



# Understanding Residential Aged Care Fees

## **Residential Respite**

For residential respite care, short stays up to 63 days (per each financial year) payments include:

- A Basic daily fee, currently \$65.55/day.

## **Types of Care Fees**

Permanent Residential Aged Care fees are made up of a combination of the following fees:

1. Basic Daily Care Fee
2. Means Tested Care Fee
3. Daily Accommodation Payment (DAP) or a Daily Accommodation Contribution (DAC)

## **Residential Permanent**

### **Basic Daily Care Fee**

Every Resident in aged care, regardless of their level of assets and wealth is required to pay a mandatory flat fee towards their care. This is a fee set by the government and will never cost more than 85% of the single Australian Age Pension. The fee amount is reviewed twice a year in line with increases in the Age Pension and changes in the cost of living.

Think of this fee as the same as paying your utility charges at home. The Basic Daily Care Fee covers the cost of expenses such as meals, power, heating and air conditioning, water, laundry, and room cleaning.

### **Means Tested Care Fee**

#### **A. Non Clinical Care Contribution (Helps with personal care such as showering, feeding, toileting)**

The government requires those who can afford it to pay a Non Clinical Care Contribution (NCCC) alongside the Basic Daily Fee. The Department of Human Services assesses income and assets to determine this fee, which will be noted in the resident's Centrelink / DVA Assessment letter.

The Maximum NCCC is \$105.30 per day, and \$135,318.69 over a lifetime (both indexed). We recommend seeking independent financial advice (we can provide specialist contacts). Until your assessment is complete, use the NCCC calculator on My Aged Care (<http://www.myagedcare.gov.au/howmuch-will-i-pay> ) for an estimate.

#### **B. Hotelling Contribution (Contribution toward catering, cleaning and laundry)**

The government requires those who can afford it to pay a Hotelling Contribution alongside the Basic Daily Fee, to top up the Basic Daily Fee to cover the cost of daily living services. The Department of Human Services assesses income and assets to determine this fee, which will be noted in the resident's Centrelink / DVA Assessment letter. The maximum daily Hotelling Contribution is \$22.15 per day (indexed).

**A person holding a Home Care Package before 12/9/2024 will be classed as "grandfathered" and will be able to choose to enter care under the 'old' MTF rules or the post 1/11/2025 NCCC provisions.**

### **Accommodation Payments**

The accommodation payment is determined by the aged care home, which is why each provider will charge differently depending on the size of the property and quality of amenities.

### **Types of Accommodation Funding**

How much you contribute to the cost of your accommodation will depend on your financial situation and eligibility for government assistance. Your accommodation can be:

- ☐ Fully Supported      ☐ Partially Supported      ☐ Fully self-funded

### **Fully Supported**

When your income and assets are below a certain amount, all your accommodation costs are paid by the Australian Government. Some rooms are available for residents with reduced financial means. Residents with assets under \$63,000 and income less than \$34,762 (including your age pension) may obtain funding from the Australian Government.

ASSETS	INCOME	OUTCOME	COST TO RESIDENT	SUBJECT TO CHANGE
Less than \$63,000	Less than \$34,762	Funded by Government	Basic Daily Fee \$65.55 per day	Yes

Income includes age pension and any other income streams. Assets include car, contents and financial assets, account-based pension  
Note: A resident's supported position is subject to change if their asset position alters

## Partially Supported – RAC/DAC

If you are eligible for some Australian Government assistance, you will be required to pay a contribution towards your accommodation costs. Your contribution can be made as a lump sum Refundable Accommodation Contribution (RAC), Daily Accommodation Contribution amount (DAC), or a combination of both.

The lump sum payment you put towards your accommodation costs is called a Refundable Accommodation Contribution (RAC), while the government covers the balance of the amount. The RAC amount is fully refundable when you leave the aged care home.

The Daily Accommodation Contribution (DAC), unlike the RAC, is not refundable. The DAC is like paying rent, whereby regular payments are made over time. While the DAC is also partially funded by the government, it requires less money upfront.

