

Thought of the Month

Aged Care; The Great Unknown

Aged Care is generally something most people don't consider as part of their ideal retirement. However, the reality for many older Australians is that the time will come when they may need to move out of the family home and into an aged care facility. This produces a number of challenges and uncomfortable questions compounded by the lack of understanding of the Aged Care system.

The important thing to know is that there are two types of Aged Care...low level care (commonly known as Hostels) and high level care (commonly referred to as Nursing Homes). To become eligible for Australian Government Support for residential care, a person needs firstly to be assessed by the Aged Care Assessment Team (ACAT). From there, ACAT makes a recommendation for eligibility into either low level or high level care.

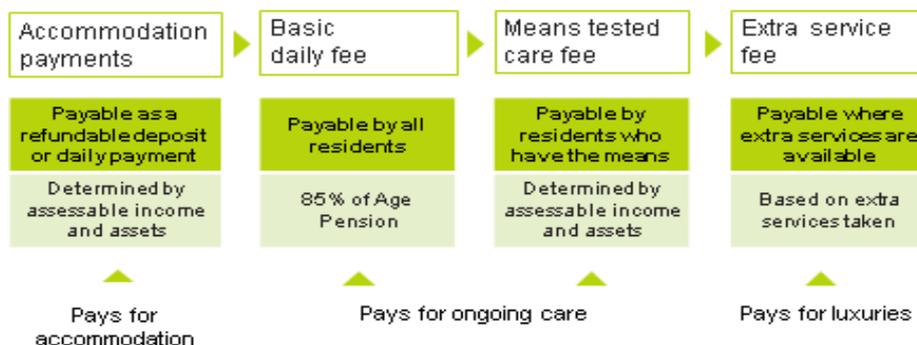
The next step is working out how much these facilities will cost, and this is determined to a large degree by the value and type of assets a resident holds. This is a complex and technical area where, with a bit of careful planning, beneficial differences can be achieved.

From 1st July 2014, new rules are in place to determine the fee arrangements for each residential aged care facility. Whilst the Government will still provide funding to assist with the costs associated with residential aged care, most residents are expected to pay a level of fees and charges. The types of fees and charges payable are prescribed by the Government. These will generally fall into two categories: Daily care fees and accommodation payments.

For new residents the fees will be determined by the following:

Aged Care reforms

For new residents from 1 July 2014



Means testing will be conducted by the Department of Human Services (Centrelink). They will advise on the means tested care fee that will apply to each resident and the relevant accommodation payment that will apply.

A very important and frequently asked question is weather to retain or sell the family home. Generally speaking, those Australians with relatively low levels of assets and income may have no choice but to sell the family home whilst others who may have a choice should be aware that there are a number of issues which may impact their decision. Questions such as how long has it been since the last spouse vacated the property and whether the property is rented out all play a part in determining such things as your aged pension entitlements and how much you pay towards services. And then, should you decide to sell the family home, there are various implications in terms of how the proceeds are used which need careful consideration. All too often people sell all their assets without considering the options and the impact of their decisions.

Given the complexity of the issues, it's important to speak with your Financial Adviser about your options and maximising your position well ahead of making any of these decisions.

If you have any queries relating to the above, please contact People's Choice on (08) 9489 2700 or by email on corpsuper@peopleschoicecu.com.au.

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