

A guide to Aged Care

When thinking of moving into aged care, it can be an emotional and uncertain time. This guide helps you understand the key issues and decisions.

Get the care you or your loved one needs

The Australian aged care system is structured to provide assistance to seniors, whether they prefer to remain in their own homes or move to a residential aged care facility. Transitioning to a residential aged care facility can be a daunting and uncertain experience for both you and your family. Amidst the personal and emotional hurdles, there are several important factors and choices to address, including:

- Identifying the appropriate facility for your needs
- Understanding the applicable fees and how to finance them
- Deciding what to do with your family home
- Evaluating the potential impact on your social security benefits.

This guide aims to outline the essential steps for entering aged care and to elucidate the potential fees involved. Additionally, we tackle key considerations and direct you to further sources of information.

It's important to note that navigating aged care involves intricate interactions with the broader tax and social security framework. Therefore, we strongly recommend consulting a financial adviser with expertise in this domain.

Engaging a financial adviser can assist you in various ways:

- Managing expenses effectively
- Reviewing eligibility for social security benefits
- Selecting appropriate investment options
- Devising a strategy for estate distribution.

By leveraging the insights of a financial adviser, you can optimize your financial situation and alleviate much of the stress associated with what can be an emotionally charged juncture in your life.



Step 1: Get your care assessed

Prior to your transition to a residential aged care facility, it's necessary to undergo an evaluation of your health and lifestyle requirements conducted by a member of the Aged Care Assessment Team (ACAT). Typically comprised of specialized professionals such as doctors, nurses, and social workers, ACAT members are experts in the field of aged care.

This assessment is provided free of charge and can take place in your residence, a healthcare center, or a hospital setting. During the assessment, the ACAT member will pose a series of inquiries regarding your health, mobility, and the assistance you currently receive at home. This information aids the ACAT in determining whether full-time residential aged care is necessary or if an alternative form of care would be more suitable.

This could encompass:

- Home care, enabling you to remain in your own home while receiving aid with tasks like household chores, personal care, or medical support.
- Respite care, allowing you to temporarily relocate to an aged care facility for a defined period.

Approvals from the ACAT for permanent residential aged care remain valid indefinitely, unless specifically granted for a set duration. If any designated time frame expires, a fresh assessment will be required.

Step 2: Decide on an aged care home

ACAT has the capability to furnish you with a compilation of aged care residences situated in your vicinity. Local Government Departments and third-party placement agencies might also offer assistance in identifying a suitable establishment for either you or your family member.

For locating your nearest ACAT or exploring care facilities within your local area, you can either call 1800 200 422 or visit the official My Aged Care website at myagedcare.gov.au.

Given the variations among different facilities, it's advisable to personally visit a selection of them to determine which aligns best with your individual preferences and lifestyle requirements. It's important to note that not all facilities might have current openings, yet you can inquire about the possibility of being placed on a waitlist. If you foresee a move into care, it could be beneficial to complete an application form in advance. Subsequently, the facility might reach out to you once a room becomes available.

Step 3: Work out the costs

While some aged care costs are generally at least partly funded by the Government you may need to pay a number of fees, some of which are determined by your income and assets. The fees that you may be asked to pay include:

- basic daily fee
- means-tested fee
- extra services fee or additional services fee, and
- accommodation payment

Step 4: Apply for your aged care home

We can assist you in filling out the application form for your chosen care facility. During this process, we will ask you to provide information about your income and assets. It's essential to understand that revealing this financial data to the facility is not obligatory under legal regulations. Electing not to disclose this information will render you ineligible for any Government subsidies, obliging you to cover the entire cost of your care.

Conversely, if you decide to provide your financial details to us, you will complete an assessment form tailored to your specific circumstances. For instance, if you already receive payments from Centrelink or the Department of Veterans' Affairs (DVA) and you're a homeowner, you might be able to use a simplified form.

In the event that you receive an income support payment and don't own your own home, you might not need to complete a form at all (however, it remains important to maintain up-to-date income and asset information with Centrelink/DVA). This information aids Centrelink/DVA in determining the applicable fees.

Our team of advisers can assist with any documents you need to complete for Centrelink or the aged care facility. Following the completion of the assessment, the Department will inform us and your chosen aged care facility about the outcome and the relevant fees.

Step 5: Move in

Just before you move in you will be provided with an Accommodation Agreement. This is a legal document which sets out:

- the terms of your residency
- your rights and responsibilities, and
- the rights and responsibilities of the aged care facility.

As this is a legal document, you can seek advice from your lawyer to help you understand this agreement.

You are required to sign the agreement within an appropriate period of time, which is generally within 28 days of entering care, but we can confirm this with you once we receive the agreement. The agreement may be extended in certain circumstances so please speak to our advisers if this is applicable to you or your loved one.

Note: For more information on the assessment process, you can call Services Australia on 1800 227 475. If you're a DVA customer, please call 1800 838 372.

Not sure where to start – let us show you how we can help

The choice of admitting a loved one to an aged care facility presents challenges for numerous Australians. This decision is not only intricate and perplexing, but also snap judgments can lead to unforeseen, enduring outcomes.

We dedicate ourselves to understanding your unique circumstances and explain the array of choices to you.



