

Planning for aged care



Need to plan a move to residential aged care?

This can be a stressful time, but early planning and good advice can minimise the stress for you and your family.

You will be faced with many personal and financial decisions. This flyer steps out seven steps to help you to navigate through the aged care maze and where to get help.



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Your seven steps for Aged Care



1 Planning

Reduce the stress by planning ahead.

Start with a family meeting to make shared decisions Use this meeting to:

- Discuss options and preferences
- Explore each person's concerns
- Decide who needs to be involved in any planning.

Frank and open discussion is the first step to an effective decision-making process.

Where to find help

Ask your adviser to facilitate your family meeting. He/she can provide advice as well as offer an impartial and objective view.

2 Assessing options

Aged care help can be accessed in your home or in a residential care service.

To help you decide which option is best, arrange a free assessment by an Aged Care Assessment Team/Service (ACAT/ACAS).

You will need to have ACAT/ACAS approval before you can access government subsidised services.

Where to find help

Contact My Aged Care on 1800 200 422 to arrange an assessment or speak to your family doctor.

Further information is available at www.myagedcare.gov.au

3 Searching for services

If residential care is required think about what criteria is important in deciding where to live. Make a list. This should include location, amenities and your health care needs.

This list will help you to develop a shortlist of potential services which you might like to contact or visit. But first check what fees will be asked for accommodation to ensure it is affordable for you.

If all your boxes are ticked you can fill in an application and ask if they have vacancies. You can apply to more than one service to increase your chances of finding a place.

Where to find help

Listings: search by postcode for the list of aged care facilities in your preferred location and check accommodation fees on www.myagedcare.gov.au

Placement services: search the internet for 'aged care placement services' for advice and help to choose a service and negotiate a place.

Application form: discuss the application with your care provider. You may be asked to fill in an application form, and they may have a waiting list.

4 Understanding costs

What you will pay for residential care is divided into contributions towards accommodation, care and additional services.

How much you have to pay may depend on:

- The choice you make
- Your assessable assets
- Your assessable income

The total payable can be hard to calculate without good advice.

Accommodation payments

You usually need to pay for your accommodation. This is a contribution towards the cost of your room and use of the amenities. You can choose to pay a lump sum or a daily payment or a combination.

- **Refundable accommodation deposits (RADs)** are paid as a lump sum. Just like buying a house, the amount you pay may depend on the location and quality of the accommodation.

The amount you pay is fully refunded when you leave, unless you ask for other fees to be deducted from the RAD or you have outstanding fees when you leave.

Repayment is guaranteed by the Federal Government if paid to an approved service that is subsidised by the Federal Government.

- **Daily accommodation payments (DAPs)** are like paying "rent" or interest on any unpaid RAD.

Daily care fees

You will be asked to contribute towards the cost of your care through:

- Basic daily fee at a rate of 85% of the basic single age pension
- Means-tested fee is payable if you have income and assets over specified thresholds. This amount is limited by an annual cap and a lifetime cap.

Additional service fees

This is payable for extra services if selected and may be offered as a package or on a user pays basis. You should check if it is optional.

Where to find help

Your adviser can explain the fees and calculate an estimate of what you may be asked to pay.

If you have low levels of assets and income you may wish to ask Services Australia for an assessment to see if you qualify for concessions on the cost of accommodation. But get advice before you complete this form to avoid any unintended consequences, and make sure your Centrelink or DVA records are up to date.

5 Covering the costs

Before making a move, a complete review of your financial situation is ideal to ensure you can create sufficient cashflow and maximise your estate.

Many decisions may need to be made including:

- Should the family home be kept, sold or rented?
- Is it best to pay a RAD or DAP for accommodation?
- How is your Centrelink/veterans' Affairs pension affected and can this be improved?
- What are the best investment options for any surplus money?
- How to manage any taxation implications?
- What are the implications for your estate?

Where to find help

Your adviser can review your full financial situation and develop an appropriate strategy to help you make these decisions.

This will include advice on how to structure assets to pay for accommodation as well as create sufficient cashflow.

Your adviser may also recommend strategies to minimise Centrelink or Veterans' affairs benefits.

For the best outcome involve your adviser early, and look beyond just the first year implications.

6 Estate planning

Anytime your circumstances change it is important to consider the impact this has on your estate plans. This includes when you move into aged care.

Your Will

Review your will and if needed (and possible), update it to reflect any changes.

Investments

Review investments with 'death benefit' nominations, to make sure they still meet your wishes.

Powers

Make sure you have the appropriate powers in place so that someone you trust can make decisions on your behalf.

An Enduring Power of Attorney covers financial decisions even when you are no longer able to make these decisions yourself.

Similarly, an Enduring Guardianship covers decisions on your care and living arrangements.

These documents can only be put in place while you are deemed of sound mind so it's wise to establish them early. The rules are different in every state/territory.

Where to find help

Your adviser can identify the consequences of any financial restructures and highlight issues that affect your will and specific investments.

Your solicitor can review and redraft the will to reflect your wishes and establish documents to grant the desired powers.



7 Moving

When you accept a place in an aged care service you will be asked to sign a Resident Agreement. This will detail the services provided and fees payable. It will also outline your rights and obligations.

Fees may commence once the place is accepted but you have 28 days to decide whether to pay for your accommodation as a lump sum (RAD) or a daily fee (DAP). After this you still have time to rearrange assets to make the payments.

If you receive Centrelink or Veterans' Affairs payments, you must notify the change in living arrangements as well as any changes to your income and assets.

Don't forget to let your doctor, bank, Medicare, electoral roll and other relevant organisations know your new address details.

Ask the care provider what you can bring with you, so you can make your room feel like home

Where to find help

Keep in touch with your adviser. He or she can review your financial situation to ensure that opportunities continue to be maximised.

Things can change after the move, so an ongoing review is important.

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