

How to fund the MOVE TO AGED CARE

Whether you're looking to move into an aged care facility or you're investigating on behalf of your parents, crunching the numbers can be overwhelming. But it doesn't have to be that confusing, as long as you involve the experts.

BY JESSICA ABELSOHN

While most people want to stay in the family home and independent for as long as possible, there comes a time when you or your parents can no longer live at home. Moving into an aged care facility may be the best option.

There are four main costs associated with an aged care facility, and all are manageable if you approach them with the right attitude and a sensible mindset. According to Robert Craven, Senior Aged Care Adviser at Affinity Aged Care, there are four main costs that can come into play.

1 Basic daily care
The basic daily care fee is set at 85 per cent of the base aged pension. As such, it increases alongside the pension. While Craven explains that everyone, regardless of income or assets, has to pay the basic daily care rate, this could be the only financial burden you have to manage.

"Somebody with no income other than the pension and very few assets, that is all they have to pay. They are called a low-means resident," he says. »





2 Refundable accommodation deposit

The refundable accommodation deposit (RAD) is payable by people with assets or income in excess of approximately \$157,000. This can be paid as either a lump sum or by interest only. The interest rate is determined by the government and is currently set at 6.15 per cent.

The RAD is reflective of the real estate. If you decide to enter a luxury facility in an expensive neighbourhood, expect to pay a higher amount. Importantly, the RAD has no determination on the type of care you'll receive.

"The level of care that is delivered inside the facility is virtually the same. They're just very special people who work in aged care facilities," Craven says. "Whether you're in a very inexpensive, low RAD facility or a high RAD facility, you will still get the kindness and care that is offered."

3 Extra services facility

Largely a reflection of the residential quality of the facility, the extra services facility fee may apply if you choose a more luxury accommodation type or facility. This could include Foxtel, extra meal options or a hairdressing facility. This fee is not regulated and applies on a home-by-home basis.



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4 Means-tested care fee

According to Craven, this is the fee that tends to confuse the most people. The government subsidises a range of services. But if your personal circumstances allow, you're expected to contribute. The fee is calculated based on the assessable assets and assessable income of the individual or couple moving into the facility. But remember, if you're assessed as a couple, everything is analysed on a 50/50 basis.

"Assessable assets include shares, money in the bank, cars, anything that is owned by the family will be assessed by Centrelink and it will be assessed 50/50, regardless of whose name the asset is in and whose income it is," Craven clarifies.

There are annual and lifetime caps that apply to the fee, so once these caps are reached, you will not be expected to pay any further.

5 Finding the funds

The most common way to fund the move into an aged care facility is selling the family home. If you have to pay a RAD, this allows you to pay it in full. However, you'll need to assess what impact this may have on your pension or your means-tested care.

Another way, and according to Craven it can be quite successful, is a reverse mortgage. "It's a reasonably finite period of time that the mortgage will be in place," he says. "Quite often, it can help you get into a facility that would otherwise be unaffordable."

However, Craven also says every situation differs, and you should never look at these options on your own. Instead, look for an expert to help you out.

"A good adviser will not tell you what to do, they will show you what the options are and what the financial consequences will be and then leave it up to the family to decide," he says. ••