

Aged Care explained - planning for aged care

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 the stress for you and your family. You will be faced with many personal and financial decisions. We outline seven steps to help you navigate through the aged care maze and find help.



Your seven steps for aged care

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|---------------------------|-----------------------|
| 1. Planning | 5. Covering the costs |
| 2. Assessing options | 6. Estate planning |
| 3. Searching for services | 7. Moving |
| 4. Understanding costs | |

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.

Frank and open discussion is the first step to effective decision-making.

Where to find help

Ask your adviser to facilitate your family meeting. They can provide advice and may be able to act as a conduit to achieve agreement and an action plan.



2. Assessing options

Care can be accessed in your home or in a residential care service.

To help you decide which option is best, contact MyAgedCare to arrange a free aged care needs assessment. You need an approval before you can access government funded care services.

Where to find help

Contact MyAgedCare on 1800 200422 to register and get started. Further information is available at www.myagedcare.gov.au

3. Searching for services

If you are moving to residential care, think about what criteria is important in choosing where you want to live. Make a list. This should include location, amenities and your care needs.

This list will help you to develop a shortlist of potential services which you might like to contact or visit. But first check what fees are charged for a room to ensure it is affordable for you.

If all (or most) of your boxes are ticked, you can fill in an application and check if they have vacancies or how long the waiting list is. You can apply to more than one place to increase your chances of finding a room.

Where to find help

Listings: use the Find-a-provider tool on the MyAgedCare website to search by postcode for services in your preferred location.

Placement services: search the internet for 'aged care placement services' to find people who can help you with your search and negotiations.

Application form: discuss the application process with the care provider. They may need you to fill in an application form and may have a waiting list.





4. Understanding costs

What you will pay for residential care is split into the cost of your room and contributions towards daily expenses, care and additional services.

How much you 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 may need to pay for your room and use of the amenities. Once the price is set, you can choose to pay a lump sum or a daily payment or a combination.

- **Refundable accommodation deposits (RADs)** are what we call a lump sum payment. Just like buying a house, the amount you pay may depend on the location and quality of the accommodation.

This money is refundable when you leave care, but if you entered care on or after 1 November 2025, you may have a 2% per annum retention amount deducted for up to five years. The amount refunded is also reduced if you ask the provider to deduct other daily fees from this lump sum.

Repayment is guaranteed by the Federal Government if paid to an approved service that is funded by the Federal Government.

- **Daily accommodation payments (DAPs)** are like paying “rent.” It is calculated as interest on the agreed room price that is not paid as a lump sum (RAD). These fees are not refundable.

Daily living and care expenses

You will contribute towards the cost of your daily expenses and care through:

- **Basic daily fee** at a rate of 85% of the basic single age pension
- **Care contributions** are means-tested and apply if you have income and assets over certain thresholds. You might pay a means-tested fee, hotelling contribution or non-clinical care contribution, depending on when you enter care and your circumstances. Advice is needed.

Higher everyday living fees (HELF)

These are payable for the extras you may choose to access, as negotiated with your care provider. They are optional, and you can change your mind.

Where to find help

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

If you have lower levels of assets and income, you can submit a means-test form to Services Australia to see if you qualify as a low-means resident and qualify for concessions on the cost of your room. But get advice before you complete this form to avoid any unintended consequences, and make sure your Centrelink or DVA records are up to date.



5. Covering 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 or DVA pension impacted 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 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 DVA benefits.

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

Check that your adviser is licensed and experienced in aged care advice.

6. Estate planning

Anytime your circumstances change it is important to consider the impact on your estate plans - including when you move into care.

Your will

Review your will and if needed (and possible), update it to reflect any changes.

Investments

Review investments with death benefit nominations to ensure they manage tax outcomes and achieve your wishes.

Decision-making powers

Make sure you have the appropriate powers in place so that 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. The rules are different in every state/territory.

These documents can only be put in place while you are deemed of sound mind, so it's wise to establish them early.

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 legal adviser can review and redraft the will to reflect your wishes and draft documents to grant the desired powers.



7. Moving

When you accept a room, you will be asked to sign Resident and Accommodation Agreements. These will detail the services provided and fees payable, as well as outline your rights and obligations.

Ask the care provider what you can bring with you, so you can make your room feel like home.

Fees start when your residency starts and providers often charge monthly in advance. You don't need to make quick decisions on how you want to pay for your room – you have time to get advice and work through the best option for you. This can be done after you have moved in.

If you receive Centrelink or Veterans' Affairs payments, you must notify the change in where you live as well as any changes to your income and assets.

Don't forget to let your doctor, bank, Medicare, electoral roll and other relevant organisations know your new address details.

Where to find help

Keep in touch with your adviser. They can review your financial situation to help you make decisions and to ensure that opportunities continue to be maximised.

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

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IMPORTANT INFORMATION:

The information (including taxation) is general in nature and may not be relevant to your individual circumstances. You should refrain from doing anything in reliance on this information without first obtaining suitable professional advice.

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