

A STEP-BY-STEP GUIDE TO ARRANGING AGED CARE

www.sagecareadvice.com.au

07 5322 5333



GENERAL ADVICE WARNING

Financial Advisers Pty Ltd T/A Sage Care Advice ABN 59 037 125 441 is a Corporate Authorised Representative of Sage In Time Pty Ltd. ABN 22 658 859 664 AFSL 543328.

This information is General Advice and does not take into account any person's particular financial objectives, situation or particular needs.

Before making a financial decision based on this advice you should consider, with or without the assistance of a financial adviser, whether it is appropriate to your particular financial needs, objectives and circumstances.

Effective 01 July 2026 – 19 September 2026



ABOUT AGED CARE

Poor health and aging can mean that it is no longer practical or safe to live at home, and home-based care is no longer an option. Residential aged care offers a safe and comfortable home for senior Australians when living at home is not possible (and hospitalisation is not needed).

AGED CARE HOMES CAN OFFER

- Comfortable accommodation that caters for differing health needs.
- Living assistance, including accommodation, laundry, cleaning and cooking.
- A sense of home. The days of sterile rooms are long gone. You can furnish your room with items from home and organise your own comforts such as a personal phone line, internet and entertainment like television and Foxtel.
- Proper nutrition with three daily meals and usually morning and afternoon tea. Good nutrition and hydration alone can provide a huge boost to health and wellbeing. Many homes even have a café onsite for residents to catch up and for family visits.
- Community activities like bingo, men's group, exercise and art classes, social outings and services for special occasions like Christmas and ANZAC day.
- 24-hour care and dispensing of medicine, with nursing staff onsite at all times, meaning that falls and illness do not remain untreated.
- Freedom to come and go, resident health permitting. You are not trapped. Health and mobility permitting, you can still go shopping, take holidays and visit family.
- Personal grooming and hygiene.
- Safety for residents with Alzheimer's disease, dementia and related ailments. Secure facilities for these residents can protect residents from the risks associated with 'wandering' while still providing social and diversional activities.

It is important to understand that aged care costs do not include medical expenses. If you have private health insurance, do not rush to cancel it on entering aged care. You will still need to fund the costs of doctors, specialists and medical treatment. Pharmaceutical needs will also be at your expense.

You should check that your choice of home is accredited by the Australian Government. This will mean that the home meets national standards, is audited annually and that you will receive Government assistance in funding your care costs. It also provides a Government guarantee for any lump sum accommodation payments you make.

This guide refers to accredited aged care homes only.

DO YOU OR A LOVED ONE NEED AGED CARE ?

If you are reading this e-book, chances are that you are contemplating aged care for a loved one. This could have been triggered by a number of events including:

- As a carer for your loved one, their needs are at a stage where you are no longer able to meet them and still keep up with your own family and life commitments.
- You are a carer but your own health is affecting your ability to provide hygiene, nutrition and safety for your loved one.
- Extended family visits like Christmas and school holidays. Our parents can present a strong façade for short visits, and longer stays are often the first indication that they are not coping as well as you thought.
- A fall. Falls in the home are a common identifier of the need for aged care. It is not rare for elderly people to be stuck for an extended period of time as they cannot reach a telephone for help. This is a real risk for people living alone and could result in a relatively minor injury turning into a life-threatening condition.
- Illness and hospitalisation. Often, this is the first sign that a loved one is no longer coping on their own and medical providers may be reluctant to discharge them to their own home due to concerns for their health and safety.

If you suspect that you or a loved one may need residential aged care, your first step will be to arrange an ACAT assessment. ACAT is the Government's Aged Care Assessment Team. In Victoria, it is called the Aged Care Assessment Service (ACAS).

The purpose of an ACAT assessment is to determine if - and what level of - care is needed. It is important to be open and honest about you or a loved one's health and the difficulties they are facing.





ORGANISING AN ASSESSMENT

Anyone can request an assessment for Support at Home, Residential Respite or Permanent Residential Care by calling My Aged Care on 1800 200 422. Assessments are free of charge, are conducted in your home (or hospital) and do not expire.

There can be a high demand at times for assessments and the waiting list can be months for non-urgent assessments. Cases are prioritised according to the level of risk to the person and their access to other care and support.

If your loved one is in hospital, you could receive a faster assessment if it is requested by a medical practitioner at the hospital. Likewise, your loved one's GP could request assessment if they feel it is unsafe for the person to stay in their home.

THE ASSESSMENT

Once an appointment is made for an assessment, we recommend that a family member attend with the person being assessed. This is for a number of reasons:

- To provide emotional support and security for your loved ones.
- To discuss your own and other family members' questions and concerns.
- To advise the assessor of health or behavioural issues that might otherwise not be identified during the assessment.
- To ensure that the "real picture" is given to the assessor. Often, people will make a concerted effort to appear more healthy or able than they are in order to "pass the test".

