



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 stress for you and your family.

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

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 and assign roles.

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

Where to find help

Ask your FMD adviser to provide some discussion points to guide the meeting.

Your adviser 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 funded 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 healthcare needs.

This list will help you develop a shortlist of potential services you might like to contact or visit. It's a good idea to check what fees will be charged for accommodation (and extras) first, to ensure it is affordable for you.

If it ticks all your boxes, you can fill in an application and ask if they have any 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 to help choose a service and negotiate a place.

Application form: Discuss the application form with your 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 choices 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 amenities. You can choose to pay a lump sum or a daily payment or a combination.

- **Refundable Accommodation Payments (RADs)** are paid as a lump sum. Just like buying a house, the amount you pay may depend on the location and the 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 fees are 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 and may be offered as a package or on a user-pays basis. You should check if the fee is optional.

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

Where to find help

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. It's important to get advice before you complete this form to avoid any unintended consequences and to 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 FMD 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 fees or maximise Centrelink or Veterans' Affairs benefits.

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

6. Estate Planning

Any time 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.

Assets

Determine which assets will fall to which beneficiaries, aiming to increase and protect the survivor's Centrelink entitlements by making the necessary 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 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 your 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 declare the change in living arrangements as well as any changes to income or 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 the room feel like home.

Where to find help

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

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

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