

# Aged Care - Accommodation Charge

Accommodation payments are very different from daily care fees. They are used by the aged care home as capital funding to improve the quality of the buildings and services they provide. Not everyone pays an accommodation payment – it depends on the value of your assets at the time of entry to care.



If you have more than \$37,500<sup>1</sup> in assets, you can be asked to pay an accommodation payment but you must be left with at least \$37,500<sup>2</sup> in assets after your payment. The family home is not included in calculating the value of your assets if, when you enter care, it is occupied by your spouse or a dependant child, or a close relative or a carer has lived in the home for a prescribed number of years. To satisfy this condition, the close relative or carer must be eligible for an income support payment.

There are two types of accommodation payments that may be payable to aged care homes:

- Residents requiring high care other than on an extra service basis may be asked to pay an accommodation charge;
- Residents requiring low level care or entering an extra service place (at high or low care) may be asked to pay an accommodation bond.

Respite residents cannot be asked to pay an accommodation payment.

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## Accommodation Charge

An accommodation charge is a daily amount you may be asked to pay when you enter high care. It is fixed from the date you enter care until you are discharged from care for a period greater than 28 days.

Residents who enter care with assets in excess of \$39,000 may be asked to pay an accommodation charge.

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## How much will I pay?

The maximum amount of a resident's accommodation charge depends on the amount of your assessable assets. The Department of Health and Ageing will write to you to advise the maximum amount of accommodation charge you may be asked to pay based on the value of your assets.

If you choose not to have an assets assessment, or your assets are above \$102,544, the amount of accommodation charge you may be asked to pay will be the maximum applicable rate. This is currently \$30.55 per day for pensioners and \$30.55 per day for self-funded retirees.

<sup>1</sup> Rates current as at 20 March 2011.

<sup>2</sup> Rates current as at 20 March 2011.

## Deferring Accommodation Charge Payment

You can agree with the aged care provider to defer payment or pay it from your estate. The aged care provider is entitled to charge interest on the unpaid amount at no more than double the lowest pension deeming rate applicable at the time of entering the home (currently 6%).

## Will my home be "protected"?

The value of your former home will not be counted as an asset if, at the time of the your assets assessment or the date of your entry to care (whichever is the earliest):

- your spouse, partner or dependent child is living there;
- a carer who is eligible for an income support payment has been living there for at least 2 years;
- a close relative who is eligible for an income support payment has been living there for at least 5 years.

Aged care residents who pay an accommodation charge are able to rent out their former home without the value of their home or the rental income affecting their aged care fees and, if applicable, their pension.

The former home is exempted from the pension assets test for 2 years for all people entering residential care (longer if the person's partner remains living in the home).

## Gifting

Assets gifted away from 10 May 2006 over \$10,000 in a single financial year or \$30,000 in a 5 financial year period will be included in your assets assessment. As a result, you may not be eligible for government assistance with your accommodation costs.

## Moving to another aged care facility

If you move from one aged care facility where an accommodation charge was payable to another aged care facility where an accommodation charge is also payable, the level of your charge at the new facility will be capped at the maximum accommodation charge you were eligible to pay in the previous aged care facility.

You cannot be asked to pay a higher charge in the new home unless there is a gap of more than 28 days between leaving the earlier home and entering the new home.

If you paid a bond on entry to low care and subsequently move, within 28 days, to another aged care home to receive high care, you may, with the agreement of the new aged care provider, either:

- have the balance of the bond fully refunded (less retention amounts) from the previous aged care home and (if liable) pay an accommodation charge in the new aged care facility. If this is the case, you will need to apply for an aged care assets assessment in order for the Department of Health and Ageing to work out the maximum charge you are eligible to pay; or
- transfer the balance of the bond to the new aged care facility. In this case, only the balance, if any, of the 5 year retention period will carry over to the new aged care facility.

## Safeguards for Residents

You can only be asked to pay the charge if you can afford to do so.

You cannot be asked to pay the charge unless you have entered into an agreement with the aged care provider. You have up to 21 days after entering an aged care facility to enter into the charge agreement.

You can only agree to pay a charge when you enter the aged care facility. If your circumstances change after you enter the aged care facility, you cannot be asked to pay more than you originally agree to when you entered the home.

To locate a Consultum Financial Adviser who can assist you with your financial planning needs, visit [www.consultum.com.au](http://www.consultum.com.au)

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