



ALTERIS FINANCIAL
GROUP

Your Financial Guide to Aged Care

With you **every step of the way**

Wealth / Accounting / Lifestyle **Care**



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Disclaimer

Alteris Financial Group Pty Ltd ABN 59 133 479 115 AFSL No 402370 is responsible for the information contained in this guide.

The information is general in nature and is based on rates and thresholds current as at 1 October 2021.

The application of the information in this document will depend on your specific personal circumstances. We recommend you consult a financial adviser whose advice will take into account your particular objectives, financial situation and individual needs.

Your guide to Aged Care

For most of us, growing older means at some stage we will find it difficult to manage our day to day living activities. You may feel you need help, or you may care for a friend or family member who needs help, but you don't know where to start or what assistance you can access.

There are many different types of aged care services available to support you, whatever your needs, including Residential Aged Care.

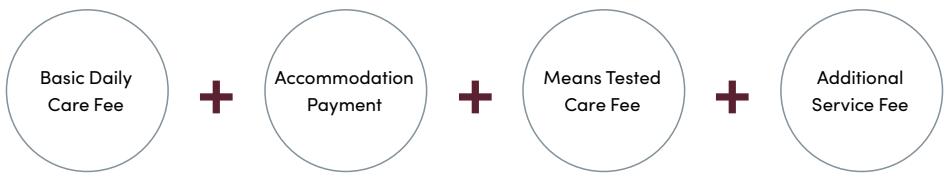
Residential Aged Care Facilities

Sometimes, the best way to receive help and support can be by living in a residential aged care facility, either permanently or for a short stay (called residential respite). You will need to be assessed and approved for residential aged care by the Aged Care Assessment Team (ACAT).



Fees and charges

A resident can be asked to pay the following fees:



The **Basic Daily Care Fee** applies to all residents of an aged care facility. It is set at 85% of the single rate of the maximum age pension (excluding the Pension and the Energy Supplements) currently \$53.56 per day.

Accommodation Payments are subject to a market price model and aged care facilities are required to publish the market price of their accommodation payments in their brochures, their websites and on the My Aged Care government website (www.myagedcare.gov.au).

A market price Refundable Accommodation Deposit (RAD) in excess of \$550,000 will need to be approved by the Aged Care Pricing Commissioner.

The calculation of the Daily Accommodation Payment (DAP) is based on the Refundable Accommodation Deposit (RAD) amount and a government set interest rate which is currently 4.01% per annum.

For example, if the market price RAD was \$400,000, the DAP would be \$43.95 per day. Of course you may decide to pay \$200,000 by RAD and \$200,000 by DAP in which case the DAP would be \$21.97 per day. Any amount of RAD you pay will be an exempt asset for the calculation of your pension entitlement. However, payment of a RAD will be included in the asset calculation for Aged Care fees and costs.

Residents of an aged care facility will be assessed by the government based on their assets and income to determine their capacity to pay a **Means Tested Care Fee** (subject to an annual and lifetime cap).

The formula to calculate the Means Tested Care Fee is equal to the Means Tested Amount minus the Maximum Accommodation Supplement of \$59.49 per day.

The formula for the Means Tested Amount is:

- 50¢ per dollar of income above \$28,472.60 p.a. (single), \$27,952.60 p.a. each (couple)
- Plus 17.5% of assets between \$51,500.00 – \$175,239.20
- Plus 1% of assets between \$175,239.20 – \$422,717.60
- Plus 2% of assets above \$422,717.60
- Divide the sum of the above amounts by 364

Income is generally assessed under the same rules that Centrelink applies for pension entitlements, but also includes any Centrelink/ DVA pension received (excluding certain supplements). Assets both within Australia and overseas are assessed at net market value. If you are a member of a couple your assets and income will be assessed on a 50/50 basis. The former family home will be assessed up to a value of \$175,239.20 per person (indexed) unless a protected person is living there, in which case the home will be exempt from the assessment (conditions apply).

A protected person includes:

1. A spouse or dependent child, or
2. A carer, who is eligible to receive an Australian Income Support Payment, who has been living there for at least 2 years, or
3. A close relative, who is eligible to receive an Australian Income Support Payment, who has been living there for at least 5 years

Additional Service Fees are other amounts agreed between the resident and the aged care facility.



Low Means Aged Care Residents

A common misconception about moving into an aged care facility is that you will not get in if you do not have enough money.

