



PLANNING FOR AGED CARE

GUIDING YOUR PATH TO
A SECURE AND COMFORTABLE FUTURE



morrows



Helping you and your family navigate aged care.

Planning for Aged Care

No matter your age, the way we live our life, now and in the future needs careful, meticulous consideration. Planning for aged care is important, especially when there are many factors in your life to consider. Your family can be pivotal in working through these personal and financial decisions.

PLANNING AHEAD IS KEY

Being well-planned and ready to put your strategy into place for aged care is not only sensible but will help minimise the stress on you and your entire family. Careful planning will also help you:

- Achieve life goals and manage transitions.
- Attain comfortable living standards.
- Plan for the expected and provide a contingency for the unexpected.
- Prepare for aged care at all ages to maximise choices and minimise stress.

THE THREE PHASES OF RETIREMENT

There are three phases of retirement linked to a retiree's health, including years:

- Without disability
- With some disability
- With severe disability.

Now more than ever, we need to rethink our approach to retirement planning to consider the increasing cost of living and aged care expenditure. Recognising and accounting for retirement income needs can reduce the risk of retiring with insufficient savings.

This should include the means to deal with the increased cost of care in later years.

PLANNING

**IT'S NEVER TOO
EARLY TO GET
STARTED!**

A RANGE OF CARE OPTIONS

As a guide, aged care options generally fall into staying at home with support, or moving into a retirement or residential care (these can also provide live in care on a temporary basis for occasional respite).



RETIREMENT VILLAGE OR RESIDENTIAL CARE?

When it's time to consider suitable aged care for yourself or a loved one, several factors come into play. As aging progresses, you might realise that the family home has become increasingly challenging to maintain or require closer access to personal support. In such situations, exploring supported accommodation becomes crucial.

Retirement Village

- Independent living whilst allowing residents to maintain their autonomy while accessing services like home care.
- Retirement villages or independent living residences offer a degree of independence with limited on-site support.
- Personal Expense: Residents have control over their living space and can personalise it to their needs and preferences.
- Sales Proceeds Depend on Contract: The amount received upon selling a retirement village unit can vary widely based on the contract terms, potentially affecting the return on investment.
- Money at Risk: If the operator of the retirement village faces financial difficulties or goes into liquidation.
- Ongoing Costs: Residents typically face ongoing costs for services, maintenance fees, and possibly additional care services.

Residential Aged Care

- Government Subsidised: The government partially funds residential care.
- Full Accommodation Cost Repaid: Unless fees are deducted, the full accommodation cost is repayable.
- Government Guaranteed RADs: Refundable Accommodation Deposits (RADs) are government guaranteed, assuring the return of this investment.
- Fully Supported Living: Residential care provides comprehensive support, including healthcare, personal assistance, and 24/7 care.
- Social and Recreational Activities to enhance residents' quality of life.
- Professional Healthcare Services: Access to skilled medical professionals and healthcare services within the facility.

CARE AT HOME IS THIS RIGHT FOR YOU?

Home care is designed help you to sustain your independence and quality of life for as long as possible while reducing the pressure and responsibilities of your family.

By providing essential support and services tailored to your needs, home care ensures that you can continue to live in the comfort of your own home or retirement village while lessening the physical and emotional pressure on your loved ones.

Whether home care is appropriate for you will depend on a number of factors these include:

- Who else you live with
- Your health and care needs
- What family can help with
- Your capacity to pay for extra help
- Where your home is located
- The suitability of your home

Commonwealth Home Support Program (CHSP)

The Commonwealth Home Support Program (CHSP) is a range of simple home care services that can be provided to clients living in the community.

These services are subsidised by the government and individuals may need to make a contribution towards the cost.

Home care packages (HCP)

Older individuals who are finding it difficult to live in their homes without help may be best suited for home care packages.

These support packages are more comprehensive than the CHSP and may allow the individual to stay in their home longer and avoid the need to move into residential aged care.

INDEPENDANT LIVING WITH HOME CARE

What typical support is available?

