, rather than relying on means-tested formal care subsidies as the primary tool to protect low-income households.
- **Prioritise caregivers of people with high care needs**. This group accounts for most care hours, and informal care allowances consistently deliver a larger impact per euro spent than discounts on formal care.
- **Recognise the "double exposure" of low-income families**: they are more likely to have a child assume the caregiver role, and that child has more to lose by taking it on. Policy design should treat this as a distinct equity issue, rather than simply a matter of formal care affordability.
- **Where possible, combine these measures with pension credit protection:** see Policy Recommendation B3 for the rationale and supporting country-level evidence.

Why this matters

Informal caregiving currently imposes an economic cost, in terms of lost labour supply, foregone earnings and related effects, equivalent to around 1.7% of GDP in the EU5. This is comparable in magnitude to EU defence spending, and the figure could rise to 2.6% by 2070. Yet this aggregate number hides a crucial question: who actually bears the cost?

The burden falls unevenly by income

Total care hours decline as household income rises. This is not because higher-income families provide less care, but because their parents tend to have lower care needs. What differs across income groups is how the caregiving burden is absorbed. For low-income families, a much larger share of care comes at the expense of paid work, and this disparity is projected to widen further over time:

	2023	2070 (pessimistic)
Low-income	47%	52%
Middle-income	42%	45%
High-income	44%	46%

Table 1: Share of care hours from paid work by income group, today and in 2070 under the pessimistic health scenario. Source: Koo (2026).

Higher earners protect their working hours and give up free time instead. Lower earners do the opposite: because the wages they would forgo are relatively lower, they are more likely to reduce paid work when care demands increase. As a result, better-off households tend to pay for caregiving through lost leisure, whereas lower-income households pay through lost wages, weaker labour-market attachment and, ultimately, lower pension entitlements. The result is a stark inequality in who bears the burden.

A structural mechanism makes this worse

Within families, the cost of caregiving has both a monetary and a non-monetary component. The monetary cost mainly reflects forgone earnings, while the non-monetary, or psychic, cost reflects factors such as emotional closeness to the parent, personal preferences and willingness to provide care. Because lower earnings imply a lower monetary opportunity cost, lower-earning children are systematically more likely to assume the caregiver role in the first place. According to BB-Future's cooperative-siblings model, the child with the lowest earning potential becomes the primary caregiver in around 77% of cases, regardless of whether the family as a whole is high- or low-income.

This creates a "double inequality": children in lower-income families are more likely to be drawn into caregiving, and they also face more severe economic consequences when they do so.

Why a means-tested formal care subsidy does not solve this

As discussed in Policy Recommendation C2, a means-tested formal care subsidy mainly changes who pays for formal care already in use, not who provides the care. By contrast, a universal subsidy can shift care from informal to formal providers. As a result, means-tested formal care subsidies are poorly suited to addressing the burden faced by low-income informal caregivers. They primarily reduce costs for households already using formal care, while offering little support to families in which a child has already cut back on employment or exited the labour market to provide care.

A more targeted tool works better

Individuals with high care needs represent around 40% of long-term care recipients, yet account for more than 80% of all care hours provided. To assess how best to support this group, a BB-Future simulation compares two policy reforms: (i) a 20% reduction in the out-of-pocket cost of formal care, and (ii) a €100 monthly allowance for informal caregivers.

The results are striking: the informal care allowance generally delivers a larger impact per euro spent than the formal care subsidy. One reason may be a fundamental difference between the two instruments. A cash allowance reaches caregivers directly, regardless of the type of care arrangement in place, whereas a formal care subsidy only becomes relevant once a household is already using formal care services.

Country generosity amplifies the case

Countries with less generous long-term care systems, such as Italy, Poland and Spain, where the burden on low-income families is likely to be greatest, also exhibit the strongest behavioural response to formal care reforms. The estimated elasticity is −0.44, compared with just −0.08 in high-generosity systems.

This suggests that informal care allowances and formal care affordability measures are most complementary precisely where the equity challenge is greatest.

Finally, one design caution: policies that encourage a broad shift towards formal care may conflict with the preferences of many low-income families, who would prefer to continue caring for parents at home. An income-tested informal care allowance avoids this tension, because it supports the family's chosen care arrangement rather than steering it towards a different one.

