

Affording your preferred aged care facility

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Have you found the aged care facility to suit your needs but not sure if you can afford it?

It's a common concern for those considering their options and Affinity Aged Care Senior Adviser Don Swanborough says people often overlook their preferred aged care facility because they don't think they can afford it.

"The good news is that people now have more flexibility in how they make their Residential Accommodation Deposit (RAD) for their preferred facility," Don said.

He said aged care reforms made in July 2014 meant there were now three options available to pay the RAD advertised by the facility.



The most obvious is to pay the full RAD advertised by the facility, which is fully refundable when a person leaves.

Another option is to pay interest only on a RAD, called a Daily Accommodation Payment (DAP).

"A Daily Accommodation Payment allows you to pay just the interest on an unpaid RAD, which is currently 6.28 per cent per annum."

The third option is to use a combination of these options by initially paying a partial Residential Accommodation Deposit and then making Daily Accommodation Payments on the balance.

"This option allows you to use the funds you have to pay part of the RAD, which then reduces the DAP," Don said.

Don said that ultimately, the decision on how to pay a RAD depends on an individual's financial circumstances and whether there are sufficient assets to allow them to afford their preferred facility.

"A major factor is often the value of a person's home and the sale prospects for that house – if both these factors are positive, an arrangement can usually be worked out with the facility to afford the accommodation payment.

"Of course like any major financial decisions, it is crucial to seek professional aged care financial advice when evaluating aged care options."