- Meals
- Cleaning
- Transport
- Home maintenance
- Daily Tasks (Shopping, companionship, doctors appointments, bathing)
- Exercise and rehabilitation
- Post hospital support





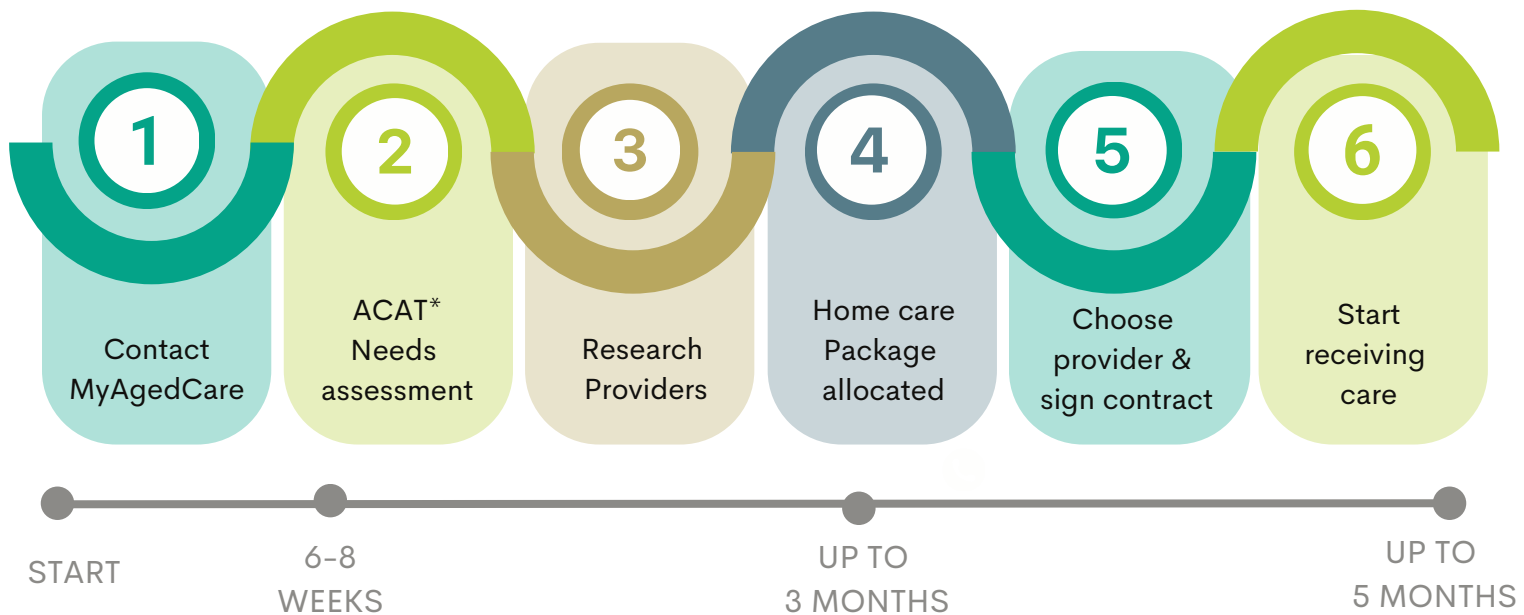
DON'T WAIT FOR THE CRISIS PLAN AHEAD



PLAN AHEAD TO AVOID STRESS

Plan ahead, don't wait until the need is urgent. Planning ahead allows you to make interim care arrangements while waiting for government support.

Here's what you can expect in relation to lead time for a home care package:



**Aged Care Assessment Team (ACAT) known in Victoria as Aged Care Assessment Service (ACAS).*



WHAT DOES A HOME CARE PACKAGE COST?



If you are eligible for a Home Care Package, it's essential to understand what fees you may have to pay, how much the government will contribute, and how your budget works.

It's important to do all this before choosing your provider. Having all the information upfront can assist you to make the right choice for your care needs and financial situation.

When you receive a Home Care Package, you have a budget to pay for your needed services. Your budget depends on your level of care and includes contributions from you and the government.

CURRENT HOME CARE PACKAGE ARRANGEMENTS



CURRENT HOME CARE PACKAGES

Currently there are 4 levels of home care packages.

Level 1 is for recipients with low-level needs and progresses through to Level 4 for clients with a higher need.