Understanding different fees

There are four fees that may be payable when residing in a government aged care facility

Basic daily fee

In addition to the accommodation payment, a basic daily fee is used to contribute towards your day-to-day living costs such as meals, cleaning, laundry, heating and cooling. Everyone entering an aged care home is required to pay this fee.

The maximum basic daily fee equals 85% of the basic single age pension rate and it increases on 20 March and 20 September each year in line with changes to the age pension.

Means-tested fee

This is an additional contribution towards the cost of care that some people, self-funded retirees in particular, may be required to pay. The Department of Human Services will work out if you are required to pay this fee based on your income and assets. There are annual and lifetime caps that apply to the means-tested care fee. Once these caps are reached, you cannot be asked to pay any more means-tested care fees.

This fee is established upon entering care and is periodically reviewed quarterly during your stay. If circumstances change, the means-tested fee might increase or decrease. There's a maximum cap on the total means-tested fee within a twelve-month period. Upon reaching this cap, you'll still be responsible for your other aged care fees, though the Government covers the means-tested fee for the remainder of that period.

Additionally, a lifetime cap is in place. After reaching this cap, no further means-tested fees are required, but other aged care fees, including the basic daily fee, remain applicable. If your financial means are limited (as determined by the formula), the means-tested fee is waived, and the government covers the cost.

Understanding different fees

ACCOMMODATION FEES	ONGOING CARE FEES		
ACCOMMODATION PAYMENT <ul style="list-style-type: none">• Payable as a lump sum OR equivalent daily payment OR any combination of both (method of payment determined by resident)• You may be eligible for Government assistance in paying this fee	BASIC DAILY FEE <ul style="list-style-type: none">• Generally payable by all residents for all days in care• 85% of full Basic Single Age Pension (regardless of your actual Age Pension entitlement)	MEANS-TESTED FEE <ul style="list-style-type: none">• Payable based on a formula that takes into account your income and assets• Subject to change if circumstances change• Annual and lifetime caps apply	EXTRA SERVICES FEE <ul style="list-style-type: none">• Payable if you select a position with extra services• Additional daily amount, set by facility

Accommodation payment

The accommodation payment essentially covers your right to occupy a room. Every room in aged care will have a market price and all residents who are assessed by the government as having to pay this price have a choice. You can pay this accommodation fee as a lump sum called the Refundable Accommodation Deposit (RAD), or a daily rate similar to rent, or combination of both.

When an accommodation payment is required, you have three options available:

- Opt for a 'refundable accommodation deposit' (RAD)
- Choose a 'daily accommodation payment' (DAP)
- Combine a RAD and DAP in varying proportions

Understanding different fees

Refundable Accommodation Deposit (RAD)

While your accommodation agreement offers examples and combined payment choices, you can select any mix of lump sum RAD or DAP that suits you. The stipulation is that after an initial RAD payment, a minimum level of remaining assets, currently set at \$57,000, must be maintained. Any shortfall from paying as a lump sum is converted into a corresponding daily payment, calculated by a formula (see 'Daily accommodation payment' below). The RAD, a lump sum, is reimbursed upon leaving the facility, with deductions as agreed. Facilities can charge a maximum RAD of up to \$550,000, with variations possible only if approved by the Aged Care Pricing Commissioner.

Daily Accommodation Payment (DAP)

The DAP comes into play if the RAD isn't fully paid. It functions as 'interest' on any outstanding RAD amount, determined by the 'maximum permissible interest rate', usually updated quarterly. As of October 1, 2023, this rate is 8.15%. DAPs aren't refundable upon departure. Each facility must disclose RAD and DAP rates for each room, and payments should not exceed the published amounts, available on the Government's 'My Aged Care' website at myagedcare.gov.au.

Limited financial means might necessitate a contribution towards accommodation costs, partially covered by the government. The amount you're required to contribute is calculated through a formula, similar to the means-tested fee calculation, based on your income and assets. If your income and assets fall below set government thresholds, the government fully subsidizes your accommodation payment.

Addressing concerns about lump sum accommodation payments, legislation is in place to refund these amounts upon facility departure, in instances where the care facility faces insolvency or bankruptcy where the facility is an approved care facility.

Considering Aged Care?

Let us help.

Melody Edwards, Evaluesco's Aged Care Specialist, joined the advice industry in 2008 and brings a wealth of experience from her previous roles as paraplanner and financial adviser. Melody has specialist qualifications in 'Aged Care' as well as her Masters in Financial Planning.

With a comprehensive grasp of the intricate matters and choices preceding one's transition into a care facility, Melody emphasises the vital necessity of seeking counsel before finalising decisions regarding asset sale, retention, or their organisational framework.



Melody Edwards
Wealth & Aged Care
Specialist Adviser

We can assist in explaining and estimating fees that will be charged by a care facility. We also assist in understanding how your cashflow can be managed to receive the care in your chosen care facility.

We are just an email or phone call away, if you have any questions. We know that this is an overwhelmingly complicated time for many, and we are here to help in any way we can.

To arrange an obligation-free consultation with an Evaluesco Aged Care Specialist call (02) 9232 6880 or email us on admin@evaluesco.com.au