The analysis in this document is based on the following BB-Future sources:

- Barczyk, D., Y. Koh and M. Kredler (2026) 'Preference heterogeneity versus economic incentives: what determines long-term care arrangements in Europe?', SSRN Working Paper, available at: https://doi.org/10.2139/ssrn.7126885
- Barczyk, D., M. Kredler and F. Yang (2026) 'Rethinking long-term care subsidies', BB-Future Digest 11, 31 July, BB-Future, available at: https://www.bb-future.eu/wp-content/uploads/2026/07/BB-Future-Digest-11_31072026.pdf
- Barczyk, D., M. Kredler and F. Yang (2026) 'Universal versus means-tested long-term care subsidies', BB-Future Digest 12, 7 August, BB-Future, available at: https://www.bb-future.eu/wp-content/uploads/2026/08/BB-Future-Digest-12_07082026.pdf
- Koo, D. (2026) 'In a 24-hour day, more care means less time at work', BB-Future Digest 4, 12 June, BB-Future, available at: https://www.bb-future.eu/wp-content/uploads/2026/06/BB-Future-Digest-4_12062026.pdf
- Koo, D. (2026) 'Macroeconomic implications of the care wave: informal care, labour supply and the ageing transition in the EU5', Deliverable 6.2, BB-Future, available at: https://www.bb-future.eu/deliverables/.

B2: Extend pension credit protection to informal caregivers

Full pension credit protection has dramatically different effects across countries: it raises informal care by 9.35 percentage points in Italy but only 0.86 percentage points in Germany. What matters is not how generous the policy looks on paper, but how much pension income caregivers would otherwise forgo.

Recommendations:

- **Extend pension credit protection for periods of reduced labour market participation due to informal caregiving.** Caregiving periods should continue to generate pension entitlements as if caregivers had remained in employment, thereby reducing the long-term pension penalty associated with family care.
- **Target pension-credit reforms where pension entitlements are most sensitive to employment interruptions.** Current evidence suggests that such reforms are likely to have the largest impact in France and Italy, where pension protection generates a stronger behavioural response than an equivalent cash subsidy. In Germany and Sweden, direct caregiving allowances currently appear more effective.
- **Link policy design to the value of pension rights at risk.** The effectiveness of pension-credit protection depends on how much future pension income caregivers would otherwise forgo. Policymakers should therefore calibrate expectations and policy parameters to country-specific pension replacement rates and regularly reassess them as pension systems evolve.
- **Assess a range of accrual scenarios before implementation.** The results presented below compare two benchmark cases, no pension accrual and full pension accrual. Actual reforms are likely to lie between these extremes, implying that the estimated effects should be interpreted as upper-bound impacts rather than precise forecasts.

Why this matters

When adult children reduce paid work to provide informal care, they lose more than current income. They may also lose future pension entitlements, as most pension systems link retirement benefits to lifetime earnings and contribution histories. Some countries, including Germany and France, already provide pension credits or related pension protection for caregivers. This recommendation addresses the case for extending such protection and identifies the countries where the effects are likely to be greatest, in *Policy Recommendation B6* we discuss broader measures to reconcile caregiving with paid work and limit the loss of earning and contributions.

The headline numbers hide a real story

The BB-Future models allow us to compare two benchmark scenarios, one where caregivers do not accrue any pension entitlement while reducing work to provide care, and another where caregivers retain full pension entitlement despite reducing work. The difference in informal care provision between both scenarios is large, but varies sharply by country:

Country	Status quo informal care share	Effect on informal care share (full protection)	Pension replacement rate
Italy	70.8%	+9.35 pp	82.6%
France	28.6%	+4.98 pp	71.9%
Sweden	8.7%	+2.88 pp	74.5%
Germany	27.2%	+0.86 pp	55.3%

Table 1: Status-quo informal care share, change in informal care share under full pension protection for caregiving periods, and each country's replacement rate. Source: Barczyk, D., M. Kredler, F. Yang (2026).

These numbers should be interpreted with caution, as countries do not start from the same baseline. Status quo informal care use ranges from 8.7% in Sweden to 70.8% in Italy, a more than eight-fold difference. Consequently, the percentage-point effects reported above reflect not only behavioural responses to pension protection, but also very different underlying care systems. Italy's larger effect is therefore partly a response to the policy itself and partly a reflection of the fact that informal care was already the dominant mode of care provision before any reform. As a result, concluding that "pension protection works ten times better in Italy than in Germany" would overstate what the table actually shows.

