

Aged care in Australia

Moving into an aged care facility can be a complicated and emotional process. Having good financial advice can make the transition easier and help minimise the costs.

The importance of financial advice

There are many factors to consider when entering an aged care facility, so it is important to obtain quality advice. An experienced financial adviser can assist with:

- understanding accommodation bonds
- accommodation fees and charges
- maintaining the Age Pension and other social security entitlements
- whether to keep or sell the family home
- structuring income and assets to meet ongoing costs of aged care
- minimising tax and lowering fees
- estate planning needs such as Wills and Powers of Attorney.

A financial adviser can work through the different options available, explain complex aged care planning issues and help individuals to achieve the best outcome.

The difference between no advice and good advice can be the difference between the family needing to subsidise the costs or not.

What accommodation options are available?

There are a number of options available to suit an individual's needs and circumstances:

- Self-care – for those who can care for themselves. Retirement village or granny flat accommodation may be suitable.
- Aged care – for those who require assistance with daily tasks. Hostel or nursing home accommodation may be suitable.
- Assisted living – for those who wish to stay at home, but require help. There are home and community programs which offer services to help an individual manage daily activities such as personal care, home nursing, meals and home maintenance.

Aged care considerations

Australia has one of the most advanced aged care systems in the world. There are quality private or Government-funded aged care facilities as well as a wide range of programs that help individuals live in their own home and maintain their independence.

Understanding the different types of aged care accommodation available and the associated costs can be quite complex and requires careful consideration.



Some issues that need consideration include payment of fees and charges, arranging aged care assessments, tax implications and estate planning. Individuals also need to think about what type of residential arrangement would suit their short or long-term needs.

Obtaining sound financial advice may help an individual achieve the retirement lifestyle they desire.

Hostel and nursing home care

Aged care facilities are commonly referred to as hostels and nursing homes. The main difference between the two lies in the level of care provided.

Individuals who require some help with mobility will generally require low level care provided by hostels. On the other hand, individuals who require 24-hour nursing care may be more suited to high level care provided by nursing homes.

For a person to be admitted to a hostel or nursing home, there must first be an assessment of the person's needs by an Aged Care Assessment Team (ACAT). The ACAT will make a determination whether low or high care is required. A person cannot be permanently admitted to a hostel or nursing home without ACAT approval.

ACATs are located in public hospitals, geriatric or community centres and may include health professionals such as doctors, nurses, social workers and the like. Apart from approving aged care accommodation, the ACAT can also provide information about home and community care, respite care and other aged care initiatives.

How much will care cost?

Although aged care accommodation is subsidised by the Government, residents will generally be required to contribute towards their own care by paying various fees and charges.

Accommodation fees and charges can often be complicated and vary according to circumstances. The fees are generally calculated in relation to the individual's level of income and/or assets.

Some of the costs residents of hostels and nursing homes may have to pay include basic daily care fees, income test fees and accommodation bonds or charges.

According to the Department of Health "Ageing and Aged Care in Australia July 2008" report, the total average cost borne by an individual:

- in a hostel is \$18,545 p.a.*
- in a nursing home is \$16,350 p.a.*

* Based on 2006/07 costs.

A financial adviser can work out the amount of fees and charges an individual needs to pay for the type of accommodation they require. In some cases, an adviser may be able to put a strategy in place to reduce the fees.



Get assistance now and ensure your loved ones get the best outcome.

➤➤ **Need more information? Contact the financial adviser on the number provided.**

Adviser stamp

ING Australia Limited
ABN 60 000 000 799
347 Kent Street
Sydney NSW 2000

This material has been prepared by ING Australia Limited (ABN 60 000 000 779) and is current as at April 2009 but may be subject to change. While the sources for the material are considered reliable, no responsibility is accepted for any inaccuracies, errors or omissions.