In reality, most aged care facilities need to keep a ratio of people who have lower financial means to receive funding from the government, the exception is extra services facilities.

→ Your eligibility to have some (or all) of your accommodation costs subsidised by the government is based upon your assets and income. People with assets below \$51,500.00 and income below \$28,472.60 p.a. (single) or \$27,952.60 p.a. each (couple) will not be required to make a contribution towards their accommodation costs. They will be considered a Low Means Resident and will only pay the Basic Daily Care Fee.

People with assets above \$51,500.00 or income above \$28,472.60 p.a. (single) or \$27,952.60 p.a. each (couple) may be eligible for partial government support towards their accommodation costs should their Means Tested Amount be less than \$59.49 per day. Your residential care fees are reviewed on a quarterly basis and are subject to change.



Tom's example

For example, Tom is single with assessable income of \$29,000 pa and assets of \$90,000. He would have the ability to contribute as follows:

- The income contribution at 50¢ for each dollar above \$28,472.60 / 364 = \$0.72 per day
- The asset contribution at 17.5% of assets above \$51,500 / 364 = \$18.51 per day

In addition to the basic daily care fee of \$53.56 per day, Tom's accommodation contribution would be \$19.23 per day.

How can Aged Care financial advice help?

Aged Care decisions are complex and specialist advice is needed. The correct structuring of your assets and income can ensure you maximise your pension entitlement, minimise the ongoing cost of aged care and have your estate planning wishes met.

Maureen's example

The example of Maureen below shows how seeking financial advice before making any aged care decisions can assist in significantly improving your final outcome.

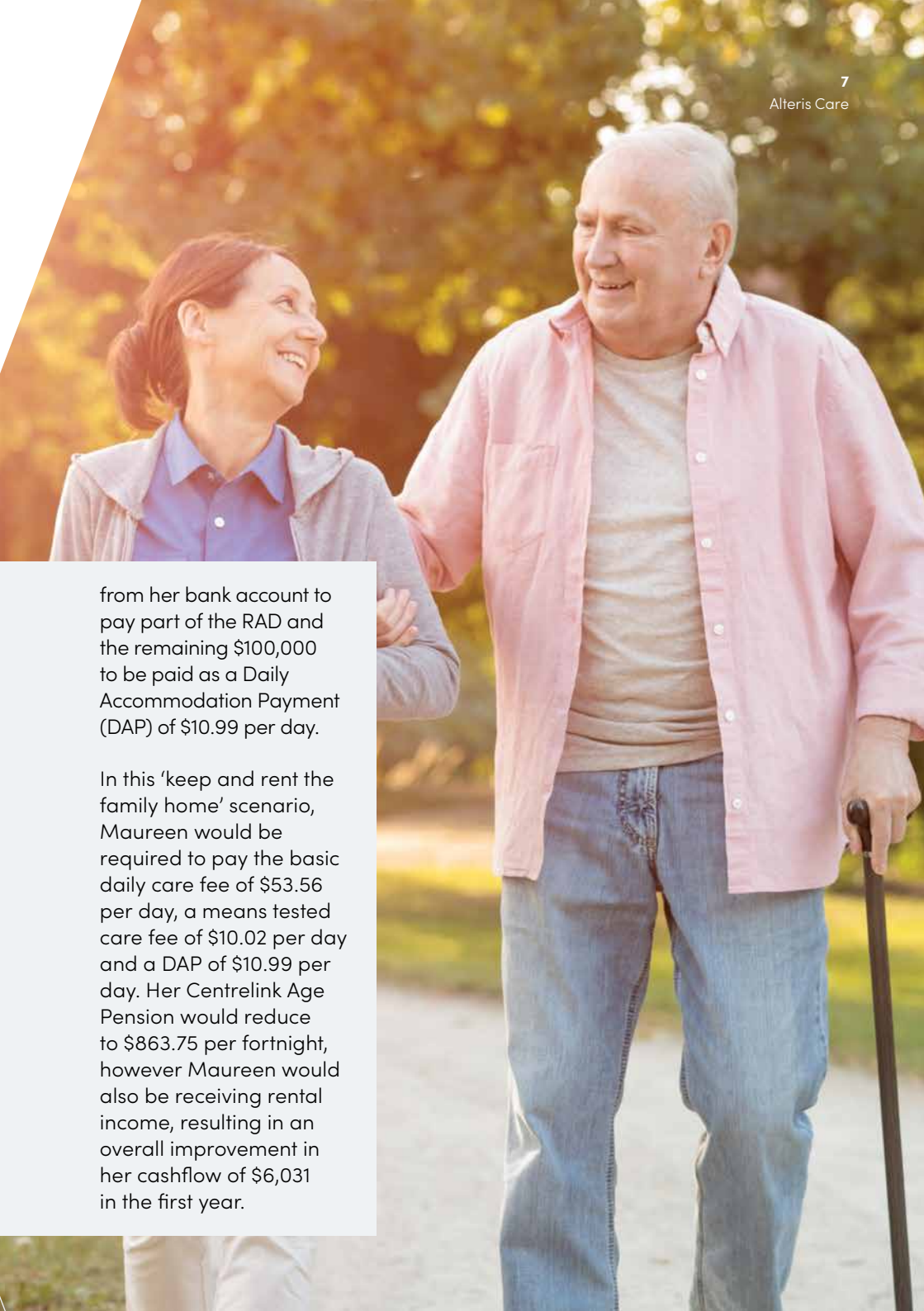
Maureen is age 80, widowed and recently entered a residential aged care facility. Her assets comprise of the family home valued at \$400,000 and \$230,000 in her bank account (earning 0.5% p.a.). Maureen currently receives a Centrelink Age Pension of \$967.50 per fortnight which is equal to the maximum amount payable.