AFTER THE ASSESSMENT

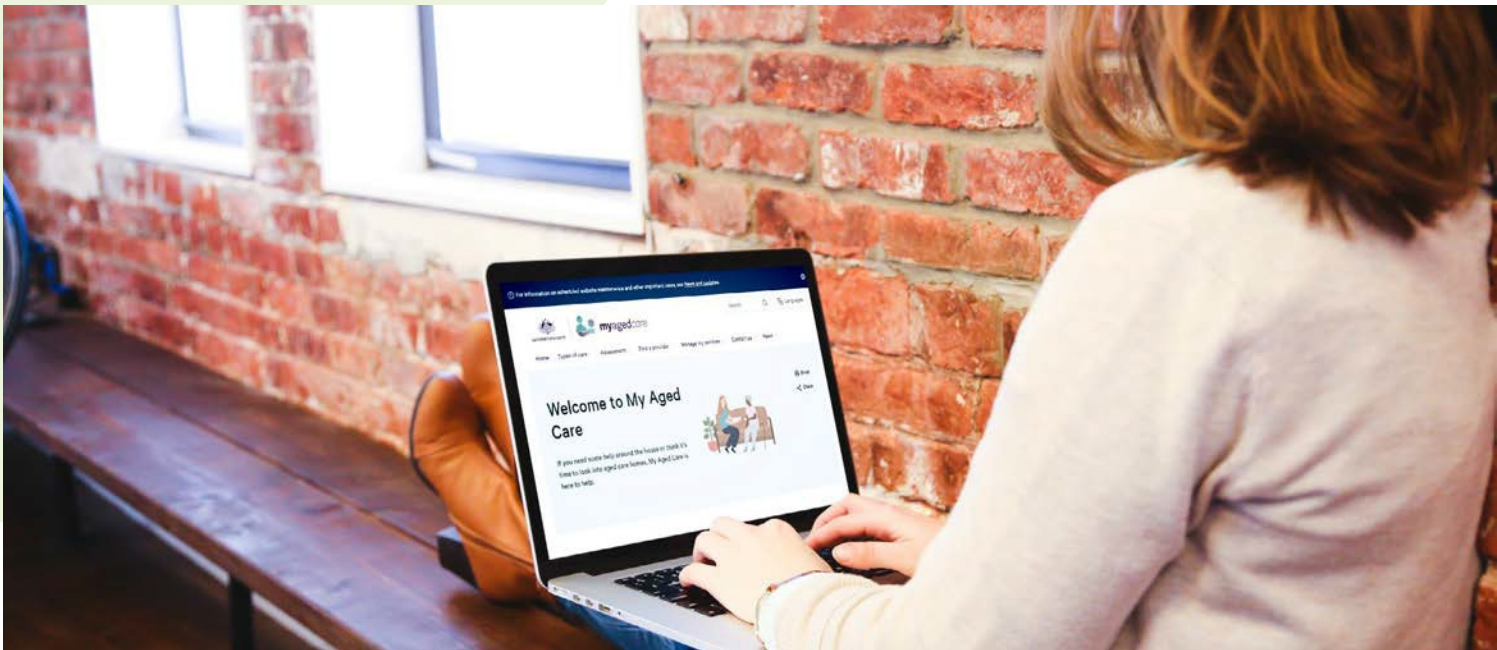
You will receive a letter to let you know what kind of care you have been approved for, such as support at home or residential aged care. You will need to keep this letter as the aged care home will need to see it to confirm that you or your loved one are eligible for care.

You will also receive a more detailed assessment that will be linked to your Medicare file. It provides a specific assessment of your needs and will also provide an AN-ACC number. AN-ACC is short for Australian National Aged Care Classification. It determines the amount of additional financial support the Government will provide your aged care home based on your individual health and care needs.

With your permission, the aged care home will be able to view your assessment. This will help them to assess whether they are able to meet your care requirements. For example, not all homes offer secure facilities for dementia sufferers with a proneness to wandering.

Now that you have your assessment, you can start looking for the right aged care home for yourself or your loved one.





FINDING AN AGED CARE HOME

Unless you already have a specific home in mind, we suggest that you visit a number of homes in your area to find one that best meets your needs. A good place to start is the Government's website www.myagedcare.gov.au.

Alternatively, and for a fee, you can employ an aged care placement service that can provide you with a short list of homes that can cater to your needs, arrange tours and guide you through the application process.

MY AGED CARE



My Aged Care is a website and contact centre, set up by the Australian Government to help you navigate the aged care system.

Through My Aged Care, you can find out what you need to know to start planning and talking about aged care with your family and loved ones.

MY AGED CARE CAN HELP YOU WITH :

- Locating services in your area
- Up-to-date information on aged care
- Finding your way through the My Aged Care website
- Referrals to assessment services
- Information about carer support services
- Estimating the fees you may be required to pay
- Obtaining copies of publications such as this one

You can nominate a representative, such as your partner, carer or family member to call My Aged Care for you.

You can call My Aged Care on **1800 200 422*** Monday to Friday, 8 am to 8 pm local time (closed on national public holidays) and on Saturdays, 10 am to 2 pm (local time) or visit www.myagedcare.gov.au.

*Source: www.myagedcare.gov.au



WHAT TO CONSIDER IN AN AGED CARE HOME

Aged care in Australia has been designed to cater for all financial situations and living styles. As such, the homes that you visit could be vastly different in their style and services. We have listed some of the questions and factors to consider when contemplating different providers.

HEALTH AND NUTRITION

- Does the home provide the health services you need? For example, is there secure dementia accommodation or is the home close to a dialysis machine?
- Can they cater to special needs such as assistance with bathing, dressing or catheter care? For bathing assistance, ask how often this takes place (daily, every second day or more?).
- Does the person's mobility suit a multi-story facility?
- Do you need and is there access to special services such as podiatry, speech therapy or diversional therapy if needed?
- What level of training do staff have and how many are in attendance overnight?
- Are meals cooked on site or delivered and reheated? Does this matter?
- Do meals cater for cultural or religious needs, such as fish on Friday or a traditional Sunday roast?
- Can special dietary needs be catered for?
- Can family members join residents for meals (with pre-arrangement and fees)?

STYLE AND SURROUNDINGS

- Consider your (or your loved one's) current home. Will they feel comfortable with modern, hotel style decor or more traditional furnishings?
- Do the staff seem happy and caring? What about the residents?
- How does it fit with your lifestyle and lifelong interests? If your loved one has been an avid gardener throughout your life, is there easy access to gardens in the home?
- Can residents participate in gardening activities? Is a water view important if the person has lived by the coast?
- Are there comfortable communal areas for socialising and family visits - and are they being used?
- Is the home located close enough for family members to visit frequently?
- Is the room size sufficient? Is the room single or shared? Is the ensuite shared?
- On a more intuitive level, what is your feeling about the home? Is this somewhere that your loved one will be comfortable?

SOCIAL AND WELLBEING

- What are the social activities available and are they of interest? For example, bingo, men's group, visiting entertainment or companion animals.
- Do you see residents socialising together? Can you see them as prospective friends?
- Are there off-site social activities such as shopping or trips to restaurants or clubs? Is there accessible public transport for mobile residents?
- Do residents and their families have input into social activities?
- Are pets allowed?
- Are services like hairdressing or nail grooming available on site?





APPLYING FOR AN AGED CARE HOME

Aged care homes are often at full capacity and you may need to wait for a place to become available. If your need is urgent, you may need to seek respite care or you could apply to multiple suitable homes.