The ACAT/ACAS approval will specify approval at a particular package level. Each level is assigned a budget and recipients can spend their budget on care and support services outlined in their individual care plan which they develop with the package administrator.

A care provider needs to be engaged as the package administrator, and part of the package budget will be allocated to pay for the package management fees, as well as care co-ordination if this is provided by the administrator.

The budget amount comes from a combination of care recipient contributions (basic daily fee and income-tested fee) and government subsidies. The total budget for each package level is:

The cost of a home care package is subsidised by the Federal Government, but the care recipient may be asked to contribute through:

- A basic daily fee, and
- An income-tested fee (if assessable income exceeds certain levels). There is no asset test.

The amount of income-tested fees payable is subject to an annual cap of \$34,174.16 and a lifetime cap of \$82,018.15 (indexed). This cap includes only the income-tested fee (and means-tested fee for residential aged care). It does not include the basic daily fee.

The income-tested fee is reassessed every quarter based on changes to the recipient's assessable income as well as indexation in thresholds and other changes that may have occurred.





PROPOSED AGED CARE HOME PACKAGE ARRANGEMENTS



HOME CARE
PACKAGES FROM
1 JULY 2025

The current Home Care Package framework will in the future be referred to as "Support at Home". There are several changes impacting Support at Home from 1 July 2025.

Support at Home will provide funding for:

1. Clinical care (e.g. nursing care, occupational therapy)
2. Independence (e.g. help with showering, getting dressed or taking medications)
3. Everyday living (e.g. cleaning, gardening, shopping or meal preparation)

The Government will pay 100 per cent of clinical care services, with individual contributions going towards independence and everyday living costs.

Deviating from the current system, where the income tested fee is based on income only, the amount payable for independence and everyday living costs will be based on the Age Pension Income and Assets Tests.



A NEW CLASSIFICATION SYSTEM FOR SUPPORT AT HOME



Recipients will be assessed into one of 10 new funding classifications. The new classifications improve on the current four packages available through the Home Care Packages (HCP) program by better aligning funding to need.

This includes eight ongoing classifications, and two short term classifications – the restorative care pathway and end-of-life care pathway.

Under Support at Home, the highest ongoing classification exceeds the current Level 4 HCP, with a budget of almost \$78,000 per year (an increase of almost \$17,000 p.a.). The program can also provide support for home modifications with up to \$15,000 to make home safer for the recipient.



GRANDFATHERING FOR HOME CARE RECIPIENTS



For Home Care, a 'no worse off' principle will apply to the contributions arrangements for people who, on 12 September 2024, were either receiving a Home Care Package, on the National Priority System (that is, waiting for a package to be allocated to them), or assessed as eligible for a package. These recipients will be no worse off because of the reforms: they make the same contributions, or lower, than they would have made under the Home Care arrangements.

When these recipients move to residential care, they will stay on the existing contribution arrangements unless they opt to move to the new program. Changes to accommodation payments in residential care would still apply to these recipients, since accommodation payments are an agreement negotiated between the resident and their provider.

WHAT IS RESIDENTIAL CARE?

Residential care is a fully supported living option in an aged care home (sometimes known as a nursing home or residential aged care facility). This type of care is for older people who can no longer live at home and need ongoing help with everyday tasks or health care.

The decision to leave ones home and move into an aged care home isn't easy. However, an aged care home can provide the care and services you or a loved one needs to maintain safety and quality of life.

NEED MORE
SUPPORT?
TIME TO CONSIDER
RESIDENTIAL CARE

WHAT ARE THE CURRENT COSTS OF RESIDENTIAL CARE?

Each home sets its own prices within a prescribed limit, and costs will vary. How much you will have to pay depends on the place you choose and an assessment of your income and assets.

Typically, there are four types of costs associated with all aged care homes:

- **A basic daily care fee** (the maximum is currently \$63.57 per day) A maximum amount that everyone pays for your room and access to amenities and services received.
- **Accommodation costs:** A varying cost for your room based on a means assessment. These costs are published on the aged care home website. You can choose to pay a lump sum or daily fee (rent)
- **Means tested care fee** (the maximum is currently \$417.41 per day). A varying cost for the care services you receive based on a means assessment, and subject to annual and lifetime caps.
- **Additional expenses:** additional fees- agreed with the provider plus your personal expenses.



