

Aged Care Accommodation

It can be difficult to plan, either financially or emotionally, for the move into aged care accommodation.

When the time comes that a family member or another person that you provide care for can no longer live independently in their home, you may find yourself being confronted with a complex range of questions and decisions.

Seeking financial advice from an aged care specialist during this time can ensure that the decisions that you and your family make will be the right decisions whilst taking into consideration the impact to your financial situation, age pension entitlement and aged care costs.

This flyer is designed to assist you in understanding the fees that may be payable by an aged care resident within a government subsidised low or high level care residential facility such as a hostel or nursing home.

Initial Assessments

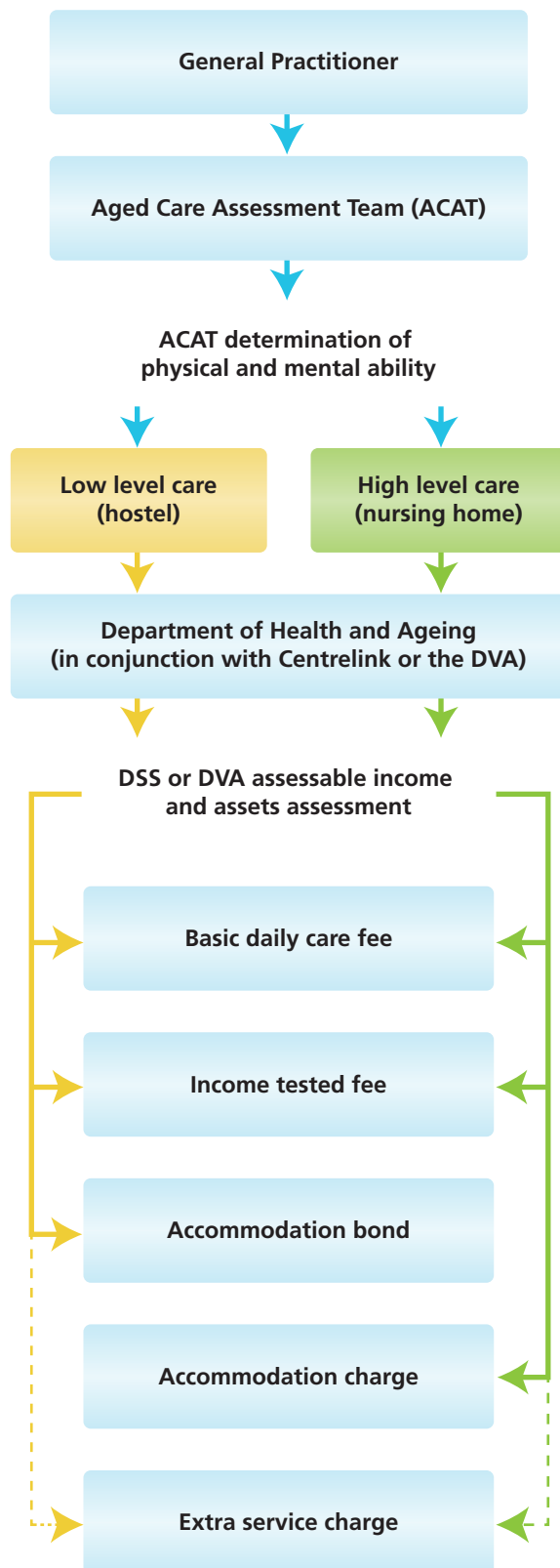
Ability assessment

To be eligible to enter an aged care facility, it is first necessary for a resident to undergo an assessment of their physical and mental ability by the Aged Care Assessment Team (ACAT).

This assessment will generally occur once a referral has been received from the resident's General Practitioner.

Based upon the results of the assessment, ACAT will determine whether the resident needs to live in a low level care facility such as a hostel, or in high level care, such as a nursing home.





Financial assessment

Once the ACAT assessment has been completed and the required level of care is established, the Department of Health and Ageing will assess the resident's ability to pay fees for aged care accommodation and services.

As part of this assessment, a 'Request for an Assets Assessment' form will need to be completed, providing details of the resident's current financial position.

Your financial adviser can assist you to complete this form.

The financial assessment will take into account the amount and type of assets that the resident owns at the time that they enter aged care accommodation.

As a result of this assessment, residents will generally be classified into one of two classes:

- Non-supported resident
- Supported resident

It is important that consideration is given to how a resident's assets and income are structured as this can have a direct impact on the amount of fees that they will be asked to pay in the future and, for a low care resident, the amount of bond they will be required to pay upon entry to aged care accommodation.

Your financial adviser will be able to assist you in reviewing the resident's current position, and recommending any changes that may be appropriate.

Accommodation and Service Fees

There are four types of fees that a resident living in a low care government subsidised facility may pay.

Basic Daily Fees

Residents living in an aged care facility can be asked to pay a basic daily fee as a contribution towards accommodation costs and living expenses such as meals and refreshments, cleaning, laundry, heating and cooling.

Resident class	Maximum Basic Daily Fee	
Standard resident	\$41.34 per day	\$15,089.10 p.a.
Protected resident	\$37.73 per day	\$13,771.45 p.a.
Phased resident	\$39.86 per day	\$14,548.90 p.a.
Non-standard resident	\$46.99 per day	\$16,702.40 p.a.