Each home will have their own application form. Some of the information that you should have ready is listed below:

- To provide personal details, including Medicare details so that the home can view your assessment details.
- A list of assets and income, including Centrelink/DVA payments. You are not required to provide this information, but it could impact your application's success.
- Your Enduring Power of Attorney details (and preferably a certified copy). Most aged care homes will require an Enduring Power of Attorney (EPoA) so that they have someone to deal with in financial and other arrangements. If your loved one no longer has capacity to appoint an EPoA, you can apply to the relevant authority in your state (such as the Queensland Civil and Administrative Tribunal – QCAT – in Queensland), to be appointed to this role.
- Your intended payment method. This is not binding and you are not required to state this on the day, but it may assist in having your application processed.
- Know what type of room you are applying for such as shared or single.

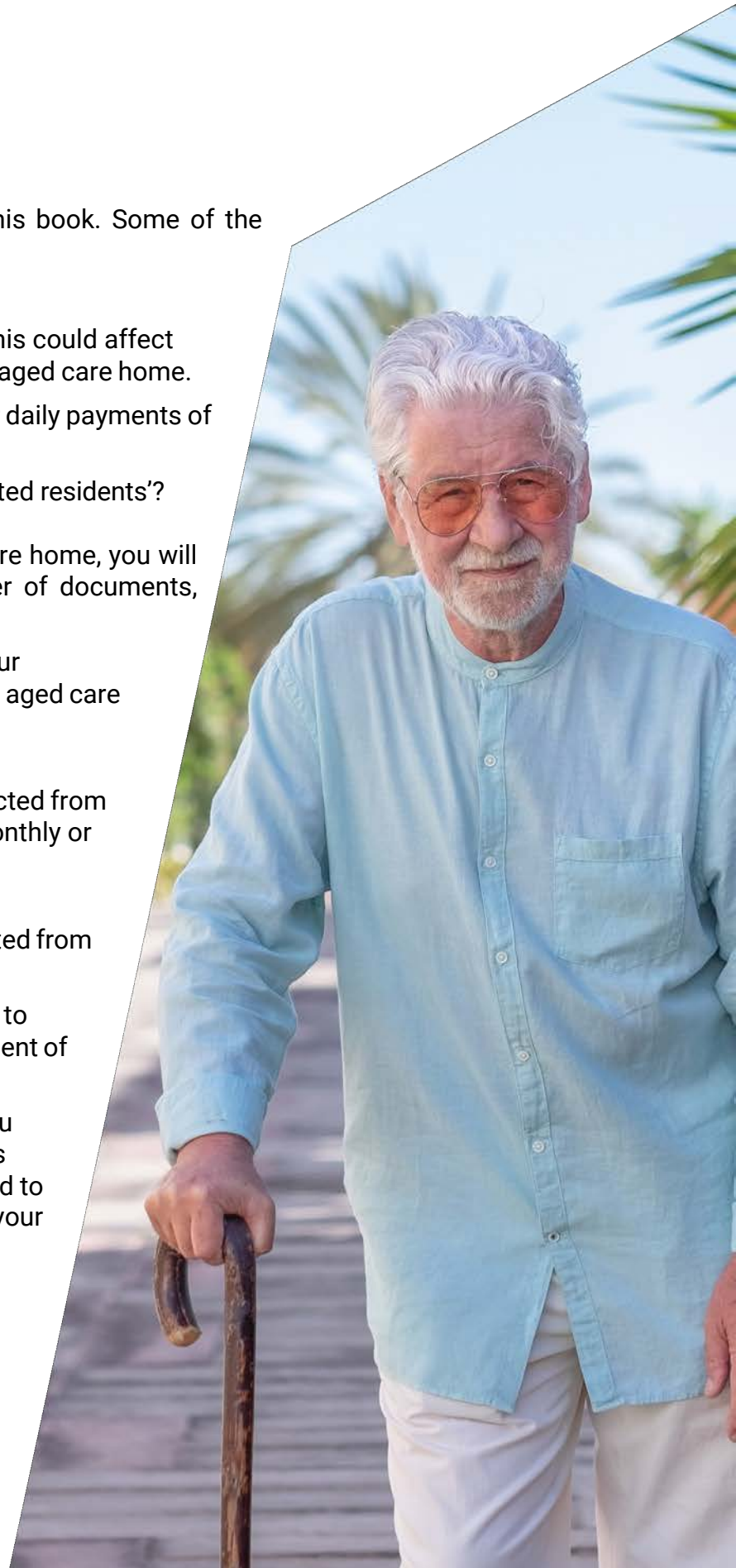
FINANCIAL

Financing aged care is discussed later in this book. Some of the questions to ask now are:

- Is there a Higher Everyday Living Fee?
- What is the Accommodation Payment? This could affect whether or not you can afford a particular aged care home.
- Is there a preference given to lump sum or daily payments of the accommodation payment?
- Does the home have provision for 'supported residents'?

When you are offered a place by the aged care home, you will be required to complete and sign a number of documents, including:

- A Resident Agreement which confirms your accommodation fees and the terms of the aged care home.
- A direct debit agreement for payment of accommodation and care fees to be deducted from your nominated bank account (usually monthly or fortnightly).
- A direct debit agreement for payment of pharmaceutical prescriptions to be deducted from your bank account.
- An SA485 or SA457 form to be submitted to Services Australia (SA) - formerly Department of Human Services.
- Department of Veteran Affairs (DVA) if you receive a means tested DVA pension. This details your income and assets and is used to work out how much you will contribute to your care costs.





CAVEATS AND GUARANTEES

All residents in accredited aged care homes have security of tenure. This means that the aged care home can only “evict” a resident if they can find another aged care home willing to accept them, and then only on the basis of non-payment of fees or for medical or serious behavioural reasons.

This security of tenure is important to ensure lifelong care for residents. However, it also creates financial risks for aged care homes, especially those with high accommodation charges.

Because of this, some homes are now asking for certain caveats or guarantees on entry into care.

- **Guarantees** may be requested from the Enduring Power/s of Attorney (EPOA). This means that if the Attorney acts inappropriately with the resident’s money, then they may not be able to pay their agreed aged care costs. The guarantee stipulates that in this situation, the Attorney will be personally responsible for payment of these fees.
- **Caveats** may be requested by certain homes where the resident opts to pay their accommodation payment as a daily fee only, with no lump sum deposit. The aged care home may require a caveat over the resident’s home. This is similar to the security over a property that a bank takes when providing a home loan. It entitles the aged care home to proceeds from the sale of the property in order to reimburse unpaid fees.

You may wish to seek legal advice before signing these documents, especially a caveat. It is also important to make sure that the chosen aged care home is affordable for the resident for the duration of their stay.