HOW MUCH MIGHT YOU
NEED TO CONTRIBUTE?

There is a fee estimator on the
myagedcare.gov.au
website to help you plan.

[CLICK HERE](#)

HOW WILL YOU PAY FOR THE ACCOMMODATION

You don't have to pay the full cost of your accommodation upfront. Within 28 days after moving in you will need to decide how you prefer to pay for your room.

You have three options as to how you can pay:

1

Lump Sum (RAD)

If you choose to pay a lump sum, you have up to 6 months to rearrange assets and make a payment.

2

Daily fee (DAP)

Interest (daily fee) is payable if the lump sum is not paid (or until it is paid).

3

Combination (Part RAD/DAP)

If you choose to pay daily fee, you can change mind and switch to lump sum any time.

PAYING FOR ACCOMMODATION

WHAT IS A REFUNDABLE LUMP SUM?

There are two types of lump sum, depending on the outcome of your means assessment:

- **Refundable accommodation deposit (RAD):** This is when you pay the total amount yourself. It is the accommodation price you agreed on with your provider.
- **Refundable accommodation contribution (RAC):** If you are assessed as a low means resident the government helps with the costs. Your provider works it out based on the daily accommodation contribution (DAC) determined by Services Australia.

If you choose to pay an amount as a lump sum, the balance is refunded when you leave the aged care home. Any amounts you have spent or drawn down from the lump sum to pay other aged care costs will not be refunded.

Buy's right to live there.
Preserves estate

Full refund
(unless you spend it)

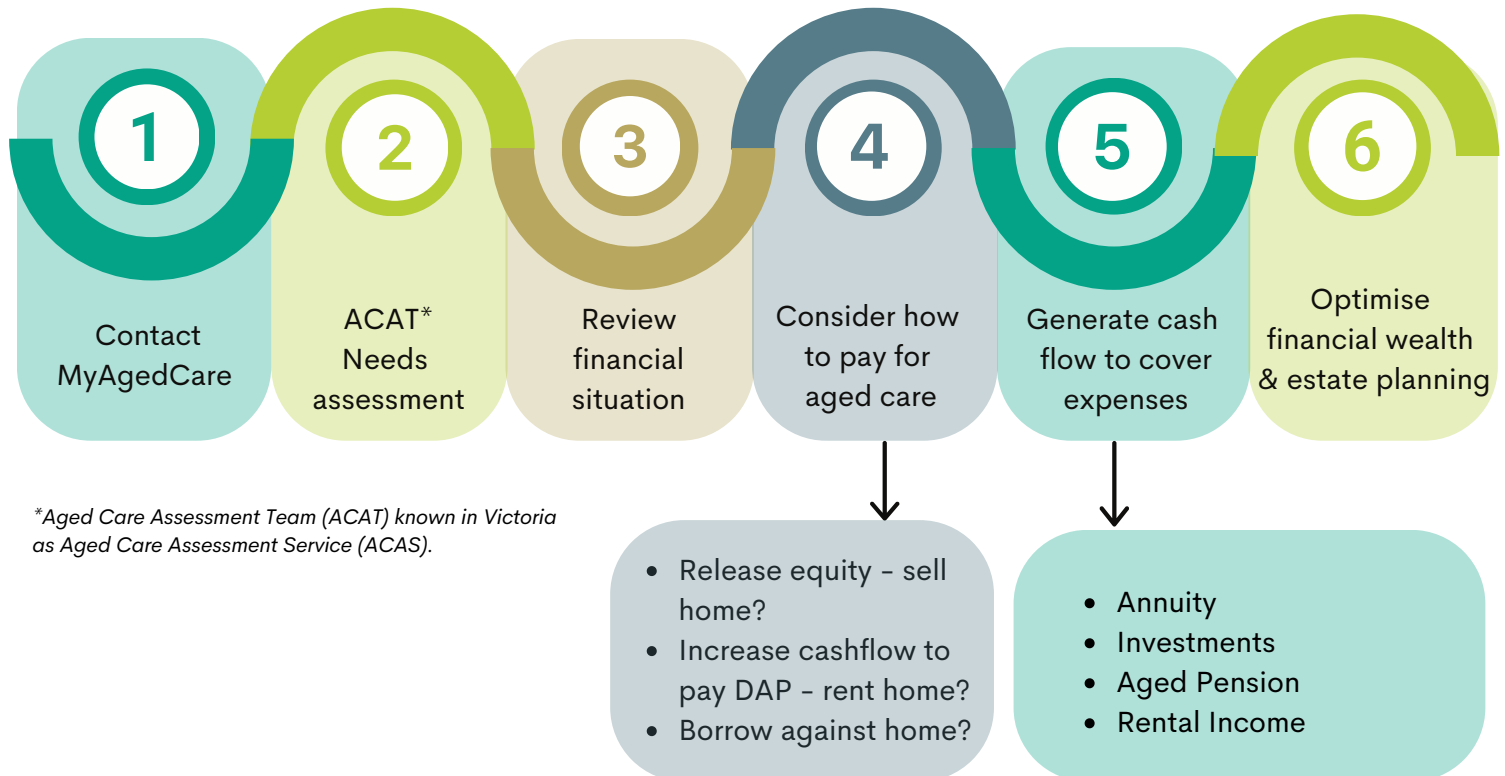
Government guaranteed
(if approved provider)

