



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: Significant changes to the Australian aged care system commenced on 1 November 2025.

The information provided in this Financial Planning Concepts relates to those accessing aged care services after 1 November 2025. The fees applicable to existing home care recipients and aged care residents at 1 November 2025 may differ to the fees outlined below.

Support at Home

There are many different services that may allow you to stay in your own home longer. The Support At Home program provides access to a range of services, equipment and home modifications to help older people remain healthy, active and socially connected to their community.

Access to Support at Home packages must be approved by ACAT/ACAS.

Here's a snapshot of what's available under a Support At Home package.

What Does it Provide

Health and Clinical Care

- Nursing care
- Allied health (e.g. physiotherapy)

Independence Support

- Help with mobility and transport
- Equipment and home modifications (like rails or ramps)

Everyday Living Support

- Cleaning, laundry and meals

Support at Home Costs

Once approved for a Support At Home package, you will receive a personalized support plan based on your specific needs. This plan will include a list of support services and the quarterly budget available.

Clinical care (like nursing or health treatments) is fully paid for by the Government — you won't need to contribute to these costs.

For other services that help you stay independent and manage daily life (like cleaning, personal care, or transport), you may be asked to pay part of the cost.

How much you pay depends on your income and assets. The Government works out a percentage based on your financial situation.

That percentage is then applied to the cost of the services you choose, so you only pay your share.

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.

Care providers will charge a retention amount of 2% p.a. on the balance of the RAD over a five-year period. This retention amount will be deducted directly from the RAD (paid monthly).

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.

If you elect to pay for your accommodation as a daily fee, this DAP is based on a legislated formula that converts the RAD price to a DAP price at the time of entry. The DAP is then indexed twice a year to CPI.

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 accommodation deposit however you may still be asked to pay a reduced accommodation contribution.

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.

Hotelling Supplement Contribution

The Hotelling Supplement Contribution is a means-tested daily fee paid to the aged care facility to cover the cost of everyday living services, such as meals, cleaning, laundry and utilities.

Non-clinical Care Contribution

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 non-clinical care contribution. This fee contributes to the cost of non-clinical care services, including bathing and hygiene assistance, mobility support and lifestyle and social activities.

There is a daily limit that applies to this fee as well as a time-based cap and a dollar-based cap. You only pay the contribution for a maximum of 4 years, regardless of how long you stay in residential aged care.

Alternatively, if your contributions reach your lifetime cap (which is indexed in March and September each year) before the 4 years are up, you stop paying the fee at that point.

Services Australia will advise if you need to pay this fee based on their assessment of your financial position.

Higher Everyday Living Fee (HELF)

The HELF is a voluntary, negotiated fee that you can choose to pay for upgraded everyday living services. These services go beyond the basic care funded by the government and include:

- Premium meals (e.g. restaurant-style dining, wine with meals)
- Enhanced entertainment (e.g. concerts, outings, pay TV, Wi-Fi)
- Lifestyle extras (e.g. on-site hairdressing, private transport)
- More frequent housekeeping or linen changes

- Upgraded room furnishings or décor

The negotiated fee must be agreed to in writing and clearly outlined in the Resident Agreement. It can be cancelled with notice if the resident no longer wants the services.

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.

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.
