

Aged Care Reform

Australia's aged care system will introduce major reforms as of 1 July 2014. Here's how the new system will work.

If you or a loved one enter residential aged care on or after 1 July 2014, the way fees and charges are calculated will be very different to the current rules.

In many cases, residents who enter aged care from 1 July 2014 will pay a higher ongoing care fee than under the current system.

The government has introduced a package of reforms to the aged care system aimed at providing older Australians with more choice and easier access to a range of services.

However to pay for these services, one of the key changes is that fees and charges will be based on a 'means tested amount' which includes both income and assets. This is a change from the current system where ongoing care fees are based on a client's income only.

If you or a loved one are considering entering aged care in the near future, now's the time to talk to an Aged Care Accredited Financial Adviser about your situation. Entering aged care before 1 July 2014 could significantly reduce fees and charges.

Overview of aged care reforms

- New rules for accommodation payments and ongoing care fees affect residents entering care from 1 July 2014. Existing residents will stay under the current rules.
- Fees and charges will be based on a resident's 'means tested amount' which includes the value of the former home (unless occupied by a protected person) capped at \$152,000¹ and lump sum accommodation bonds paid to enter aged care.

- All facilities will be able to charge a lump sum accommodation bond. Residents will have the choice of paying a lump sum, periodic payments or a combination. Protections will be in place for residents with lower means.
- Ongoing care fees will be capped at \$25,000 per annum or \$60,000 over a lifetime.

Case Study

Pam is 82 years old and considering entering low level aged care. Pam is widowed and owns her home worth \$400,000 which she intends to keep and rent out. She also has shares and bank accounts of \$120,000 after paying a lump sum accommodation bond to enter aged care of \$200,000.

Pam and her daughter talk to an Aged Care Accredited Financial Adviser who looks at a number of options including whether to enter aged care before or after 1 July 2014. Pam's ongoing care fee under both options is calculated as:

Enter aged care **before** 1 July 2014: Ongoing care fee is nil
 Enter aged care **after** 1 July 2014: Ongoing care fee is \$4,015 pa.

Getting the right financial advice

Residential aged care is a complex area. Getting the right professional financial advice can make all the difference in ensuring your assets and income are structured effectively, minimising any changes to your pension payments and ensuring you have sufficient income to support your lifestyle and care needs for a comfortable stay.

¹ As at 1 July 2013.

Speak to us for more information

If you would like to know more about residential aged care, talk to your Count Financial Adviser. They can give you more detailed information on the best approach for your situation.

Important information

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