AGED CARE FEES

There are four main categories of fees that you may be asked to contribute towards the cost of your aged care:

- Living Expenses
 - A Basic Daily Fee (BDF)
 - Hotelling Contribution (means tested)
- Care Contributions
 - A Means Tested Care Fee (MTCF), or
 - Non-Clinical Care Contribution (NCCC)
- Accommodation
 - A Daily Accommodation Payment (DAP) or Daily Accommodation Contribution (DAC)
 - Refundable Accommodation Deposit (RAD) or Refundable Accommodation Contribution (RAC)
- Higher Everyday Living Fee (HELFF)



GRAND FATHERING UNDER THE AGED CARE ACT 2024

With the introduction of the Aged Care Act 2024 the way fees are applied depends on when a resident entered care and in some cases when they were approved for a home care package. Residents will fall into one of three categories:

GRANDFATHERED RESIDENTS

Applies to residents who entered permanent residential care prior to 1 November 2025.

How the fees apply:

- Continue under all *existing rules* of the previous Aged Care Act.
- Pay the **Basic Daily Fee (BDF)** and, if applicable, a **Means Tested Care Fee (MTCF)**.
- Do not pay the new **Hotelling Contribution** or **Non-Clinical Care Contribution (NCCC)**.
- Accommodation fees remain under the existing structure (RAD/DAP).

HYBRID RESIDENTS

Applies to residents who enter permanent residential care **from 1 November 2025**, but who were **approved for a Home Care Package prior to 12 September 2024**.

How the fees apply:

- Fall under the *new Aged Care Act* for accommodation fees.
- Continue under *grandfathered arrangements* for care fees.
- Pay the **Basic Daily Fee (BDF)** and a **Means Tested Care Fee (MTCF)**.
- Do **not** pay the **Hotelling Contribution** or **Non-Clinical Care Contribution (NCCC)**.

NEW RESIDENTS

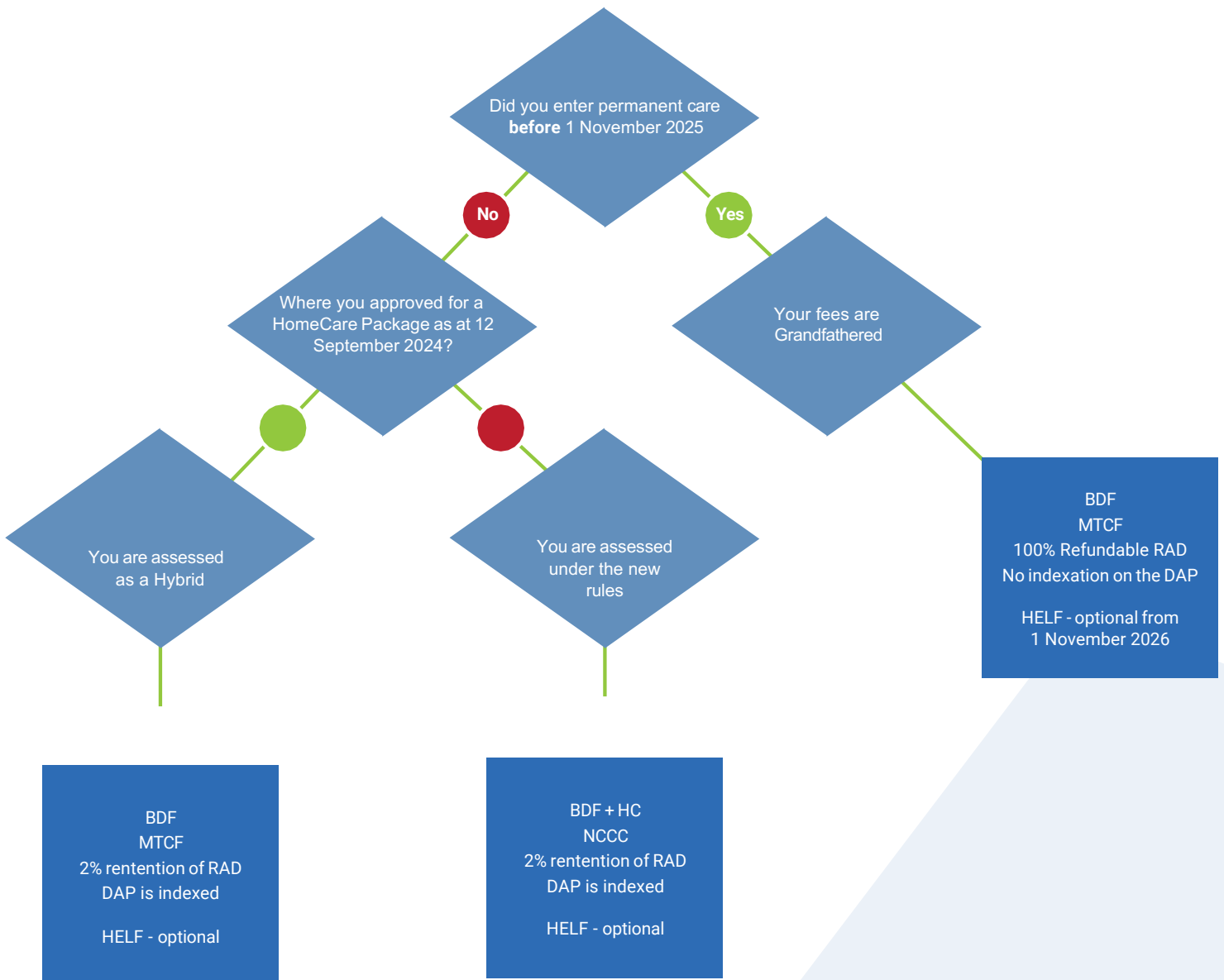
Applies to residents who entered permanent residential care **from 1 November 2025**, and were **not approved for a Home Care Package prior to 12 September 2024**.

How the fees apply:

- Fully under the *new Aged Care Act 2024* fee structure.
- Pay the **Basic Daily Fee (BDF)**, **Hotelling Contribution**, and **Non-Clinical Care Contribution (NCCC)**.
- No longer pay a **Means Tested Care Fee (MTCF)**.
- Accommodation fees are charged under the new arrangements (DAP/DAC or RAD/RAC).

DETERMINING WHICH CATEGORY APPLIES

The flowchart below summarises how to identify whether a resident is **Grandfathered**, **Hybrid**, or **New**, and which fee rules apply in each case.