If your assets exceed \$61,500, but do not exceed \$206,663, and/or your annual income exceeds \$33,849, but does not exceed \$84,656 (including your age pension), the Australian Government will fund some of the cost of your accommodation while you pay for the rest in the form of a Daily Accommodation Contribution (DAC)

ASSETS		INCOME	OUTCOME	COST TO RESIDENT	SUBJECT TO CHANGE
Between \$63,000 and \$210,555.20	PLUS	Between \$34,762 and \$86,406.32	Partially funded by you and Government	Basic Daily Fee \$65.55 + DAC or RAC or combination of RAC & DAC	Yes

Income includes age pension and any other income streams. Assets include car, contents and financial assets, account-based pension

## Fully Self-Funded

If your assets exceed \$210,555.20 and your income exceeds \$86,406.32 you will not be eligible for government funding and you will be required to cover the entire cost of your accommodation.

ASSETS		INCOME	OUTCOME	COST TO RESIDENT	SUBJECT TO CHANGE
Over \$210,555.20	PLUS	Over \$86,406.32	Required to fund your cost of accommodation based on room price	Basic Daily Fee \$65.55 + RAD or DAP + Means Tested Care Fee	Yes

Income includes age pension and any other income streams. Assets include car, contents and financial assets, account-based pension

Like being partially supported, you can choose to pay for your accommodation as a lump sum Refundable Accommodation Deposit (RAD), Daily Accommodation Payment amount (DAP) or a combination of both.

The Refundable Accommodation Deposit (RAD) is a lump sum payment for the entire cost of your accommodation. Different types of rooms in an aged care home can have different RAD amounts. The RAD is fully refundable to you, or your estate, when you leave the aged care home. The Australian Government guarantees the repayment of the RAD. RADs are also an exempt asset for pension purposes, and it offsets the interest cost of the DAP.

While it is more money upfront, the full lump sum RAD is cheaper overall than the DAP, since the full lump sum RAD is not subject to any interest rates.

Instead of paying for your room up front in a lump sum, you can choose to pay the Daily Accommodation Payment (DAP). This payment is the interest payable on an unpaid and calculated as a daily payment.

#### **How to calculate the DAP/DAC:**

The government sets the Maximum Permissible Interest Rate (MPIR) and the DAP is simply interest applied to any unpaid RAD. The MPIR applicable for the resident during their stay is the MPIR that is applied at the date of permanent entry into care. The MPIR is subject to change on the 1<sup>st</sup> of January, April, July and October each year. Currently, the MPIR is 7.61%p.a.

As an example, if the RAD is \$750,000 and you can contribute \$400,000, then the DAP would be calculated as:

$$\text{DAP} = (\text{RAD} - \text{Deposit}) \times \text{MPIR } 7.65\% / 365 \text{ days}$$

$$\text{DAP} = (750,000 - \$400,000) \times 7.65\% / 365 \text{ days}$$

$$\text{DAP} = (350,000 \times 7.65\%) / 365 \text{ days}$$

$$\text{DAP} = \$26,775 / 365 \text{ days}$$

$$\text{DAP} = \$73.35 \text{ per day}$$

#### **Combination of RAD and DAP Payments**

You may not have the means to pay the RAD in full or you do not want to sell your home. In that case, you can make a combination of RAD and DAP payments. The higher the contribution made toward the RAD payment, the lower your daily fee will be.

When do I pay the RAD and DAP?

As a new resident, you will have up to 28 days from entering the home to decide what combination of payments you would like to make. If you choose to pay the RAD, you then have up to six months to pay.

## Accommodation Options

### Superior Deluxe Room

Larger size room with alcove and private ensuite.

RAD: \$750,000

### Deluxe Room (Fully renovated)

Larger size single room with private ensuite.

RAD: \$700,000

### Deluxe Room (not yet renovated)

Larger size single room with private ensuite.

RAD: \$670,000

### Premium Room (Fully renovated)

Standard size room with private ensuite

RAD \$620,000

### Premium Room (not yet renovated)

Standard size room with private ensuite

RAD \$590,000

### Standard Room (fully renovated)

Standard size single room with shared ensuite

RAD \$580,000

### Standard Room (not yet renovated)

Standard size single room with shared ensuite

RAD \$550,000

### Shared/Companion Room (fully renovated)

Double room with shared ensuite

RAD \$480,000

### Shared/Companion Room (not yet renovated)

Double room with shared ensuite

RAD \$450,000

The accommodation pricing is also available on our website and on the My Aged Care website at:  
<https://www.myagedcare.gov.au/>.