



Paradigm Aged Care Advice Service

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Why is financial advice important for clients entering residential aged care?

Most clients are not prepared for entry into residential aged care because it is typically not considered until there is an immediate requirement. It is difficult to plan for residential aged care because the need for aged care generally cannot be predicted and often is the result of an unexpected incident, such as a stroke or fall.

The aged care system is also under regular review and subject to reforms, so the rules are constantly changing. There is likely to be further changes based on the Royal Commission into the Aged Care Sector.

Financial advice can help clients to achieve their personal and financial objectives when they enter residential aged care. Family is often involved in the process, therefore mediation is important particularly where clients have lost mental capacity and are unable to make their own decisions.

A family meeting is part of the process so that everyone has the same information, understands the objectives, discusses the issues and resolves any differences.



Choosing an Aged Care Home Provider – 15 Questions To Ask

There's no official, independent information published on quality of care indicators to help you compare facilities, so finding a respectful, clean and well-run facility for your loved one is often down to visiting and comparing several facilities and asking the right questions;

- 1) Are registered nurses employed on site at all times?
- 2) How many registered nurses are there on each shift, including nights, weekends and evenings?
- 3) What is the nurse to resident ratio for each shift? What is the staff resident ratio for each shift?
- 4) Can I keep my preferred GP and is there a doctor on site?
- 5) Do you provide rooms and services for those with dementia?
- 6) Who will prescribe and review my medications?
- 7) What are my accommodation fees?
- 8) What costs are not covered by my resident agreement?
- 9) Am I being offered an extra service place?
- 10) Beyond the basic daily care fee, accommodation fee and means tested fee, what fees am I asked to pay for?
- 11) Are there bi-lingual staff that can speak your language?
- 12) Are cultural food choices catered for?
- 13) What sort of room can I have, how big is it and is there an ensuite?
- 14) What shared areas does the home have?
- 15) What are the food, recreational and social options available?



What are a few Tips or Traps for those entering an Aged Care Facility?

Former Family Home

What to do with the former family home is a major issue for those entering care, as 87% of those entering an aged care home receive some form of government pension or entitlement. The main residence is an exempt asset for Centrelink Aged Pension purposes for only 2 years after moving into care (If the partner still resides in the former family home, it will still be an exempt asset). After two years the home will be fully assessed at market rates. Therefore, consideration should be made within 2 years to either sell or retain the former family home.

Accommodation Charges

The maximum Refundable Accommodation Deposit (RAD) is \$550,000, unless the aged care facility seeks approval to charge more. This fee can be paid as a lump sum, a Daily Accommodation Payment (DAP) or a combination of lump sum and daily payment. When the resident does not pay the RAD in full, they effectively borrow the difference from the aged care facility at an interest rate of 5.96%, this becomes the DAP. The resident can choose to have the facility deduct the DAP from whatever RAD they have paid. This can be beneficial when cashflow is an issue. The resident will have 28 days to decide on their payment method after they move into care.

Means Tested Fees

53% of residents entering care are asked to pay a means tested fee. This fee is in addition to the Basic Daily Fee and any extra services fees. This fee is subject to a lifetime cap of \$67,985. Unless you fill out the required SA457 Assets and Income form, some facilities will charge the maximum daily means tested fee (which can be as high as \$214 per day). The facility is only allowed to charge this amount until the annual cap of \$27,232 is reached.

There are strategies to reduce your means tested assets, including gifting, aged care annuities and maybe purchase of funeral bonds.

For further information on our Aged Care Advice Service, please call Paradigm Group on 03 8646 4000.

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