Why the response is so uneven

A higher pension replacement rate increases the value of pension protection by raising the amount of future retirement income at risk when caregivers reduce paid work. This mechanism is the main explanation for the cross-country differences reported above. Italy's particularly large response, however, also reflects a compositional effect. The households at the margin between informal and formal care tend to have relatively high-income children, and because the value of pension protection rises with earnings, the policy generates especially strong incentives among the households most likely to alter their care arrangements. While this mechanism helps explain Italy's outsized response, it should be regarded as a country-specific amplification effect rather than a general explanation for cross-country differences.

A moving target: replacement rates are a policy choice, not a fixed input

Table 1's replacement rates are current figures, not fixed features of each country's pension system. Additional outputs from the BB-Future models on PAYG design show that Italy, Poland and Sweden currently run defined-contribution (DC) systems, in which pensions adjust downward as contributions are held fixed. On the current five-country[1] trajectory under continued DC, the average PAYG replacement rate falls from around 47% to around 32% by 2070. France, by contrast, currently runs a defined-benefit (DB) system, where the replacement rate is protected at the cost of rising contributions. This means that Italy's high replacement rate in Table 1, which justifies prioritising Italy, reflects where its pension system stands today, not necessarily where it will still stand once its DC trajectory has played out further. *The country-level rates used above, and the five-country average trajectory just cited come from different exercises and different metrics, so they should not be treated as the same series or averaged together. This recommendation's country prioritisation should be revisited as more recent replacement-rate data becomes available, rather than treated as fixed.*

Pension protection and cash subsidies are not interchangeable

To further test the findings above, the BB-Future models were used to compare full pension protection with a flat €100 monthly informal-care subsidy. Pension protection has a larger effect than the subsidy in France and Italy, but a smaller effect in Germany and Sweden. Neither instrument consistently outperforms the other across all four countries. Rather, their relative effectiveness depends on institutional and economic conditions, suggesting that pension protection and cash subsidies should be viewed as complementary policy tools rather than direct substitutes.

What the evidence does not tell us

Two important limitations should be stated explicitly. First, these estimates should be viewed as upper bounds. The comparison is between zero pension accrual and full accrual, and BB-Future research notes that intermediate options, such as partial pension credits during caregiving periods, would likely generate effects that fall between these two extremes.

Second, the fiscal cost of extending pension credit protection is not addressed in the underlying analysis. Unlike a cash subsidy, whose costs are immediately visible in annual budgets, pension credit protection creates long-term liabilities that materialise through higher pension expenditures in future

[1] France, Germany, Italy, Poland and Sweden.

decades. Consequently, this recommendation should not be interpreted as cost-neutral relative to a direct subsidy simply because it may be behaviourally more effective in some countries.

The analysis in this document is based on the following BB-Future sources:

- Barczyk, D., M. Kredler and F. Yang (2026) 'Pension benefits for informal caregivers', BB-Future Digest 13, 14 August, BB-Future, available at: https://www.bb-future.eu/wp-content/uploads/2026/08/BB-Future-Digest-13_14082026.pdf
- Horton, H. (2026) 'The state of the care gap in Europe', BB-Future Digest 5, 19 June, BB-Future, available at: https://www.bb-future.eu/wp-content/uploads/2026/06/BB-Future-Digest-5_19062026.pdf
- Koo, D. (2026) 'Defined-benefit or defined-contribution: what happens to caregiving?', BB-Future Digest 18, 18 September, BB-Future, available at: https://www.bb-future.eu/wp-content/uploads/2026/09/BB-Future-Digest-18_18092026.pdf

B3: Changing gender inequality in care provision requires more than financial incentives.

Women provide most family care to older parents, but BB-Future evidence suggests that wage and labour market differences explain only a small part of this gap. Policies that aim to change who provides care therefore need to look beyond economic incentives and focus more broadly on reducing caregiving burdens and expanding families' options.

Recommendation:

- **Do not rely on wage, tax or labour-market incentives alone** to rebalance the provision of informal care between women and men, if that is the policy objective.
- **Reduce the overall burden of family caregiving** through better access to affordable formal care, respite services and workplace flexibility.
- **Address social and institutional barriers that may shape caregiving roles**, while recognising that current evidence cannot fully disentangle the effects of social norms, individual preferences, and family relationships.

Why this matters

Daughters still provide most care to older parents

Informal care within families remains strongly gender-biased. BB-Future evidence shows that daughters account for around 67% of primary family caregivers for older parents without a spouse. Their share rises to 75% in countries with less generous long-term care systems.