Once you've identified the correct category, the following sections explain each fee type in detail and how it applies under the relevant arrangements.

LIVING EXPENSES

BASIC DAILY FEE (BDF)

This is the fee that every Australian aged care resident is required to contribute, regardless of their financial situation. It is set by the Government and is adjusted twice a year in March and September. At 20 March 2026, the BDF is set at \$66.80 per day.

HOTELLING CONTRIBUTION*

This is an additional fee that is payable towards your day to day living expenses. The fee is means tested and payable to the maximum rate of \$22.15 per day from 1 November 2025.

CARE CONTRIBUTION

When you have an assessment, the level of care you need will be converted into a dollar amount of up to \$372.03 per day (at 01 July 2026). This is called the Australian National Aged Care Classification (AN-ACC). It determines how much in subsidies is paid by the Government to your aged care home. The higher your care needs, the higher this fee will be. It will be regularly re-evaluated throughout your time in aged care.

Your care contribution determines how much of this cost you can afford to contribute, based on your assessed assets and income. The Government then pays the balance.

MEANS TESTED CARE FEE (MTCF)

- Capped at your individual AN-ACC calculation or \$372.03 per day.
- Capped at \$35,910.43 per annum and \$86,185.23 over your lifetime.
- These caps are indexed twice a year.

NON-CLINICAL CARE CONTRIBUTION (NCCC)*

- Capped at a daily amount of \$107.32 and payable up to the lifetime cap of \$137,917.01 (Indexed)
- Payable for maximum 4 years or until lifetime cap is reached.

Structuring your assets and income correctly can have a big impact on your care contribution. A Sage Care Advice Report allows you to compare what this fee will be depending on the different options you choose.

Your care contribution will be recalculated by Services Australia or Department of Veteran Affairs each month.





ACCOMMODATION PAYMENTS (NON-SUPPORTED RESIDENTS)

The Accommodation Payment is set by the aged care home and requires Government approval. It is typically between \$500,000 and \$850,000 (some are higher than \$1 million), depending on the type of room, the home's facilities and services included. Non-profit providers often have a comparatively lower accommodation payment.

The Accommodation Payment can be paid as a lump sum Refundable Accommodation Deposit (RAD), as a Daily Accommodation Payment (DAP), or as a combination of both.

- **Refundable Accommodation Deposit.** A RAD is a lump sum payment towards the Accommodation Payment. It is refundable, less 2% per annum retention for a maximum of 5 years, to your estate (or to you if you move to another aged care home) and is guaranteed by the Federal Government.
- **Daily Accommodation Payment.** A DAP is a daily payment calculated as a set percentage, like an interest rate, of the unpaid RAD. The interest rate is referred to as the MPIR and is set by the Government each quarter. The DAP operates like payments on an interest only loan and the rate at 1 July 2026 is 8.43% pa. This rate is indexed every 6 months on 20 March and 20 September.

Example:

An aged care home advertised an Accommodation Payment of \$650,000 for a particular room. The Accommodation Payment can be paid as:

- A lump sum payment (RAD) \$650,000, refundable to your estate less retention, OR
- A DAP of \$150.12 per day: OR
- A combination of both. You might pay a lump sum of \$200,000. The unpaid balance of \$450,000 could then be as a DAP of \$103.93 per day.

Your actual assets and income will affect the best way to structure your Accommodation Payment. You can compare your options with a personalised Sage Care Advice Report.

Notes:

- 5-year retention begins at the time of the first lumpsum RAD payment.
- 2% retention is calculated on refundable balance calculated and deducted monthly.
- MPIR indexes on 20 March and 20 September each year.



ACCOMMODATION PAYMENTS (LOW MEANS - SUPPORTED RESIDENTS)

When assessing your required contribution toward aged care fees, SA (or DVA) will use your assets and income to determine a Means Tested Amount (MTA). If your MTA falls under a certain level, you will be subject to an Accommodation Contribution rather than the Accommodation Payment advertised by the aged care home.

Your Accommodation Contribution is calculated as a Daily Accommodation Contribution (DAC). SA or DVA will notify you in writing if a DAC applies. Like Accommodation Payments, you can elect to pay this as a daily fee or as a lump sum (or a combination of both). The lump sum is calculated using the same rate discussed above.

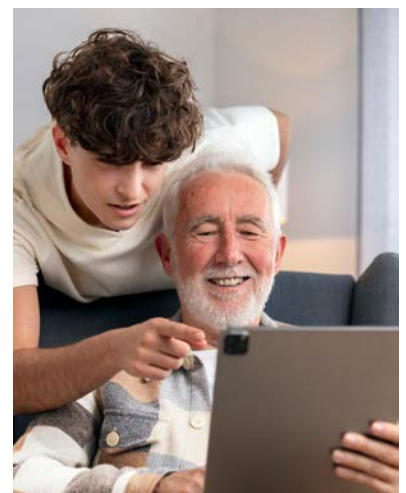
Example:

SA notifies you that your Daily Accommodation Contribution is \$20 per day. You can elect to pay this as:

- A DAC of \$20 per day, OR
- A Refundable Accommodation Contribution (RAC) of \$86,595
- A combination of both. You might choose to pay a RAC of \$30,000, in which case your DAC would now be \$13.07 per day based on the unpaid balance of \$56,595.

MORE ABOUT ACCOMMODATION PAYMENTS AND ACCOMMODATION CONTRIBUTIONS

- You can pay additional lump sums to your RAD at any time (for example, if you sell your home or receive an inheritance). However, the aged care home does not have to let you withdraw funds from the RAD while you remain in their care.
- RADs and RACs are refundable less the retention to your estate (less any DAP/DAC paid from them) and are guaranteed by the Australian Government. The RAD/RAC will also be refunded to you if you leave your aged care home or transfer to another facility.
- You can opt to have your DAP deducted from the RAD you have paid instead of from your bank account. This is a flexible option available at any time. This can help with cash flow, but your DAP will increase as your RAD balance reduces (due to the DAP deductions).





HIGHER EVERYDAY LIVING FEE (HELF)

Your provider may offer premium services, you are able to opt in or opt out to these services. They may include, amongst other things:

- Daily newspaper delivery
- Private dining rooms
- Choice of menus for dinner
- A wine or beer with dinner
- Hairdressing and personal grooming services
- Extra social activities and outings
- Foxtel and other services

You should consider the affordability of a HELF before opting in, (Sage Care Advice can show you the financial impact) as well as if it suits the needs of you or your loved one. For example, if your parent cannot consume solid foods or alcohol then a HELF may not be worthwhile.

