



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 then need to make a decision about which service or provider may be best for you. Along with the ACAT/ACAS assessment, 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. Services Australia or the Department of

Veterans' Affairs will assess your income and assets to determine your contribution.

Important Note: The information provided in this Financial Planning Concepts relates to the current aged care laws. Significant changes to the Australian aged care system will commence from 1 November 2025. A summary of these changes can be found at the end of this document.

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/ACAS.

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 Services Australia.

Basic Daily Care Fee

You may be charged a maximum Basic Daily Care Fee of 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 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.

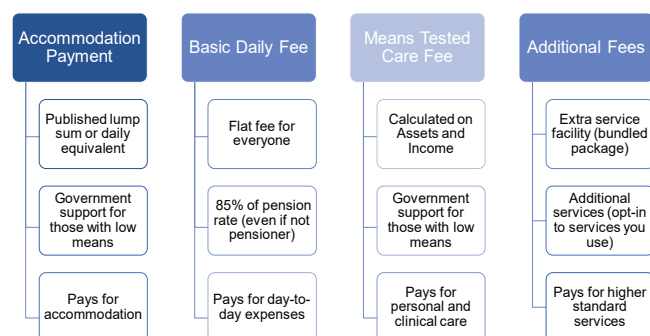
Residential Aged Care Facilities

If residential aged care is the best option for you, you will need to complete an ACAT/ACAS assessment. The next step is to find a suitable facility. 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.

Residential Aged Care facilities are monitored by the Australian Government and must advertise their fees on the <http://www.myagedcare.gov.au/> website.

Costs of Residential Aged Care

The following fees may be charged for residential aged care:



Accommodation Payment

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 facility. Services Australia will tell you which applies to you based on an assessment of your income and assets.

You will have the option to pay for your accommodation with a lump sum known as a Refundable Accommodation Deposit (RAD), a

periodic payment known as a Daily Accommodation Payment (DAP) or a mixture of both. Once you have signed the Resident Agreement, 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 fee however you may still be asked to pay a reduced accommodation contribution.

The RAD is fully refundable to you or your estate when you leave the facility and it is an exempt asset for Centrelink purposes when calculating your Age Pension entitlements.

Basic Daily Fee

The basic daily fee covers day-to-day living costs such as meals, power, water and laundry. Everyone moving into an aged care facility pays this fee.

The fee is set at 85% of the single basic age pension rate (excluding the pension supplement) and increases in March and September each year with indexation.

Means Tested Care Fee

If you have income and assets over certain thresholds set by the Government, you will have to contribute towards the cost of your care by paying a means tested care fee. Services Australia will advise if you need to pay this fee based on their assessment of your financial position.

Daily, annual and lifetime caps apply to the means tested care fee and the ongoing amount may fluctuate as it is re-calculated on a quarterly basis.

Additional Fees

If you choose a higher standard of accommodation or extra discretionary services, you may face additional fees. These vary from facility to facility and may be charged on a user-pays basis (often referred to as additional services fee) or a packaged fee (extra services fee). 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 and you will need to discuss and agree to any fees before entry.

The latest "Schedule of Fees and Charges for Residential and Home Care can be found at <https://www.health.gov.au/resources/publications/schedule-of-fees-and-charges-for-residential-and-home-care>.

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 Age Pension or the fees you can be asked to pay for aged care.

While many individuals continue to be paid the same amount of Age 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 and this can affect the rate of pension you receive.

For aged care fees, a capped amount prescribed 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.

in which case the home will not be assessed.

Aged Care Reforms

The new aged care reforms, which are earmarked to commence from 1 November 2025, are designed to better meet the care needs of older Australians while improving the financial sustainability of aged care providers.

Support at Home

- The Support at Home program will replace the current home care system. Commonwealth Home Support will also fall under the Support at Home banner from 1 July 2027.
- The program will have a service list which specifies the services available under Support at Home. This will provide clarity for older people and service providers about what can be accessed. The service list includes clinical care (such as nursing and physiotherapy), support for independence (such as personal care, respite,

transport and social support), and help with everyday living (such as cleaning, meals delivery and gardening).

- Clinical care fees will be fully subsidised by the Government for all recipients. How much you will contribute towards the costs for independence and help with everyday living will depend on your income and assets, whether you are a full or part pensioner and whether you hold a Commonwealth Seniors Healthcare Card.

Residential Care

Those entering residential care under the new regime will have a different fee structure as follows:

- Basic Daily Fee – this will continue to apply to all residents and equates to 85% of the single basic age pension
- Means tested care fee – will be replaced by the Hotelling Contribution and Non-clinical Care Contribution. These fees are determined by your income and assets.
- Accommodation payment – The Government will continue to meet accommodation costs in full or in part for those who do not have the means to pay. Others will need to pay the accommodation price they negotiate with their aged care home.
 - o Refundable Accommodation Deposit (RAD) – a lump sum payment for accommodation will continue to apply. However, care providers will charge an additional retention amount of 2%pa on the balance of the RAD over a five-year period. This retention amount will be deducted from the RAD (paid monthly).
 - o Daily Accommodation Payment (DAP) – If you elect to pay for your accommodation as a daily fee, this DAP will continue to be based on a legislated formula that converts the RAD price to a DAP price at the time of entry. However, under the new rules, the DAP will be indexed twice a year to CPI.
- Fees for extra or additional services – will be replaced by the Higher Everyday Living Fee. This fee is an optional fee charged for additional goods and services not otherwise required to be provided under the Aged Care Rules. You can elect which additional goods and services you wish to purchase and have the ability to opt-out of the additional fees at any time.

Factual Information Disclaimer

This information has been provided as factual information only. We have not considered your personal financial circumstances, needs or objectives.

Whilst all care has been taken in the preparation of this material, it is based on our understanding of current regulatory requirements and laws at the publication date. As these laws are subject to change you should speak with an authorised adviser or relevant professional for the most up-to-date information. 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.