

# Aged care

## what you need to know...

Whether considering options for yourself or deciding how best to help someone close to you, aged care is a complex area and requires careful thought. The uncertainty surrounding where to move, how much it will cost and where the money will come from can be overwhelming and stressful.

This guide provides the basics; you will understand the steps you need to take, where to find answers and how your financial adviser can provide strategies and advice to help you make an informed decision.



There are typically three steps you need to take before moving in to an aged care facility.

## STEP 1: Approval

Before entering an aged care facility your health must be assessed to decide which level of care is appropriate. The assessment can be performed by any doctor, nurse or social worker who is a member of an Aged Care Assessment Team (ACAT).

**Am I eligible to move to a facility?**

**ACAT Assessment**

## STEP 2: Find a home

There are two types of residential aged care facility – hostels ('low level care') and nursing homes ('high level care'). The main difference between hostels and nursing homes is the level of care provided. Hostels provide personal care, accommodation and some level of nursing care, whilst nursing homes provide 24-hour nursing care and accommodation.

**Do I have to pay any upfront costs? What about my home?**

**Hostel or nursing home with extra services**  
(Accommodation bond)

**Nursing home without extra services**  
(Accommodation charge)

## STEP 3: Organise your finances

On entry to a facility, you will be required to pay either an accommodation bond (once only) or an accommodation charge (ongoing). Regardless of what type of facility you choose there will also be a basic daily fee to pay and there may be a 'daily income-tested fee'. Some facilities offer you a higher level of service or a higher standard of accommodation or food. If you have chosen a higher level of services there will also be 'extra service' fees payable.

**What are my ongoing costs and how will I pay them?**

**Basic daily fee  
Income-tested fee  
Extra service fee**

Changes to your circumstances, government legislation or simply what solutions are available in the market means the answer to these questions may change from year to year. It pays to set aside time annually to review your options.

Your financial adviser can help with the decisions you need to make and which strategies are best suited to your circumstances.

# How your adviser can help

<b>My question is...</b>	<b>What do I need to do?</b>	<b>Your adviser can help.</b>	<b>Who else can help?</b>
What upfront costs will I need to pay?	Understand if there is a bond payable, negotiate the amount and determine what assets you can use to meet the cost.	There are strategies to minimise your bond. However, you need to ensure they don't have unintended Centrelink consequences or reduce your chances of being accepted into your preferred facility. Your adviser can help you fine-tune your strategy to minimise up-front costs. It may be that you don't need to have an asset assessment at all.	Centrelink assesses your assets and the aged care facility negotiates the bond or charge with you.
How much will I pay for ongoing care?	Determine which 'basic daily fee' applies to you (there are four) and if you need to pay an 'income-tested fee' (using your 'total assessable income') and/or any 'extra service' fees.	There are also strategies to minimise the fees you pay. Keeping or selling your home often forms part of the strategy as does how you invest. A poorly executed plan can result in a lower Age Pension and higher fees.	The aged care facility and Centrelink can assist in determining your fees.
How do I maximise my social security benefits?	Determine how the social security Income and Asset tests apply to you.	Your choice of investments may help you to access or retain benefits, including the seniors health card. The decisions you make regarding your home can also result in a lower Age Pension.	Centrelink determines your eligibility for Government benefits.
How can I afford to pay for ongoing care?	Determine if your capital can be invested to provide enough cash flow to meet ongoing care costs.	Your financial adviser is uniquely trained to assess your investment options and help you maximise your income.	Your financial adviser is best placed to help you understand your options.
Will I have something to leave for my family?	Identify which of your assets can be included in your estate and the best way to do so.	Your financial adviser can help identify what assets can be left to your estate.	Your lawyer can ensure you have a will that reflects your wishes.
How much tax will I need to pay?	Identify what tax offsets are available and which apply to you. You also need to be aware of any issues that may arise if you sell your home or change your investments.	An overall review of your situation will identify the various tax offsets that may be available to you, including the low income, seniors and net medical expense offsets. A tax adviser can also flag issues concerning land tax and capital gains tax that may affect you.	Your tax adviser is best placed to advise on your tax position.
Can I keep my home or is it better for me to sell it?	Understand the various options and strategies available to you regarding your primary residence.	Many of the available strategies need to be planned, sometimes years, in advance. Your adviser can help you decide if it is best to keep or sell the family home. If kept, they can determine the best way to structure the accommodation bond to ensure the family home does not affect your Centrelink tests. If sold, the best way to invest the proceeds and get the balance right between generating an income, maximising the Age Pension and minimising aged care fees.	Your financial adviser can assist you to understand your options.

To find out more about your aged care options,  
speak to Katrina Wybrow, Financial Adviser, Dip FP CFP

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