Alternatively, if your mother loves outings, is an avid reader of the news and has always had her hair set monthly throughout her adult life, the HELF could be very good value as well as make the move to aged care more comfortable.

You are able to opt out at anytime with 28 days notice and the provider must review the HELF every 12 months.

PAYING YOUR AGED CARE FEES

Your fees will be collected by the aged care home on a regular basis, up to one month in advance. They are usually collected on a monthly basis as a direct debit from your nominated bank account.

You should ensure that you have enough money in your bank account to pay your fees each month. Consider having your pension paid to this account. Your aged care home will send you a statement of fees on a regular basis, typically monthly or fortnightly. You can also arrange for other costs to be deducted with your fees.

This might include spending money that you arrange for the home to give to your loved one each week or on-site services such as hairdressing.

A separate direct debit will also be in place for the cost of pharmaceutical prescriptions. These prescriptions will usually be delivered directly to the home. The home will then dispense medication to your loved one each day.

STRUCTURING YOUR AGED CARE FEES

This section addresses considerations that you should take into account when working out how to structure your funds and pay for aged care.

How you structure your financial affairs can have a significant impact not only on the aged care fees that you pay but also on your Age Pension entitlements. This deserves careful and thorough consideration.

Sage Care Advice can prepare a personalised report that compares up to five different funding options of your choice. It will compare the options and their effect on your aged care fees, pension entitlements and cash flow.

The main considerations addressed in this section are:

- What to do with the family home
- Gifting money and assets
- Pre-paying your funeral
- Options for paying your Daily Accommodation Payment (DAP)
- Reverse mortgages
- Qualifying as a supported person
- Pensions other than the Age Pension (War Widows, Blind Pension and others)





WHAT TO DO WITH THE FAMILY HOME

Deciding what to do with the family home is one of the most complex issues in financing aged care. The most obvious decision may be to sell the home to pay for aged care, but this can actually have a negative impact.

WHY CONSIDER OPTIONS RATHER THAN SELLING THE HOME ?

- **Age Pension** - Your family home is exempt from the assets test for up to two years after entering aged care. However, if you sell the property, all proceeds will be counted in the Centrelink Income and Assets test. This is likely to result in your pension being reduced or losing your Age Pension altogether.
- **Aged Care Fees** - If nobody is left in the family home, then the assessed value of the property is capped at \$214,884 (as at 20 March 2026), regardless of its actual value. If you sell the home, then 100% of the sale proceeds will be assessed. This could significantly increase your Means Tested Care Fee and effect your cash flow.
- **Peace of Mind** - Many people have lived in the same home for decades before moving into aged care. The thought of their home being sold can be particularly distressing at an already stressful time. Knowing that their home remains for them to return to can provide great comfort, however unlikely it is that this will occur.
- **Consideration of the Will** - If the home is to be left to a nominated beneficiary.

Of course, sometimes keeping the home may not be the best option for cash flow reasons. If your home is in a retirement village, you may be required by village rules to sell the home.

It is important to make an informed decision and understand the consequences of selling the home. Sage Care Advice can provide you with this certainty in your individually prepared report.

IS SOMEONE STILL LIVING IN THE HOME?

In some situations, your home will be 100% exempt for aged care fee assessment. This occurs when a protected person lives in the home. A protected person can be:

- The resident's spouse
- A dependent child (under age 16 or full-time students under age 25) for whom the resident is the legal guardian
- A carer (recognised by Centrelink rules as a carer) who has lived in the home for at least two years and is eligible for income support from Centrelink or Veterans' Affairs.
- A close relative who has lived in the home for at least five years and is eligible for income support from Centrelink or Veterans' Affairs.

GIFTING MONEY AND ASSETS

On entering aged care, it can be tempting to make large gifts of money or assets in order to lower your assessed assets for aged care fees. Before doing so, you should bear in mind the following:

Deprivation Rules - If you give over certain amounts in a financial year, SA will apply deprivation rules for both your Age Pension and aged care fees. This means that they will treat your gifted assets as if you still own them for gifts over the following limits:

- \$10,000 in a single financial year, with a limit of:
- \$30,000 over a five-year period.

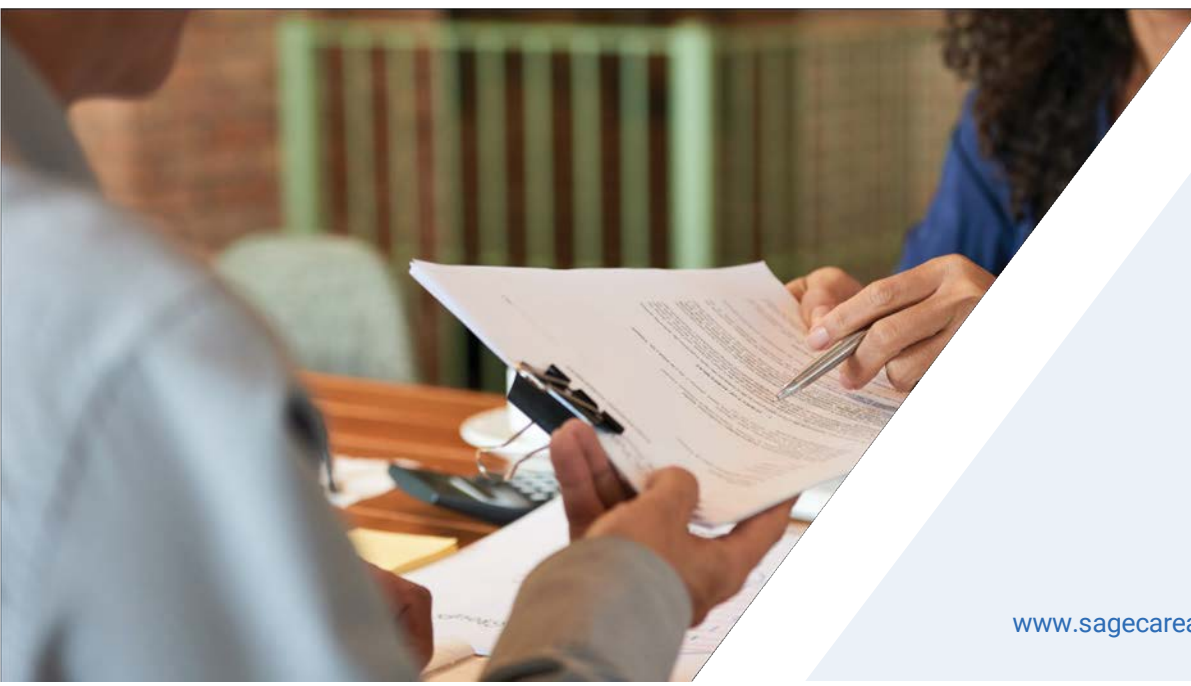
Your duty as Enduring Power of Attorney - Before making a decision about gifting assets, consider your legal obligations as an Enduring Power of Attorney. Can you demonstrate that the gift has been made in your loved one's best interest (rather than your own)?