The facility requires a Refundable Accommodation Deposit (RAD) of \$300,000. Maureen does not believe she has any other option except to sell her family home of 50 years

to pay for the RAD. She retains the residual in her bank account.

Under this 'sell the family home' scenario, Maureen would be required to pay the basic daily care fee of \$53.56 per day plus a means tested care fee of \$19.34 per day. Her Centrelink Age Pension benefits would reduce to \$935.33 per fortnight.

As an alternative scenario, Maureen could keep and rent her family home. She has been advised that the net rental income would be \$10,000 per annum. Maureen could use \$200,000



from her bank account to pay part of the RAD and the remaining \$100,000 to be paid as a Daily Accommodation Payment (DAP) of \$10.99 per day.

In this 'keep and rent the family home' scenario, Maureen would be required to pay the basic daily care fee of \$53.56 per day, a means tested care fee of \$10.02 per day and a DAP of \$10.99 per day. Her Centrelink Age Pension would reduce to \$863.75 per fortnight, however Maureen would also be receiving rental income, resulting in an overall improvement in her cashflow of \$6,031 in the first year.

The Alteris solution

Alteris Financial Group provides financial advisory and management for individuals and families across generations and at every stage of life.

Privately-owned, we hold an Australian Financial Services Licence and have been assisting clients achieve their financial goals for more than 25 years.

Through our specialist divisions, Wealth, Accounting, Lifestyle and Care, we work with clients to assist them through the often complex process of planning and structuring the move to a retirement village or aged care facility.

Our offices are located in the Sydney CBD and Brisbane CBD.

Why choose us?

Entry into aged care can be a challenging time for both the person and their family, and the finances are notoriously complex.

Most financial planners do not specialise nor regularly provide aged care financial advice. It is very much a 'niche' that demands specialist attention and hands on experience.

Alteris Lifestyle and Care advisers are your aged care financial specialists. Your loved one's aged care needs are the sole focus of our advice process.

We will provide you with a range of financial options so you and your family are empowered to make an informed decision. Our advice is tailored to you and your loved one to deliver better choices and a clear path for the journey ahead.

Alteris advisers are here to listen

Each situation is unique and we need to understand it. We will ask a lot of questions as part of our research so the advice we provide can deliver the best financial outcome for you.

We will provide you with a range of financial options so you and your family are empowered to make an informed decision. Our advice is tailored to you and your loved one to deliver better choices and a clear path for the journey ahead.

Our process and fees are fully transparent

Alteris Financial Group prides itself on providing personalised, easy to understand advice that always puts the needs of clients first and foremost. For this reason, we charge on a fee for advice basis and do not accept commissions from product providers. Under these arrangements, transparency is guaranteed, our interests are aligned only with those of our clients and any potential conflict of interest is eliminated.

Would you like to discuss this further?

For more information or to discuss this further, please phone us on **1300 366 932**.

Contact us

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With you every step of the way