

First draft

# Estate fiscal policies, long-term care insurance and informal care<sup>†</sup>

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**Abstract:** This paper studies the effects of estate recovery, estate taxation and long-term care (LTC) subsidies on the incentives both to buy LTC insurance and to transfer wealth by elderly parents and to provide informal care by children to their dependent elderly parents. We also investigate the effect of these three fiscal policies on public budgets allocated to finance LTC needs. Estate recovery is found to dominate the two other fiscal policies as it is more likely to incentivise both LTC insurance purchase and informal care supply while impacting positively government budget.

*JEL Classification:* D1, H2, I1

*Keywords:* Estate recovery; long-term care; insurance; informal care; estate taxation; public subsidies

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