

Planning your aged care needs

The wave of older Australians will continue to grow over the coming decades. As such, we can no longer afford to ignore the issues around aged care with over 1 million retirees already accessing aged care services in Australia.

Planning ahead can help to demystify aged care and reduce stress levels. With awareness and pre-planning, you can maintain control and choice, have access to the financial resources to pay for care and minimise the stress on you and your family. This article discusses the steps you should consider when planning to move to residential aged care.

Step 1 – Plan ahead

We are often reluctant to think about a potential move into care. This means we fail to plan and ignore the warning signs until a crisis emerges. At this point, the time available to evaluate options is limited and decisions may be rushed. Also, our families may start to argue and conflicts arise.

Tip:

Start with a family meeting to make shared decisions. Use this meeting to:

- Discuss options and preferences
- Explore each person's concerns
- Decide who needs to be involved in any planning

Frank and open discussion is the first step to an effective decision-making process.

Ask your adviser to facilitate your family meeting. He/she can provide advice as well as offer an impartial and objective view.

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Step 2 – Assessing options

Aged care help can be accessed in your home or in a residential service. To help you decide which option is best, arrange a free assessment by an Aged Care Assessment Team/Service (ACAT/ACAS).

You will need to have ACAT/ACAS approval before you can access a government subsidised home care package or residential care.

Tip:

You can book an appointment directly with ACAT/ACAS on 1800 200 422. Further information is available at www.myagedcare.gov.au

Step 3 – Searching for services

If residential care is required, think about what criteria is important in deciding where to live. Make a list. This should include location, amenities and your health care needs.

This list will help you develop a shortlist of potential services which you might like to contact or visit. But first check what fees will be asked for accommodation and ongoing services to ensure it is affordable for you.

Once you have selected your preferences you can fill in an application form to add your name to the waiting list. You can put your name on the waiting list for more than one service to increase your chances of finding a place.

Tip:

You can search for services by

- Visiting myagedcare.gov.au and search by postcode for the list of aged care facilities in your preferred location
- Searching the internet for 'aged care placement services' for advice and help to choose a service and negotiate a place

If you would like to fill in an application form to apply for a place, you can use the generic form which is available from myagedcare.gov.au

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Step 4 – Understanding the fee structure

Most people are often surprised by the level and range of fees. How much you have to pay may depend on:

- The service you choose
- Your assessable assets
- Your assessable income

Your adviser can help you to understand the fees as the total amount payable can be hard to calculate without good advice.

Tip:

What you will pay for residential care is divided into contributions towards accommodation, care and additional services:

- Paying for accommodation – we all need to either find a lump sum of money to buy a home or generate income to rent a home. Residential care is firstly accommodation that needs to be “purchased” (refundable accommodation deposit) or “rented” (daily accommodation payment).
- Paying for basic living expenses – food, electricity, cleaning and laundry services and nursing assistance is subsidised by the government. Residents are asked to contribute to the cost through a basic daily care fee plus a means-tested fee for those who have a higher capacity to pay.
- Luxuries and lifestyle – additional items can be purchased on a user pays basis or in bundled packages as additional service fees.

Step 5 – Structuring finances

Accommodation costs are set by market forces with prices published on the MyAgedCare website. But if assets and income can be reduced to low enough levels (to become a low-means client) before the move, the government may subsidise accommodation and regulate how much the resident pays.

In this way, the accommodation cost may be cheaper, but is not always better. Choice and control may be lost. Residents may be faced with accepting a place in whichever service has a low-means place available and could even be a shared room.

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Tip:

A homeowner will generally not qualify as low-means unless their spouse (or other protected person) will continue to live in that home.

If potential residents wish to aim for entry under the low-means rules, there are not many pre-planning strategies to reduce assets. One option may be to enter into a granny flat arrangement to transfer ownership of the home to a child in exchange for a life interest to live in the home.

If this transaction occurs within five years before a move into residential care it could be captured under gifting and deprivation rules (depending on circumstances). Instead of being a solution it could create more problems. Other legal issues also need to be considered to minimise the family problems that could arise.

Your adviser can review your full financial situation and provide advice on how to:

- Make appropriate decisions
- Structure assets to pay for accommodation and as well as create sufficient cashflow
- Minimise fees or maximise Centrelink or Veterans' Affairs benefits

Step 6 – Estate planning

Anytime your circumstances change it is important to consider the impact this has on your estate plans. This includes when you move into aged care.

You should speak to your solicitor about the ability to review and redraft your will to reflect your wishes.

As dementia is a leading factor behind the need for care services, when the time comes it is likely that the client will need to delegate financial decisions to someone else. This is easier if an enduring power of attorney (and guardianship) is in place. So it is important to have the appropriate powers in place before a person has lost legal capacity as once capacity has been lost, it will be too late to set up the powers and a trip to the Guardianship Tribunal will be needed.

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The statistics:

- On average, one new case of dementia occurs in Australia every 6 minutes
- 30% of people over age 85 have dementia
- More than 50% of people in subsidised aged care facilities have dementia

Source: Alzheimers' Australia, www.fightdementia.org.au

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