



FINANCIAL CONSIDERATIONS OF MOVING IN TO RESIDENTIAL AGED CARE

MAY 2023

If you're under 65 years of age and your disability and health needs aren't being met in the community and/or you can't find affordable accessible housing, you may face pressure to look for a place in residential aged care.

Connecting to the National Disability Insurance Scheme (NDIS):

You can access the NDIS if you are under 65 and have a disability, regardless of whether you are living at home, in residential aged care, or elsewhere in the community. For people living in residential aged care, connecting to the NDIS may provide you with funded supports and links to the community on top of the care provided in the facility.

If you are in residential aged care and would like to explore more appropriate housing and support options, make this a goal in your first NDIS plan. The Summer Foundation has produced a range of resources to assist younger people in aged care get the most out of the NDIS. See: summerfoundation.org.au/tag/ndis-housing-resources

If you are paying daily means-tested care and accommodation fees, talk to your NDIS planner about the fees the NDIS will pay for you. You will continue to pay the basic daily fee. See:

summerfoundation.org.au/resources/residential-aged-care-costs-for-ndis-participants

Information for people who are not eligible to participate in the NDIS

Some younger people in residential aged care may not be eligible for the NDIS. See: ndis.gov.au/applying-access-ndis/am-i-eligible

You may be in residential aged care because of a health condition and not a disability.

You may have entered residential aged care to access palliative care.

If you are under 65 years of age and living in aged care and you have been declined access to the NDIS you can appeal the decision. Working with an advocate will give you a better chance of success. Find an advocate here: askizzy.org.au/disability-advocacy-finder



This information sheet was prepared by Health & Finance Integrated in collaboration with the Summer Foundation.



Entry to residential aged care is via an Aged Care Assessment

The first step on the pathway to residential aged care is an assessment by the Aged Care Assessment Team (ACAT). See: myagedcare.gov.au/assessment

Your consent, or the consent of a person with the legal authority to make decisions for you, is required before an ACAT assessment can be done. See our resources 'Guardians and administrators: What can they do and who decides if I need one?' and 'What is a Power of Attorney and how can they support me?'. They can be downloaded here: summerfoundation.org.au/resources/discharge-planning-toolkit

You may be able to delay your permanent admission to residential aged care via the aged care transition program and use this time to become a participant in the NDIS.

For more information on the aged care transition program. See: health.gov.au/our-work/transition-care-programme

The aged care system requires user contributions

Aged care services require means-tested user contributions. Before agreeing to an ACAT assessment it's important that you understand residential aged care fees, how they are calculated and which means-tested fees the NDIS will pay. Use this guide as a starting point and seek advice on your individual situation from a qualified financial advisor. See: summerfoundation.org.au/resources/the-ndis-and-aged-care-fees

Fees for permanent RAC residents

There are four residential aged care fees; how much you pay depends on how much money you have.

1. Basic daily fee
2. Means-tested care fees
3. Means-tested accommodation fees
4. Fees for extra, additional or optional services.

Basic daily fee

All aged care residents pay the basic daily fee. The basic daily fee is 85% of the basic single Centrelink pension.

The NDIS will not pay a participant's basic daily fee
See: servicesaustralia.gov.au/disability-support-pension

Means-tested residential aged care fees

Depending on how much money you have, you may have to pay additional means-tested residential aged care fees.

When you move into residential aged care you should submit a completed Permanent Residential Aged Care - Request for a Combined Assets and Income Assessment form (SA457). If you don't complete this form you will be required to pay the full cost of your residential aged care. See: servicesaustralia.gov.au/sa457

If you are on the Disability Support Pension, Centrelink may already have a lot of the information needed to complete this form.

The residential care fee estimator will give you an idea of how much you might be asked to contribute towards the cost of residential aged care. See: myagedcare.gov.au/how-much-will-i-pay

Note: Your financial advisor may be able to use specific strategies aimed at lowering residential aged care fees, but these need to be acted on before you submit your Permanent Residential Aged Care - Request for a Combined Assets and Income Assessment form.

What are assessable assets?

Assets refer to savings, property, shares, investments and general items of value. You can access examples of assessable assets here:

🌐 health.gov.au/our-work/residential-aged-care/charging-for-residential-aged-care-services/residential-aged-care-fee-scenarios-for-people-entering-care-from-1-july-2014

If you are under the pension age, between 65 - 67 depending on which year you were born, your superannuation savings are not counted as assessable assets.

Your home is not assessable for two years after you enter residential aged care if it's lived in by:

- A person who is financially dependent on you
- A person who is dependent on you
- A person who provided you with care.

You can read about the different ways your home may be treated when calculating your residential aged care fees here: 🌐 guides.dss.gov.au/social-security-guide/4/6/3/70

Means-tested care fees

Means-tested care fees are a contribution towards the cost of your care in residential aged care. The amount you pay is subject to annual and lifetime caps.

