

6 Steps

to Securing
Aged Care



Step #1

Aged Care Assessment

In order to be eligible to move into aged care, a person must first be assessed by a member of the Aged Care Assessment Team (ACAT or ACAS in Victoria). An ACAT assessment does not cost anything, as these assessments are funded by the Australian Government.

Upon completion of an ACAT assessment, you will be told whether or not you are eligible for government subsidised aged care services and the type of care you require, potentially including respite.

Step #2

Determining Affordability

Aged Care can be expensive, and there are many different costs to take into account. To explain all the costs is a complicated issue. So only a brief summary is below.

The costs you may come across are:

- **Refundable Accommodation Deposit (RAD)** – A lump sum payment made to the aged care home. Each home will have a different advertised RAD. A RAD is currently government guaranteed. It is negotiable, but sometimes that is not the best strategy.
- **Daily Accommodation Payment (DAP)** – This is calculated as a percentage of any unpaid RAD. As of the 1st of March 2019 the interest rate was 5.96% p.a.
- **Basic Daily Care Fee** – This is the basic minimum fee payable by all residents as a contribution towards the cost of aged care. It is generally not negotiable, and is not means tested. Even with little assets, a resident will be able to afford this fee using Age Pension payments as it is based on 85% of the full aged pension..
- **Means Tested Care Fee (MTF)** – This is a fee determined by Centrelink and the rate of this fee is based on your level of income and assets. This is the most complicated fee of all. However there are great strategies to reduce it.
- **Extra Services Fee** – Some aged care homes offer extra services for things such as newspapers, alcohol, cable television, etc. The Extra Services Fee varies from home to home depending on the services on offer. Some homes do not charge one at all.
- **Daily Accommodation Contribution (DAC)** - Residents with limited assets or income may pay this instead of a RAD.
- **Refundable Accommodation Contribution (RAC)** – DAC can be reduced by paying a RAC. Sometimes it may be beneficial for a resident to pay some RAC instead of a DAC. Sorry, this is also a complicated area and too hard to simple explain in a brief summary.

It is important that before you start looking for a home you establish what is affordable and also what aged care fee structure is applicable, (that is RAD versus DAC). The purpose of the 31 page Centrelink assets and income assessment form is to do this, this form also calculates the MTF. Unfortunately Centrelink are making frequent errors and can take anywhere between 3 weeks and 3 months to respond.. You also need to make sure their calculations are correct. We can do this for you.

Step #3

Aged Care Financial Planning Strategies



Often, a person will move into aged care without considering how to pay for aged care and how to structure their income and assets beneficially. This can be a very costly mistake.

Example

Rose and Stan are 2 single homeowners,, both wish to move to the same Aged Care Home, and both have exactly the same home value of \$800,000, the same amount in a bank account of \$100,000 and the same Refundable Accommodation Deposit (RAD) to pay of \$500,000. They both also receive assessable superannuation pension income of \$10,000 p.a. They both want to sell their home. It is important to note however that they do not need to.

Rose gets expert advice

Stan doesn't get advice and Stan doesn't know about the strategies available.

	Stan (No Advice)	Rose (Expert Advice)
Centrelink or DVA payments per year	\$13,513 p.a.	\$19,163 p.a.
Aged care fees	\$34,631 p.a.	\$31,799 p.a.

Rose is financially better off by \$8,482 per year through a combination of more Centrelink and by lower aged care fees. Over a 3 year period, Rose is better off by over \$25,000.

Taking the time to seek advice on how to structure your income and assets, prior to moving into aged care, can save you thousands of dollars in fees every year. This is achieved by reducing your aged care fees and increasing Centrelink / DVA entitlements. Additionally, you want to make sure that your assets can continue covering your living expenses and aged care expenses for the remainder of your life. We assume all our clients live to 105. Aged care homes may ask family members to guarantee payment of fees.

One of our aims is to preserve as much of your wealth as possible. We also investigate estate planning strategies. We also advise on current investments, our aim is to simplify investments. Now is not the time for risk and complication.