Income tested fee

Residents in permanent aged care may be asked to pay an income tested fee in addition to the basic daily fee.

The amount they will pay depends upon their assessable income.

The amount of income tested fee payable will depend upon the amount of income the resident earns each year above their income free area.

Resident class	Income free area	
	Single (per year)	Couple (per year)*
Protected residents	\$20,014.80 p.a.	\$19,546.80 p.a.
Phased residents	\$21,454.42 p.a.	\$20,986.42 p.a.
All other residents	\$22,531.60 p.a.	\$22,063.60 p.a.

* Each member of the couple

Accommodation bond (low level care only)

Residents with sufficient assets who require a low level of care may be asked to pay an accommodation bond when entering an age care facility.

A resident cannot be charged a bond amount that would leave the resident with less than the following minimum asset amount.

Minimum Asset Amount per member of a couple	\$40,500
--	----------

The bond amount, less retained amounts (see below), will be returned to the resident or their estate within 14 days of when the resident left the facility.

Retained amounts

Each month for the first five years from the time the resident enters aged care accommodation, an amount is retained by the age care facility from the accommodation bond to assist in the maintaining the building and equipment of the facility.

The amount of the bond which will be payable is negotiated between the aged care accommodation providers and the resident, but is subject to a maximum annual retention amount.

Bond amount	Maximum annual retention amount
Less than \$19,740	\$1,974 per year
Between \$19,740 and \$38,160	Bond amount x 10% per year
\$38,160 or more	\$3,816 per year (\$318.00 per month)

Once set, the retained amount cannot vary and will cease to be payable after five years, or earlier if the resident leaves the facility prior to that time.

There are a number of ways by which a resident may be able to pay their accommodation bond.

The accommodation bond can be paid by;

- lump sum,
- periodic payment, or
- a combination of lump sum and periodic payment.

If the resident chooses not to pay the entire accommodation bond amount negotiated to the aged care facility as a lump sum, interest can be charged on the unpaid amount at a fixed rate determined by the Government.

The method chosen could determine whether the resident's family home is counted as an asset by DSS or DVA.

Your financial adviser will be able to help you assess the most appropriate payment method.

Accommodation charge (high level care only)

Residents who have sufficient assets and require a high level of care may be asked to pay an accommodation charge.

Total assessable assets of resident	Maximum Charge
Up to \$40,500	No charge applies
\$40,500 to \$107,850	Calculated using the following formula: (Assessable assets - \$40,500) ÷ \$2,080
Above \$107,850	Pensioners: \$32.38 per day Pensioners: \$11,818.70 p.a.

If the resident chooses not to have an asset assessment or has assets above the threshold, the amount of the accommodation charge that they may be asked to pay will be the maximum applicable rate shown in the table above.

Extra Service Fees

Some aged care facilities can provide a resident with a higher standard of accommodation and services if they choose to pay an extra services fee and accommodation bond (high level care).

The payment of an extra service fee does not mean that a resident will be provided with a higher level of care.

However, by paying an extra service fee, the resident may be entitled to a bigger room, a wider choice of meals and / or wine with meals.

Extra services offered vary from one facility to another, and the Government does not regulate the fees or amount of bond charged for this service.

It is essential to check whether the aged care facility offers extra services and what costs may be involved.

Enduring Power of Attorney

If you wish to obtain information from financial institutions to make financial decisions about the financial affairs of a resident on their behalf, you will need to be granted a Power of Attorney.

A Power of Attorney allows you to act on behalf of the resident under law.

If you do not already hold an Enduring Power of Attorney granted by the resident, your financial adviser will be able provide you information on how to obtain this document.

To locate a Consultum Financial Adviser who can assist you with your financial planning needs, visit www.consultum.com.au

Some other issues to consider

Retaining and renting the family home

In some circumstances, retaining and renting the family home of an aged care resident can provide the resident with an exemption for the home from the social security assets test.

The home may also be exempt from assessment if a spouse, family member or carer continues to reside there.

When deciding whether to retain or sell a resident's family home, it is important to consider the income tax impact, the capital gains implications, the net cost and the potential investment implications of the decision.

Your financial adviser will be able to assist you to determine the financial impact of each option.

Disclaimer and General Advice Warning

This Fact File was prepared by Consultum Financial Advisers Pty Ltd (Consultum), ABN 65 006 373 995, AFSL No 230323. The Fact File contains factual information and general financial product advice only. It has been prepared without taking into account any person's individual investment objectives, financial situation or particular needs. A person should not act on this information without first talking to a financial adviser. This information is given in good faith based on information believed to be accurate and reliable at the time of publication, including the continuance of present laws and Consultum's interpretation of them. Consultum does not undertake to notify recipients of changes in the law or its interpretation.

Consultum gives no warranty of accuracy or reliability, accepts no responsibility for any errors or omissions, including by reason of negligence. Consultum, its officers, employees or agents shall not be liable for any loss or damage whether direct, indirect or consequential arising out of, or in connection with, any use of, or reliance on, the information contained in this Fact File. The information in this publication (including tax rates) is current as at 17 January 2012.

Consultum Financial Advisers

ABN 65 006 373 995
AFS Licence No. 230323
Level 6, 161 Collins Street
Melbourne VIC 3000
1800 062 134
www.consultum.com.au