PRE - PAY YOUR FUNERAL

Pre-paying your funeral, or purchasing a funeral bond, up to a limit of \$16,250 per person (effective 1 July 2026) may offer the following advantages:

- Up to \$16,250 will be exempt from the means test for both your Age Pension and the aged care means test.
- You can choose your preferred funeral director and dictate your funeral arrangements.

If organising this for a loved one, check first that they do not already have arrangements in place.



OPTIONS FOR PAYING A DAP

Cash flow (ie having the money available to pay fees each month) can be a barrier to aged care affordability, especially if you have decided to keep the family home.

If you have paid a part RAD, you can opt to have the DAP deducted from this lump sum, instead of your bank account. Doing so can free up cash flow as your monthly direct debits will be lower. You can add or remove this option at any time.

A downside of this strategy is that the paid balance of your RAD will reduce, resulting in a higher DAP that compounds over time. A simplified example of this is below:

Example: (From 01 July 2026 @ 8.43%)

RAD \$550,000

Part RAD of \$200,000 is paid, leaving \$350,000 outstanding.

The DAP on this is \$80.84/day (\$29,505 pa).

After one year of having the DAP deducted from the RAD, your situation would now be:

Part RAD balance is reduced to \$170,495 leaving \$379,505 outstanding.

The DAP on this is now \$87.65/day (\$31,992 pa).

Note - we have simplified this example with annual amounts rather than daily calculations of the interest of your RAD balance and DAP. In reality, the cost would be slightly higher over a year.

REVERSE MORTGAGES

Reverse mortgages allow people over a specified age to borrow against their home. These funds can be used to assist with aged care fees. Instead of paying interest each month, the interest payments accrue against the loan, increasing the loan amount.

The loan is usually payable within 12 months of death and the lender has security over your home.

We recommend that you seek individual financial, legal and credit advice before considering a reverse mortgage.

QUALIFYING AS A SUPPORTED RESIDENT

Under aged care rules, a supported person pays an individually calculated Accommodation Contribution, rather than the Accommodation Payment advertised by the aged care home.

As a general rule, if you do not own your own home, have assets under \$64,500 and receive a full Age Pension, you may qualify as fully supported. Fully supported residents pay only the Basic Daily Fee for aged care.

If you own your own home but have few other assets, you may qualify as a supported resident, paying an Accommodation Contribution rather than Accommodation Payment, depending on the net value of your home.

If you are on the threshold of qualifying as a supported person, strategies such as gifting, pre-paying your funeral and making the right decision about your home could make a big difference to your aged care fees. Sage Care Advice can compare the outcome of different strategies.

Caution needed: A supported resident accommodation contribution can change with a change in assessable assets and/or income.

PENSIONS OTHER THAN THE AGE PENSION

This book addresses the impact of different strategies on your Age Pension. Some other Australian pensions are assessed differently for your aged care fees. They include:

Department	Pension Type	Special Treatment
Services Australia	Blind Pension, and Blind Age Pension	No means test for Centrelink or DVA
Department of Veteran Affairs	War Widow Pension	No means test for DVA
Department of Veteran Affairs	Disability Pension	Excluded from Aged Care means test
Department of Veteran Affairs	Victoria Cross Recipient Ex- Prisoner of War	Care costs are supplemented by the Federal Government

You should also note that if you are part of a couple, you will be considered as “separated by illness” when one or both of you enter aged care. This means that you will each be paid the single rate of age pension, which is higher than the Couple’s rate. This will help to pay the extra costs of one or both of you living in an aged care home.



AGED CARE FUNDING – MAKING A DECISION

It is important to make an informed decision about your aged care funding arrangements, and ideally have at least some consideration of these in place before completing your Centrelink/DVA Residential Aged Care Form (SA485/SA457).

Seeking professional advice to get your strategy right may see you save a lot of money on aged care fees and also help to maximise pension entitlements.

For Enduring Powers of Attorney (EPoAs), considering available options can also provide evidence of your decision-making process. You may need to call on this should anyone question the financial decisions you have made for your loved one in the future.

Don't forget to check Wills before selling assets as this could have a major impact for beneficiaries.

COMPLETING THE SERVICES AUSTRALIA FORMS

To qualify for Government assistance in funding your aged care, you will need to complete and submit an SA485/SA457 (Permanent Residential Aged Care – request for a Combined Assets and Income Assessment form).

This will need to be sent to either Services Australia or Department of Veteran Affairs (DVA), depending on the type of pension you receive. If you are a self-funded retiree, send your form to SA.