*Have you structured your assets and income
in a way that will minimise aged care costs
and maximise social security payments?*



Step #4

Finding a Home



There are a large variety of aged care homes throughout Australia. Different homes can cater for different residents too. There are basic aged care homes, aged care homes with dementia units, homes offering extra services, homes specialising in particular ethnic groups, hearing impaired and so on.

You should consider what you need from an aged care home. Your ACAT assessment will help with your specific needs.

Although, finding a home can be done by family members or by hospital social workers / discharge planners, you may decide that employing a professional aged care placement consultant with expert knowledge of the homes in your area is the best way to find the ideal home. We can provide a contact name.

You will need to think about:

- Special care requirement
- Medical requirements
- Visitation of family and friends
- Types of meals on offer
- Extra services provided
- Social and cultural activities
- Health services
- Transportation
- How they meet your special needs
- Etc



Step #5

Submitting Forms

Applying for an aged care home requires you to submit an application with your preferred facility. It is best that you discuss the application process with the aged care home directly. A placement consultant will handle this for you.

To be eligible for government subsidies so as to assist with the cost of aged care, you will need to complete the residential aged care combined assets and income assessment form and submit it to Centrelink or Department of Veteran Affairs (DVA). Centrelink will use this information to determine your Means Tested Care fee and notify yourself and the aged care home. This process can sometimes take a few months. In the meantime, aged care homes may charge an interim Means Tested Care fee. This can be up to \$250 per day. This may be far higher than the actual assessed amount. It is a cause of much stress when the first invoice arrives. Please note, the aged care home do not profit by this, they are just offsetting a reduction in government funding.

We complete this 31 page document for our clients, check the result and advise you on any errors.

Step #6

Moving In

Every aged care home has different rules, routines and surroundings.

Upon moving in, you will likely be asked to contribute a deposit towards the RAD. Although arrangements can sometimes be negotiated if you do not have funds immediately available. We handle these negotiations for our clients.

You will also be required to sign a residency agreement – a legal document stating your fees and conditions of residing at the home. You may choose to seek legal advice before signing this.

Despite living in aged care, your friends and family can and should remain an important part of your life.



About Core Value Financial Advice



Core Value Financial Advice has our own Australian financial services licence (AFSL). This is extremely important to us, and should be to you as well, as this means we are completely independent of any financial institution, eg the banks.

At Core Value Financial Advice, we understand the stress involved in the transition to aged care, because we help our clients navigate it every day.

We are highly skilled and experienced in the process of helping you move into aged care, including negotiating with the home on your behalf, completing all of the required financial forms, and ensuring it's done with your financial interests in mind and the intention of preserving wealth.

The advisers of Core Value Financial Advice are amongst the most trusted on the East Coast - offering services in Melbourne, Sydney and the Gold Coast. We are dedicated to finding the best outcome to your specific circumstances.

We use clever strategies to reduce the means tested care fee and obtain or increase Centrelink / DVA entitlements. We also guide you step by step through the whole transition process. Although we will provide our advice within 2 weeks. The entire process generally takes 3 months.

Please contact us today for a no obligation initial chat on 1300 944 011.

Email: enquiry@corevalue.com.au

Web: www.corevalue.com.au
Offices in Melbourne, Sydney and Gold Coast

About myagedcare.gov.au

The www.myagedcare.gov.au provides many resources and useful information to assist with your aged care needs. However, this is an information site only and not able to provide you with personal financial advice. It will not provide you with financial planning strategies designed to increase social security benefits and decrease aged care costs.

You can visit MyAgedCare.gov.au for the following:

- Locating your nearest Aged Care Assessment Team (ACAT)
- A search engine for registered aged care homes in your area including advertised costs
- Comprehensive information on the types of fees payable in aged care
- Plenty of information on aged care in general



Get in touch

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Core Value Financial Advice has offices in:
Melbourne, Sydney and on the Gold Coast.

www.corevalue.com.au

