

Does my home count?

Do I have to sell my home?

There is no straight answer to this question. Firstly, if your partner or dependent children are living there, the home will not be counted. If a carer eligible for an Australian Government income support payment has been living there for at least 2 years, the home will not count while that person still lives there. (note Carer's Allowance is NOT an income support payment but Carer's Payment IS.) If a close relative who is receiving an Income Support Payment from Centrelink has been living there for at least 5 years, the home will not be counted. Otherwise, under other circumstances, it will count towards the MTCF.

If the home does count, it is capped at a value determined by Human Services. At 20/3/19 the cap was \$168,351.20. Where a married couple is assessed, the cap applies to each of them.

Where the home is rented out the rent is counted as income but the cap applies to the value of the home.

For Centrelink and DVA pension purposes different rules apply to the former home. The spouse exemption continues while your spouse lives in the home. If the house is not rented out (regardless of who is living there) it will not count for 2 years as an asset for Centrelink / DVA purposes.

The house will count, at its market value, for Centrelink or DVA as soon as it is rented out or at the end of the 2 year period unless your spouse is residing there. For many people, this means that at the end of 2 years they may lose their Age Pension as their home becomes an assessable asset.

LFS can assist you in planning around these issues to obtain the best outcome for you.

What do I do next?

It is a difficult time and a lot of new terminology and strategies will be used. At LFS we provide Aged Care advice to existing clients for no extra fee. For new clients, we provide an initial meeting complimentary and then charge \$250 (plus gst) per hour for any advice, or assistance with Aged Care that is required.

We strongly recommend you consider all your options and get advice before making an Aged Care decision and before updating Centrelink.

Once you have chosen the Home and have been offered a bed, you must complete an SA457 form for Centrelink to determine your fees. It is essential that this is completed accurately.

After entering care, Centrelink will need to be updated regarding your assets, income and contact details. If you have a spouse, you will each be paid on the "Married couple separated due to illness" pension rate, which is the single rate of payment assessed under the couple assets and income tests. If you are over-paid by Centrelink or you underpay your fees for Aged Care, you will be billed to repay or backpay the relevant amounts.

LFS can assist you in completing these forms and updating Centrelink or DVA.

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Residential Aged Care: The Basics.

At Leishman Financial Services we have been looking after our clients since 1985. Our skills and knowledge have grown to service and advise on the issues important to our clients as they age.

Moving a loved one into Aged Care is a daunting and emotional time for a family. With the help of our Advisers, you can make sure the best outcomes are achieved both financially and physically for you or your loved one.

In 2014 the Aged Care industry went through significant changes to the way fees are calculated and charged for Residential Aged Care (nursing homes). This brochure explains the different fees associated with Aged Care and the process to be undertaken to arrange admission to Aged Care. The purpose of this brochure is general only and should not be considered personal advice.

For personal advice on your situation, we strongly recommend that you meet with one of our Advisers to assist you with understanding and planning for the transition into Aged Care. Our team of specialist Financial Advisers have extensive experience and knowledge to walk you through the Aged Care process.

We take the time to make sure you get the right advice and outcome for your situation. At LFS you are never a number, always a person, that is one thing we can guarantee.

What comes first?

Step 1: Register with My Aged Care.

This can be done by calling **1800 200 422**.

You will need your Medicare Card and ask to be registered for an assessment for Aged Care. This is called an ACAT or ACAS Assessment.

When you call you will be asked about your needs to determine whether you need a formal assessment - this takes at least ten minutes and may include questions about:

- any support you are currently receiving
- any health concerns you may have
- how you are managing with activities
- your safety at home

Once it is determined that you require an ACAT Assessment, one will be scheduled for you. This will involve one or more Aged Care Assessment Team members visiting you to assess your needs and your health and lifestyle, what you are able to do for yourself and what you need support with. They will also consider any support you have in place and your memory function.

After the assessment is completed, a report will be made with the eligible services listed. This is the report you require as proof of eligibility for Aged Care. The report will contain your Aged Care reference number, which is different from your Centrelink number. This number is used through your time in Aged Care.

Step 2: Visit Aged Care Homes.

On the myagedcare.gov.au website there is a tool to find Aged Care homes in an area that suits you and your family. At LFS we work closely with an Aged Care Advocate who can assist you with this process for a fee. The advocate will inform you of the availability of a bed and the cost in the Aged Care

home you choose. In some cases the advocate will be able to negotiate a lower cost for you. The advocate also has a sound knowledge of many different facilities and which ones may be better than others.

Step 3: Working out the Financial Stuff.

Once you have an idea of the cost of the Aged Care Home you have chosen, we can sit down with you and work through the options for funding the costs.

WHAT ARE THE COSTS?

Aged Care has several costs associated with it for most residents. These are explained below:

1/ The RAD or DAP.

This is the cost of the actual room, think of it like buying your room or bed. This cost is like a “bond” under the old system. It is broken down into a lump sum (called a RAD – Refundable Accommodation Deposit) or into an ongoing cost (called a DAP – Daily Accommodation Payment). The RAD is fully refundable upon leaving the Aged Care Home, where as the DAP is a cost that is not refundable. When researching Aged Care Homes, the RAD is the lump sum amount that will be quoted to you. The DAP is like an interest charged at a regulated percentage rate on the amount of the RAD that you have not paid.

Eg: If the RAD is \$500,000, and you pay \$300,000, there is a DAP payable on \$200,000 at the relevant rate (@ 1/5/19 this was 5.96% pa) So the DAP would be \$32.66 per day.

There are various ways of funding the DAP including having it deducted from any RAD you have paid. Importantly, you must be left with 2.25 times the Age Pension in liquid assets. (@ 1/5/19 this meant you had to be left with \$49,500 per person.

LFS can assist you in finding the best way to fund this cost.

2/ Basic Daily Care Fee (BDCF).

This is the fee that everyone in Aged Care pays. Essentially it is 85% of the full single pension rate. (@ 1/5/19 this was \$51.21 per day). Even those on a full single pension with only \$49,500 left at the bank have to pay this fee.

3/ Means Tested Care Fee (MTCF).

The means tested care fee only applies to residents who have assets and income above the basic levels. There is a calculator on the MyAgedCare website but LFS can assist you with calculating this fee and advising how to arrange your assets to potentially minimise this fee. Any assets such as bank balances, term deposits, shares, managed funds, pension or super accounts as well as income from rent, Aged Pension or Veterans Affairs and the amount of any RAD you have paid counts in this calculation. As do any property investments, cars and personal assets. The inclusion of your home is complex. We will discuss this later.

There is an annual cap on the MTCF and a lifetime cap on the MTCF. As at 1/5/19 these caps were:

Annual:	\$27,532.59
Lifetime:	\$66,078.27

These are indexed in March and September each year. If you reach the annual MTCF cap, you will not pay any further MTCF until the next anniversary of when you entered Care. Once you hit the lifetime cap, you pay no further MTCF ever.

4/ Extra Services Fee.

This fee is unique to each facility. Some Aged Care Homes do not charge an extra services fee, some give it another name, and some charge as much as \$100 per day additional. It is essential that you find out what this fee is before signing any documentation to enter an Aged Care Home. One of the advantages of working with an Advocate is that they may be able to negotiate this fee for you.