

Residential aged care

What you
need to
know



Whether considering options for yourself or deciding how best to help someone close to you, residential aged care can be a complex area requiring 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 help you make an informed decision.

There are typically three steps you need to take before entering residential aged care.

Step 1: Approval

Before entering residential aged care, your health must be assessed to determine your eligibility for care. The assessment can be performed by any doctor, nurse or social worker who is a member of an Aged Care Assessment Team (ACAT, or ACAS in Victoria). You can visit myagedcare.gov.au to request an assessment.

ACAT assessment

Step 2: Find an aged care facility

To make sure you find an aged care facility that you are comfortable in and that will suit your needs, you may like to visit a few different places. You can apply to as many facilities as you like. The accommodation costs for all aged care facilities are published on myagedcare.gov.au. This website also provides a description of the rooms and services available at the facility.

Find an aged care facility

Consider what is important to you in an aged care facility. You may like to visit a few.

Step 3: Organise your finances

On entry to an aged care facility, you may be required to pay an accommodation contribution or accommodation payment. Some people will have their accommodation costs met in full or part by the Government, while others will need to pay the accommodation price agreed with the facility. The Department of Human Services (DHS) will advise which applies to you determined by your level of assets and income at entry.

There will also be a basic daily fee to pay and there may be a means-tested care fee which is determined by your level of assets and income reassessed quarterly. Some aged care facilities offer you a higher level of service or a higher standard of accommodation or food for an extra service or additional fee.

Accommodation contribution
You pay part of the cost of your accommodation and the Government will pay the rest.

Accommodation payment
You pay for the full cost of your accommodation.


Basic daily fee
Means-tested care fee
Extra service or additional fee


Your financial adviser can help with the decisions you need to make and which strategies are best suited to your circumstances. They can also help you keep your plan on track with an annual review, in case your circumstances, or external factors such as legislation, change.


How your adviser can help

My question is...	What do I need to do?	How can my adviser help?	Who else can help?
What upfront costs will I need to pay?	Understand if you have an accommodation payment and determine what assets you can use to meet the cost.	Your adviser can help you determine how to pay for your accommodation. This may involve a lump sum payment, periodic payments or a combination of both.	The myagedcare website (myagedcare.gov.au .) publishes accommodation prices.
How much will I pay for ongoing care?	Determine which ongoing care costs apply to you. This could include the basic daily fee, a means-tested care fee and an extra service or additional fee.	There are strategies to reduce ongoing care costs. Keeping or selling your former home often forms part of the strategy as does how you invest. A poorly executed plan can result in lower Age Pension entitlements and higher ongoing care costs.	Centrelink/DVA determines your ongoing care costs based on your assets and income, but the aged care facility and adviser can help estimate these costs.
Can I keep my home or is it better for me to sell it?	Understand the various options available to you regarding your former home.	Your adviser can explain what to consider if you are deciding to keep or sell your former home. If kept, they can discuss strategies to pay the agreed accommodation payment and explain how your home will be treated for Centrelink/DVA and aged care purposes. If sold, they can also help identify the best way to invest the proceeds and get the balance right between generating an income, maximising Age Pension entitlements and reducing ongoing care costs.	Your financial adviser is best placed to determine the implications of your decision.
How do I maximise my Centrelink/DVA benefits?	Determine how the Centrelink/DVA Assets and Income Tests apply to you.	Your financial adviser can recommend investments to maximise Age Pension entitlements.	Centrelink/DVA can determine your Age Pension entitlements.
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 can recommend investments to maximise your cash flow.	Your financial adviser is best placed to recommend investments.
Will I have something to leave to my family?	Identify which assets you want to include in your estate and those you want to go directly to beneficiaries.	Your financial adviser can help implement strategies to ensure assets are left to your intended beneficiaries.	Your lawyer can ensure you have a valid will that reflects your wishes.
How much tax will I need to pay?	Identify which tax offsets apply to you. You also need to be aware of any issues that may arise if you sell your former 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 and seniors and pensioners tax offsets. A tax adviser can also flag issues concerning land tax and capital gains tax that may affect you.	Your tax adviser/accountant can advise on your tax position.

To find out more about your aged care options:

 Speak to your financial adviser

 Visit challenger.com.au

 Call **13 35 66**