Exempt for age pension

AGED CARE ADVICE PROCESS, WHAT YOU CAN EXPECT

For many people, the cost of a room in aged care seems an overly expensive outlay. But accommodation costs are largely misunderstood, determining which payment option you should choose will vary based on your financial circumstances. Here's the process we recommend and follow;

THE VALUE OF AGED CARE ADVICE




DON'T MAKE RUSHED DECISIONS


Decisions like this shouldn't be rushed, there are many factors to take into consideration, which involves the individual and the family. We recommend that you:

- Involve your family
- Make known your priorities and preferences
- Identify who will be responsible (when you can't) for financial decisions, medical decisions and living arrangements
- Locate important documents
- Review estate plans
- Get advice on how to best utilise your financial position to achieve your care objectives.





WHAT ARE THE PROPOSED CHANGES FOR RESIDENTIAL AGED CARE FROM 1 JULY 2025?



RESIDENTIAL CARE FEES FROM 1 JULY 2025

There are a number of changes impacting residential aged care fees from 1 July 2025 for new entrants.

New Hotelling Supplement Contribution (HSC)

- Residents with more than \$238,000 in assets or more than \$95,400 in income will pay up to \$12.55 per day.
- This fee covers living costs like cleaning, laundry, and meals, which were previously covered by the Government.

New Non-Clinical Care Contribution (NCCC)

- The current means-tested care fee (MTCF) will be replaced by the NCCC.
- The NCCC covers costs for services like bathing, mobility assistance, and lifestyle activities.
- The daily NCCC is calculated based on your means-tested amount, minus the maximum accommodation supplement (\$69.49 per day) and the maximum HSC (\$12.55 per day), up to a maximum of \$101.16 per day (\$36,923.40 per year).

Lifetime Cap on NCCC

- You will stop paying the NCCC once you reach \$130,000 in total contributions or after 4 years of residential care, whichever comes first.
- Fees paid under the Support at Home program also count towards this cap.

Retention amounts to be kept from the RAD/ RAC

- From 1 July 2025, facilities will be required to retain 2% p.a., debited monthly from the Refundable Accommodation Deposit / Contribution balance capped at 5 years.

NOTE:

The Aged Care Bill 2024 passed Parliament on 25 November 2024 and will come into force on 1 July 2025. It was passed with bipartisan support after some Senate amendments were agreed to.

Still to pass is the Aged Care (Consequential and Transitional Provisions) Bill 2024 which replaces the 1997 Act and includes measures to assist the aged care industry with transition to the new rules. We are also waiting for the release of 'the rules' from the Department, which will clarify much of the detail in the Aged Care Act.

WHAT ARE THE PROPOSED CHANGES FOR RESIDENTIAL AGED CARE FROM 1 JULY 2025?

RESIDENTIAL CARE FEES FROM 1 JULY 2025

An example comparison of aged care fees under the current and proposed rules based on certain asset levels and excluding DAP payments and/or retention amounts from a RAD.

