



Aged Care

This document contains factual and general information only to assist you in understanding financial planning concepts. It is designed to be used in conjunction with a Statement of Advice.

Getting older is a fact of life and with any luck, you'll live to a ripe old age. As we age many of us will require some assistance care.

Choosing an aged care service can be overwhelming. Whether it's for yourself or a loved one, your adviser is here to guide you through. It's never too early or late to have this important discussion.

Navigating aged care services involves a few key steps:

1. Understanding the level of care needed.
2. Understanding the types of care available.
3. Understanding how much it will cost and how it can be funded.

The first step in deciding which option may be best suited to your needs is to contact the Aged Care Assessment Team (ACAT, or ACAS in Victoria). This is a free national service that will assess the level of care needed and help organise access to appropriate support. You need to register for this service first by phoning My Aged Care on 1800 200 422.

You then need to make a decision about which service or provider may be best for you. Along with the ACAT, another good place to start is by going to www.myagedcare.gov.au – it's a one stop shop for information.

In making your final decision, affordability will be a key factor. The Australian Government subsidises many aged care services both home-based and residential. Costs vary for different types of care and different service providers. Based on your income and assets you may need to

contribute to your cost of care. The Department of Human Services or Department of Veterans' Affairs will assess your income and assets to determine this.

Today, most aged care services have an income and assets tested component to their fees and charges. There are also rules about how much you can be asked to pay for accommodation.

Home Care Packages/Services

There are many different services that may allow you to stay in your own home longer, including Home and Community Care (HACC) services such as nurse visits, or Home Care Packages where providers organise a range of services for you. Access to home care packages must be approved by ACAT.

The services may include:

- Personal care assistance with bathing or showering, dressing, hair care and going to the toilet.
- Nursing care where a qualified nurse comes to dress a wound or provide help in taking your medications.
- Food services such as providing meals at a community or day centre, preparing and storing food and delivering meals to your home.
- Home modification such as installing safety aids such as alarms, ramps and support rails.
- Maintenance for minor general repairs and care of your house or garden.
- Domestic assistance for household jobs like cleaning, clothes washing and ironing.
- Home transport for shopping or appointments.
- Social support by taking you shopping, banking or just providing someone for a chat.

Home Care Package Costs

There are two components to the costs of home care packages: the Basic Daily Care fee and the Income-Tested Care fee. You can arrange an assessment of these costs through the Department of Human Services at www.humanservices.gov.au/individuals/services/aged-care-means-tests.

Basic Daily Care Fee

You may be charged a maximum Basic Daily Care Fee which is 17.5% of the basic age pension. This applies to each person receiving a Home Care Package, even if you are part of a couple.

Income Tested Care Fee

If your income is assessed to be above a set threshold, you may also be charged an income-tested care fee. There are annual and lifetime caps that apply to the income-tested care fee. Once these caps are reached, you cannot be asked to pay this fee any more.

Rates are updated 20 March, 1 July and 20 September each year. The latest "Schedule of Fees and Charges for Residential and Home Care can be found at <https://agedcare.health.gov.au/aged-care-funding>

Residential Aged Care Facilities

If you decide to move into a Government approved aged care home, you will need to be assessed by the ACAT. The next step is to find a suitable provider. Residential Aged Care facilities provide a range of services from low level care, for help with daily tasks, to high level care for those with more complex needs that may require 24-hour nursing (like dementia). Providers of Residential Aged Care facilities are monitored by the Australian Government and must advertise their fees on the <http://www.myagedcare.gov.au/> website.

Means Test Assessed

Residential Aged Care is income and assets tested. This means that the Government reduces their supplement based on your capacity to pay.

Costs of Residential Aged Care Facilities

Your Residential Aged Care provider may ask you to pay:

- A basic daily fee which covers day-to-day living costs such as meals, power and laundry. Everyone moving into an aged care home can be asked to pay this fee.
- A means-tested care fee that contributes towards the cost of your care. The Department of Human Services will advise if you need to pay this fee based on an assessment of your income and assets.
- Accommodation costs - some people will have their accommodation costs paid in full or in part by the Australian Government, while others will need to pay

the accommodation price agreed with the aged care home. The Department of Human Services will tell you which applies to you based on an assessment of your income and assets.

- Fees for extra and additional services - if you choose a higher standard of accommodation or extra discretionary services you may face additional fees. These vary from home to home and exclude nursing which is standard across homes. For example, some aged care facilities can offer you a wider selection of meals, entertainment options (such as internet or pay TV) and a higher standard of accommodation such as a private room with an ensuite toilet. The fee for these extra services varies across providers so it is best to check the cost directly with each provider.

You will need to discuss and agree to any fees with your provider.

Payment Options

On Entry

Payment on entry can be paid as a Refundable Accommodation Deposit (RAD), a periodic Daily Accommodation Payment (DAP) or a combination of both. Upon entry to an aged care facility, you will have 28 days to let them know how you will structure your payments. If your income and assets do not reach set thresholds and you are assessed as a low means resident, you will not be asked to pay the advertised entry fees, you will only be asked to pay a reduced accommodation contribution.

Ongoing

Ongoing fees are also required, such as the basic daily care fee and the ongoing means- tested care fee.

The basic daily care fee is paid by all residents and is capped at 85% of the current maximum annual, single Aged Pension amount. If you are a full Age/Service Pensioner, the amount can be paid out of your pension to the aged care facility. In addition, based on the level of your income and assets, you may also be required to pay an ongoing means-tested care fee. Extra service fees may apply if you arrange to have additional services as noted previously (such as a private room with ensuite or pay TV).

Impact on Centrelink Payments

If you receive an Age Pension, you need to let Centrelink know within 14 days if you move into residential Aged Care or if you sell or rent out your home. This is because changes in your circumstances may affect your rate of payment or the fees you can be asked to pay. While many individuals continue to be paid the same amount of pension after moving into residential aged care, if you are a member of a couple and are separated due to illness, your pension may be paid at a higher rate.

Your Home, Aged Care and Centrelink Means Tests

If you own your home, it is exempt from the Centrelink pension assets test while you live in it. It will remain exempt for two years after the last spouse leaves it to enter residential Aged Care. Once the two year exemption period has ended, the value of your former home will be counted as an asset for the pension assets test and this can affect the rate of your pension. For aged care fees, a prescribed amount set by the Government is used as the value of your home unless the home is occupied by:

- Your partner or dependent child
- Your carer who has lived in the home for the past two years and who is eligible to receive an income support payment, or
- Your close relative who has lived in the home for the past five years and who is eligible to receive an income support payment.

Important Information

Current as at June 2019. This information is of a general nature only. It does not take into account your particular financial needs, circumstances and objectives. You should obtain professional financial advice if you have not already done so before acting on this information. You should read the Product Disclosure Statement (PDS) before making a decision to buy or sell a financial product.

Any case studies, graphs or examples are for illustrative purposes only and are based on specific assumptions and calculations. Past performance is not an indication of future performance. Superannuation, tax, Centrelink and other relevant information is current as at the date of this document. This information contained does not constitute legal or tax advice.