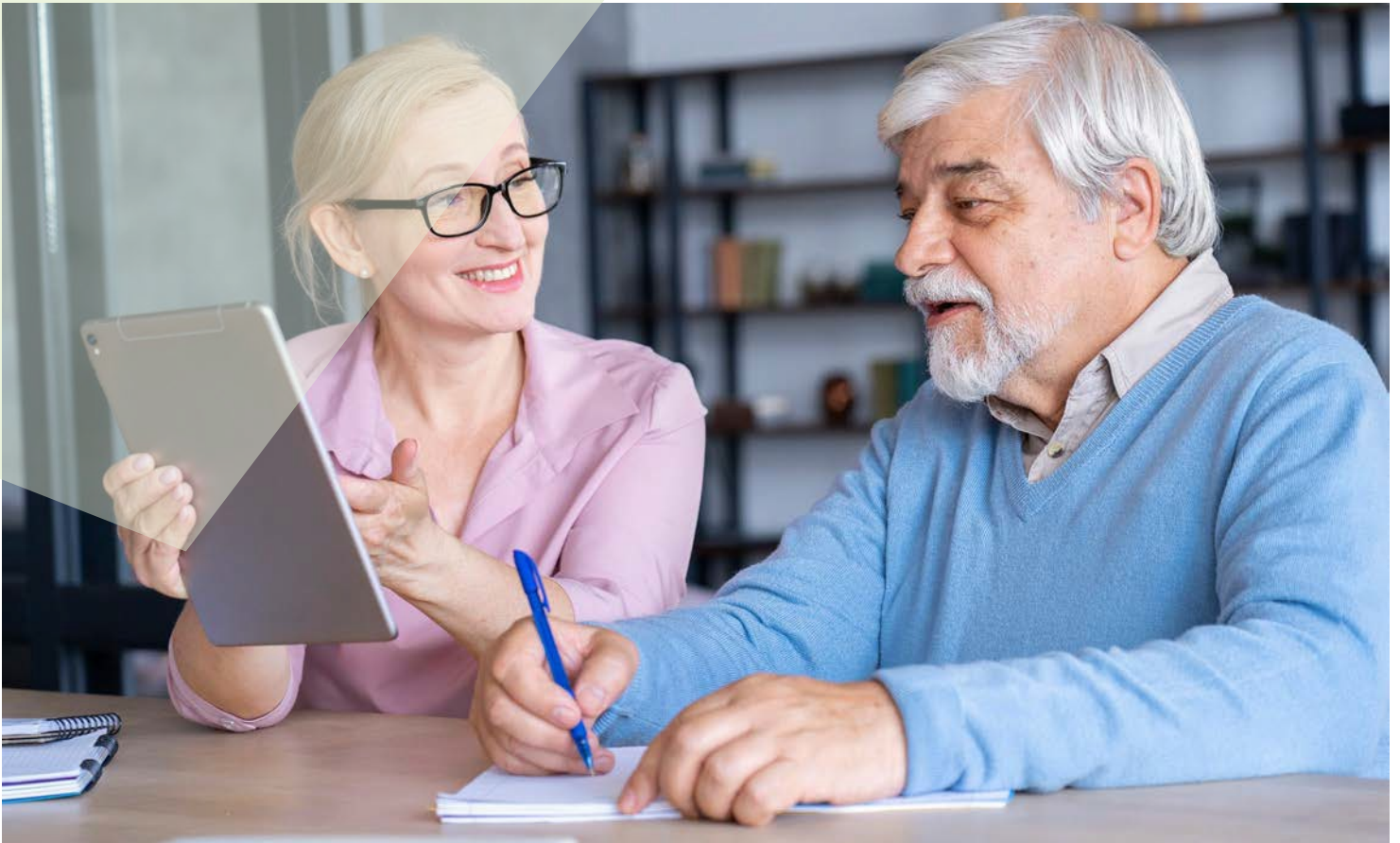
These forms provide the Government with complete details of your personal and financial situation. It is essential that this form be completed accurately and in full, as it will be used to:

- Determine if you are a supported resident or not.
- Determine if you will pay an Accommodation Payment or Accommodation Contribution.
- Calculate your aged care fees.
- Make adjustments to your pension payments and eligibility.

You will need to provide supporting documentation with your form, including:

- Evidence of investment holdings (eg. Statements for shares, managed funds, bonds or pre-paid funeral plans and superannuation).
- Current bank statement or ATM receipts for all bank accounts and term deposits.
- "Centrelink Schedules" for all superannuation pensions and annuities.
- Statements for foreign pensions.
- Statements for other pensions (such as the Military Pension).
- A certified copy of your Enduring Power of Attorney and identification for your attorney.

The forms will list all of the documents you need to provide, but completing the form is easier if you gather as much as you can beforehand.



WANT TO KNOW MORE ?

Why not call our office and book an information appointment now.

Phone, Zoom & Office appointments are available.

07 5322 5333

or

info@sagecareadvice.com.au

Suite 8, m1 Building, 1-7 Duporth Avenue
Maroochydore QLD 4558



TIPS FOR ENDURING POWERS OF ATTORNEY (EPOA)

- Check that the EPoA has been completed and certified properly and is valid!
- Keep extra certified copies of the EPoA. All financial providers and Government agencies will require certified copies.
- If there are multiple EPoA's, stay consistent by nominating one person to take the lead in organising aged care and structuring finances.
- Include your loved ones in the decision-making process wherever possible. This helps to both maintain dignity and to provide greater confidence, comfort and a feeling of control during the move into residential aged care.
- Understand your duties as a Power of Attorney. Each State Government provides information about your duties online.
- Keep a record of – and receipts for – your out of pocket expenses that need to be reimbursed.
- Record the reasons for your decisions. Sage Care Advice can provide you with documented reasons for your actions should they be questioned in the future.
- Check your loved one's Will. Your decisions should respect their wishes for their Estate. Check that your actions will not affect this. For example, if one beneficiary is to receive the family home and no other assets in the Will, selling the family home could effectively disinherit them.
- If you get stuck, ask for help and seek advice.

Sage Care Advice strongly suggest an Enduring Power of Attorney seek legal advice from an Estate Planning Solicitor if they are unsure of their role as EPoA.

Sage care advice

Your aged care specialists



ABOUT SAGE CARE ADVICE

Sage Care Advice is located in Maroochydore and we take pride in being the Sunshine Coast's aged care funding specialists. We are a privately owned business with a small team and a big commitment to assisting our clients with aged care funding issues. We only provide financial advice around aged care. It's our specialty.

At Sage Care Advice, we are dedicated to helping our clients navigate this maze and make smart decisions about aged care funding with the information and advice that you need. We will help you achieve a favourable financial outcome for your loved one.

OUR SERVICES

- Help with all Centrelink forms and Centrelink correspondence.
- Obligation free information session to assess your personal situation.
- Funding guidance, including the impact of your decisions on:
 - Age/DVA Pension
 - Means tested care fee
 - Anticipated aged care fees
 - Cash flow and affordability
 - Net assets over time
- Residential care liaison.
- Help reduce stress and provide clarity for decision making.
- Ongoing Centrelink/DVA reporting.

If you are on top of things and just need a little help filling out forms or calculating fees, we can assist with this too.

Contact us on (07) 5322 5333 or info@sagecareadvice.com.au.