Asset Levels*	Until 30 June 2025 and in the future if grandfathered			From 1 July 2025 for new entrants			
	BDCF	MTCF	Total	BDCF	Hotelling Supplement Contribution	NCCC	Total
\$250,000	\$22,615	\$485	\$23,100	\$22,615	\$939	Nil	\$23,554
\$500,000	\$22,615	\$4,336	\$26,951	\$22,615	\$4,103	\$1,188	\$27,906
\$750,000	\$22,615	\$8,161	\$30,776	\$22,615	\$4,103	\$19,320	\$46,038
\$1,000,000	\$22,615	\$13,177	\$35,792	\$22,615	\$4,103	\$36,923	\$63,641
\$1,500,000	\$22,615	\$23,203	\$45,818	\$22,615	\$4,103	\$36,923	\$63,641
\$2,000,000	\$22,615	\$33,309	\$55,924	\$22,615	\$4,103	\$36,923	\$63,641

*Assumes all the assets are held in financial investments and deemed. Thresholds used are for the period 20 March until 30 June 2024.

The impact of the NCCC calculation is that once an individual's assessable assets are above \$975,061, including RAD, they are liable for a capped NCCC of \$101.16 per day (indexed) or \$36,923 p.a (indexed).

About half of the new residents entering from 1 July 2025 will contribute more under the new rules

A Conversation That Brings Your Family Together



Aged Care Family Information Session

Making aged care decisions for a loved one isn't just about finding the right facility—it's about ensuring your loved one receives the best care possible, supporting their well-being, and understanding the financial considerations, including ongoing costs and the impact on family wealth. These conversations can be overwhelming, but having a plan makes all the difference.

Our **Aged Care Family Information Session** is designed to help families come together, explore their options, and create a clear path forward. In this **60-minute session**, we'll guide you through the key financial considerations, how aged care decisions impact the loved one's finances and the family's wealth, and what to ask care providers to ensure financial clarity.

What You'll Gain from This Session

- **Clarity & Confidence** – Understand the costs, fees, subsidies, and financial commitments.
- **Protect Family Assets** – Learn how care decisions affect the family home and long-term wealth planning.
- **Ask the Right Questions** – Know what to ask care providers on care, financial arrangements and costs.
- **Build A United Approach** – Bring the family together to discuss options openly and align on the next steps.
- **A Personalised Action Plan** – Walk away with a clear roadmap tailored to your loved one's situation.

Why Should Families Plan Early?

Too often, families find themselves making rushed decisions in times of crisis. Having these conversations early can ease the emotional burden and ensure financial decisions are made with care and foresight. Whether you're planning for a parent, a partner, or yourself, this session will give you the confidence to make informed choices.

Book Your Aged Care Family Information Session

- Duration: 60 minutes available in-person or virtually
- Cost: \$300 (excluding GST)

Take the first step towards a smoother transition for your family. Contact your advisor to arrange a session with our Morrrows aged care specialists at (03) 9690 5700.

BOOK YOUR
SESSION TODAY

Your aged care, Tailored your way

Considering aged care for yourself or a loved one?
Don't know what funding options are best?

Our Morrows advisors can:

- Help you understand the range of care options and how the aged care system works.
- Outline the steps ahead to help you find and access the right type of care.
- Provide an understanding of how the various options impact finances.
- Explain the jargon and new terminology that you are now confronted with.
- Provide structuring and investment advice to help you meet your care objectives and needs.
- Provide strategies to improve cash flow and optimise financial wealth and estate planning.

Reach out to our aged care advisors, they will be happy to help.

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This document has been prepared by Morrows private Wealth Pty Ltd ABN 97 081 090 084, AFSL 244119 and is current as of 4 December 2024. It is a general guide based on publicly available information and our understanding of the Government's media release and accompanying materials of 12 September 2024. Please note, these laws may change, and the proposals mentioned may not become law. This update does not constitute financial, taxation, or social security advice. We strongly recommend seeking advice from qualified professionals who can take your personal circumstances into account before making financial decisions. While we have taken care in preparing this information, it has not been independently verified. Morrows makes no representation or warranty regarding the accuracy, completeness, or reliability of the information provided and accepts no liability for any loss arising from its use.