Contrary to expectations, proximity to parents alone cannot explain this pattern. Daughters and sons are almost equally likely to live within 25 kilometres of their parents, while sons are actually more likely to co-reside with them. Nevertheless, even when daughters and sons live equally close to a parent, daughters remain significantly more likely to provide informal care.

Economic factors matter, but they do not fully explain the gender gap in informal caregiving. Even after accounting for earnings, partnership status, birth order, and family structure, daughters remain much more likely to provide care than sons.

This difference may reflect social expectations placed on women, individual preferences, closer relationships with parents, or a combination of these factors. In other words, non-economic considerations appear to play an important role in caregiving decisions.

Economic incentives change the gender gap only slightly

Furthermore, BB-Future models show that changing women's economic incentives would have only a modest effect on who provides care, further proving the point. In two separate simulation exercises, the gender wage gap and the gender labour force participation gap were closed, leading to a decrease in the share of daughters providing care by only **1.5 and 1.2 percentage points,** respectively, compared with the baseline.

By contrast, removing the daughter-specific non-economic caregiving component in the model reduced the share of daughters providing care to 58.4%, bringing caregiving patterns much closer to gender balance. These findings suggest that factors beyond economic incentives play an important role in shaping caregiving decisions.

These results suggest that differences in earnings and labour-market participation explain only part of the gender imbalance in caregiving. This has important implications for policy. While financial incentives can influence caregiving decisions, measures that focus solely on altering the relative economic incentives faced by sons and daughters are unlikely to produce a substantial rebalancing of care responsibilities within families.

Closing gender gaps in wages and employment remains a worthwhile policy objective in its own right. However, BB-Future results indicate that these measures, by themselves, would not eliminate the gender gap in informal caregiving.

The analysis in this document is based on the following BB-Future sources:

- Barczyk, D., M. Kredler and Y. K. Koh (2026) 'The gender composition of informal caregiving', BB-Future Digest 14, 21 August, BB-Future, available at: https://www.bb-future.eu/wp-content/uploads/2026/08/BB-Future-Digest-14_21082026.pdf
- Barczyk, D., M. Kredler and Y. K. Koh (2026) 'Can economic incentives encourage sons to provide more care?', BB-Future Digest 15, 28 August, BB-Future, available at: https://www.bb-future.eu/wp-content/uploads/2026/08/BB-Future-Digest-15_28082026.pdf.

B4: Recognise tax policy as part of long-term care policy

Long-term care choices are influenced not only by dedicated care policies, but also by broader tax-system design. BB-Future evidence shows that moving from individual to joint household taxation shifts up to 8 percentage points of families towards informal care in Germany, an effect larger than that of a EUR 200 monthly caregiving subsidy. Policymakers should evaluate whether existing tax arrangements create incentives that support or undermine broader long-term care objectives.

Recommendations:

- **Review whether joint taxation implicitly subsidises informal care.** In countries with joint household taxation, the tax system may encourage greater reliance on informal care even though caregiving was not the intended target of the policy. Policymakers should evaluate whether these incentives align with broader long-term care, employment and gender-equality objectives.
- **Target the tax provisions that matter for caregiving decisions.** Not all tax reforms affect care provision equally. While the choice between joint and individual taxation can significantly alter incentives for informal care, adjustments to tax rates or progressivity within a system appear to have much smaller effects. Policymakers should focus on the features of tax design that directly shape caregiving and labour-supply decisions.
- **Use targeted caregiver allowances rather than broad tax reforms to support caregiving.** Direct support reaches caregivers more efficiently than reforms to household taxation, which affect many households that provide no care. Policymakers seeking to support caregivers should therefore consider targeted allowances before using broader tax instruments, as discussed in Policy Recommendation B1.
- **Treat equity considerations as a central criterion in the design of caregiving incentives.** The support provided through joint taxation tends to increase with income because higher-income households face higher marginal tax rates. As a result, implicit caregiving support delivered through the tax system may be concentrated among households with greater resources. Policymakers should therefore evaluate the equity implications of tax-based caregiving incentives alongside their effects on care provision.
- **Consider the caregiving implications of moving towards individual taxation.** Countries pursuing individual taxation for employment, gender-equality or fiscal reasons should assess how the reform may affect households that currently receive implicit support for informal care through joint taxation. Where significant support would be withdrawn, policymakers should consider whether direct caregiver allowances or other targeted measures are needed to avoid unintended reductions in caregiving capacity.