For information see: 🌐 health.gov.au/resources/publications/schedule-of-fees-and-charges-for-residential-and-home-care

The NDIS will pay a participant's means-tested care fees.

Means-tested accommodation fees

Means-tested accommodation fees are a contribution towards the cost of your accommodation in residential aged care. Depending on your assets and income you may be required to pay your accommodation costs in full, or make a contribution towards the cost of your accommodation. The government will pay the full cost of the accommodation for people with a low income and few assets.

Accommodation fees are set by residential aged care facilities and vary between facilities, and between rooms within a facility. Facilities advertise the price of their rooms, but most are open to negotiation. Take your time to find a room that is big enough to fit your belongings as well as your equipment, such as wheelchairs and hoists.

Aged care accommodation fees can be paid in a number of ways:

- A refundable accommodation deposit (RAD)
- A refundable accommodation contribution (RAC)
- A daily accommodation payment (DAP)
- A daily accommodation contribution (DAC)
- A combination of a refundable lump sum and a daily payment.

The NDIS will pay a participant's means-tested accommodation fees, up to a capped amount, provided they are paid as a daily payment (a DAP or a DAC). The NDIS will not pay a participant's means-tested fees paid as a lump sum (a RAD or a RAC), because they are refunded when you leave aged care.

There may be circumstances where NDIS participants choose to pay their means-tested accommodation fees as a refundable lump sum including:

- If you have significant amount of money that is impacting on your Centrelink entitlements
- You may have money and you are worried about someone taking advantage of you by making withdrawals
- You simply wish to contribute to your own wellbeing and not rely on government funding.

Once you have settled how much you will pay for your accommodation and how you will pay, it will be written up in the Accommodation Agreement. You have 28 days to sign the Accommodation Agreement from the day you enter residential aged care as a permanent resident. If you have not already got financial advice, you can use these 28 days to make contact with a financial advisor to work out the best way for you to pay your means-tested accommodation fees.

The Residential Agreement

All aged care residents enter into a Residential Agreement with their residential aged care provider. The Residential Agreement, sets out:

- Your residential aged care services
- Your residential aged care fees
- Your payment method
- Your rights in residential aged care
- Your obligations in residential aged care.

If you don't have legal capacity to sign the Accommodation Agreement or the Residential Agreement, you may need to appoint an attorney to do it on your behalf.

For more information about these agreements see:

 myagedcare.gov.au/agreeing-aged-care-home

Extra service fees

Some residential aged care facilities charge extra service fees for a higher standard of accommodation and extra services. The NDIS will not pay a participant's extra service fees.

You may find it difficult to leave the residential aged care facility to see your GP, get your haircut, purchase your medications etc. Your residential aged care facility may be able to assist you with some or all of these tasks arranging to purchase them for you, and for a GP and/or hairdresser to visit you in the facility on a regular basis. These will result in fees for additional or optional services. If you are eligible to participate in the NDIS, talk to your NDIS planner about getting funding in your plan to assist you to access these supports in the community.

If your only income is the Disability Support Pension (DSP) and you agree to the residential aged care facility organising most of the other things that you need, you may find that you don't have much money left over from your DSP each fortnight to spend on things such as clothing, entertainment etc.

Financial implications of residential aged care fees for a member of a couple

The aged care system was designed for people who are elderly. A couple in their 80s are unlikely to be working, and their income source is usually the aged pension plus any savings and investment income.

Many younger people in residential aged care are in a relationship; one in four is a parent of school-aged children. The Permanent Residential Aged Care - Request for a Combined Assets and Income Assessment form assesses the assets and income of both members of the couple to determine whether means-tested care and or accommodation fees are payable. Means-tested residential aged care fees create significant financial hardship for families.

You may be faced with the situation that becoming a participant in the NDIS is still some time away and the Centrelink assessment of income from your spouse means that you are ineligible for the Disability Support Pension and are assessed as having to pay a lot in means-tested accommodation and care fees. This is a complex area, and you should seek expert financial advice to develop a strategy that maximises your benefits and minimises your costs.

You can access free advice from the Commonwealth Financial Information Service: [servicessaustralia.gov.au/financial-information-service](https://www.servicessaustralia.gov.au/financial-information-service)

Before making any financial or investment decisions, we recommend you seek financial advice from a licensed financial planner. The advice in this document does not take into account your personal investment objectives, financial situation and individual needs. Health and Finance Integrated (ABN 72 165 510 618) is a Corporate Authorised Representative of Australian Unity Financial Services Limited (ABN 26 098 725 145) AFSL 234459 and its Representatives do not accept any liability for any errors or omissions of information supplied in this document. [healthfinance.com.au/contact-us](https://www.healthfinance.com.au/contact-us)

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