Why this matters

Joint taxation is not designed as a caregiving instrument, yet it can strongly influence caregiving decisions. When couples are taxed jointly, the financial gain from additional work by a secondary earner is often lower than under individual taxation. This changes the trade-off between paid work and unpaid care, making informal caregiving more attractive for some families. As a result, tax policy can affect care provision even when long-term care is not the intended target of the policy.

Country	Informal care share, status quo	Change in informal care share	Equivalent monthly informal care subsidy	Current tax system
France	28.6%	+7.8 pp	EUR 174	Joint
Germany	27.2%	+8.0 pp	EUR 206	Joint
Italy	70.8%	+4.7 pp	EUR 91	Individual
Sweden	8.7%	+3.8 pp	EUR 67	Individual

Table 1: Estimated increase in informal care when switching from individual to joint household taxation. Source: Barczyk, Kredler and Yang (2026), BB-Future Digest 16.

The effect is stronger for higher-income households, by design rather than by accident

Joint taxation creates larger incentives for informal care among households facing higher marginal tax rates. As a result, the implicit support it provides tends to be greatest for higher-income caregivers. This contrasts with most explicit caregiving support programmes, which are designed to direct resources towards those with greater financial need.

The choice between joint and individual taxation matters far more than tax progressivity

Not all tax reforms have the same implications for caregiving behaviour. BB-Future evidence shows that the distinction between joint and individual taxation has a substantially larger effect on informal care provision than realistic changes in tax progressivity. For policymakers, this means that the overall structure of household taxation is likely to matter more for caregiving decisions than adjustments to tax rates within an existing system.

Not all tax reforms influence caregiving behaviour.

The effect identified for joint taxation should not be generalised to taxation as a whole. BB-Future evidence suggests that some tax instruments can substantially affect caregiving decisions, while others have little effect because households adapt in different ways. Effective policy design therefore requires attention to the specific mechanisms through which taxes influence family behaviour.

What the evidence does not tell us

This evidence is based on France, Germany, Italy and Sweden and cannot automatically be extended to countries with different tax systems, labour markets or caregiving arrangements. Country-specific analysis would therefore be needed before drawing conclusions for other Member States. In addition, the results focus on how tax-system design affects caregiving behaviour and do not assess the fiscal costs or revenue implications of alternative tax regimes. Policymakers considering tax reform for reasons such as equity, efficiency, simplicity or public finances would therefore need a separate fiscal assessment alongside any evaluation of caregiving effects.

The analysis in this document is based on the following BB-Future sources:

- Barczyk, D., M. Kredler and F. Yang (2026) 'Universal versus means-tested long-term care subsidies', BB-Future Digest 12, 7 August, BB-Future, available at: https://www.bb-future.eu/wp-content/uploads/2026/08/BB-Future-Digest-12_07082026.pdf
- Barczyk, D., M. Kredler and F. Yang (2026) 'How joint taxation of couples boosts informal care', BB-Future Digest 16, 4 September, BB-Future, available at: https://www.bb-future.eu/policy-recommendations/.

B5: Protect working hours, not only labour-force participation

Policies should consider not only whether informal caregivers remain in employment, but also how caregiving affects the number of hours they work. Caregivers may remain in the labour force while reducing paid working hours or sacrificing leisure time to provide care. This distinction matters when designing policies that encourage informal care, whether directly through caregiver allowances or indirectly through limited access to formal care services. Temporary flexibility can help households manage periods of intensive caregiving, but reducing working time should not become the default response to shortages in formal care provision.

Recommendations:

- **Secure return arrangements.** Temporary reductions in working hours or periods of leave to provide informal care should be agreed between employee and employer, with a clear review or end date and a guaranteed right to return to previous contracted hours once care needs diminish. Employees should not have to accept a permanent reduction in working time in order to accommodate temporary caregiving responsibilities.
- **Allow flexible scheduling.** When care is needed at specific times and job tasks permit it, employees and employers should be able to agree temporary adjustments to shifts, working hours, or start and finish times without reducing total paid hours. Where care responsibilities cannot reasonably be accommodated through flexible working arrangements, access to formal care or respite services should form part of the solution.
- **Carry out country-specific assessments.** Before introducing policies that encourage greater reliance on informal care, governments should assess the paid work and leisure time caregivers are likely to forgo, taking account of household income and care intensity. They should also assess the availability and accessibility of formal care services. A high employment rate alone does not indicate that families can provide more care without significant costs.
- **Account for unpaid care when assessing policy costs.** National statistical offices should publish estimates of unpaid care hours and their economic value alongside the main national accounts. When evaluating care allowances, subsidy reforms, or reductions in formal care provision, governments should also report the paid working hours, earnings, and tax contributions forgone by caregivers. Lower public expenditure on long-term care does not necessarily reduce total costs; it may simply transfer them from governments to families.

Why this matters

In 2023, informal care provision amounted to an average of 1.56 hours per week per adult aged 25-64 across France, Germany, Italy, Poland and Sweden. Because these figures are averaged across the entire working-age population, the actual time commitment for caregivers is substantially higher. Under a scenario with no improvement in age-specific health ("pure ageing"), informal care provision increases by 27%, reaching 1.98 hours per week per working-age adult by 2070.

These unpaid care hours are largely invisible in conventional economic statistics. Yet they must be provided somehow. When households allocate more time to care, those hours come from either paid work or leisure. BB-Future estimates that informal caregiving currently reduces effective labour supply by around 1.7% across the EU5. By 2070, this rises to 2.6%, as most additional care hours are expected to be taken from paid work rather than leisure.

Importantly, employment status alone does not capture these effects. A caregiver who reduces working time from full-time to part-time remains employed, even though earnings, pension

contributions and tax payments fall. Policies therefore need to consider not only whether people stay in the labour force, but also how many hours they work.

Adapt working arrangements to growing care needs

As population ageing increases informal-care needs, many workers will require temporary adjustments to their working arrangements. A reduction in working hours should not automatically become permanent. Employees who temporarily reduce hours or take leave to provide care should have a clear pathway back to their previous working arrangements once care needs decline.

Flexible scheduling can also help households reconcile work and care responsibilities. Where care can be organised around work, adjustments to shifts, start and finish times, or remote working arrangements may allow caregivers to maintain paid hours. Where care requirements exceed what households can reasonably absorb, formal care or respite services may be needed to prevent lasting reductions in labour supply.

Higher employment and informal care can coexist

BB-Future simulations suggest that increasing full-time employment among caregivers would increase the care gap only modestly. This indicates that higher employment is not necessarily incompatible with continued family caregiving.

However, maintaining care while increasing labour-market participation may come at the expense of leisure time. Whether such an outcome is desirable depends on policy choices regarding formal-care provision and support for caregivers.

Make unpaid care visible

Informal caregiving represents substantial unpaid work that is not recorded in the main national accounts. As a result, policies that reduce public long-term-care spending by relying more heavily on families may appear less costly than they actually are.

National statistical offices should therefore publish unpaid care hours and estimates of their value alongside the main national accounts. Governments should also report the paid work, earnings and tax contributions forgone by caregivers when assessing long-term-care reforms. This would provide a more complete picture of the true costs of care provision.

Care burdens are distributed unevenly

The impact of informal caregiving is not evenly distributed across households. Lower-income households tend to face greater care needs and are more likely to meet those needs by reducing paid work. As populations age, these differences are projected to widen further.

This means that policies encouraging informal care may have unequal effects across socioeconomic groups. Measures such as flexible working arrangements, return rights and income support can therefore be particularly important for lower-income households, which often have less capacity to absorb reductions in earnings.

Main message

As populations age, policymakers should consider not only who provides care, but also which hours are given up to provide it. Caregivers may remain employed while reducing working hours, earnings and future pension entitlements, or while sacrificing leisure time. Policies should therefore aim to make caregiving compatible with employment through temporary flexibility, secure return arrangements and adequate access to formal care. At the same time, the economic value of unpaid care should be measured explicitly so that the full costs of long-term-care policies are visible.

The analysis in this document is based on the following BB-Future sources:

- Börsch-Supan, A. and S. Douhou (2026) 'Preparing for Europe's coming care wave', BB-Future Digest 1, 22 May, BB-Future, available at: https://www.bb-future.eu/wp-content/uploads/2026/05/BB-Future-Digest-1_22052026.pdf
- Börsch-Supan, A. and H. Horton (2026) 'Projections of the care gap in selected European countries based on demographic and health projections', Deliverable 4.4, BB-Future, available at: https://www.bb-future.eu/deliverables/
- Koo, D. (2026) 'In a 24-hour day, more care means less time at work', BB-Future Digest 4, 12 June, BB-Future, available at: https://www.bb-future.eu/wp-content/uploads/2026/06/BB-Future-Digest-4_12062026.pdf
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- Louhalia, S. and E. Perdrix (2026) 'Three decades of long-term care policy in Europe: overview of the French, German and Spanish trajectories', Deliverable 4.5, BB-Future, available at: https://www.bb-future.eu/deliverables/.