

Living Longer Living Better - Aged Care in Australia is changing

Choice? Calculated Decision? Guess?.....

there is a lot riding on which way you go !

The government is making reforms to improve the safety, security and quality of aged care in Australia. As a consequence of this, specialist advice is required in assisting clients with the transition of parent/s into aged care facilities. I have recently completed an intensive Aged Care Training Workshop to be able to provide accurate information and advice.

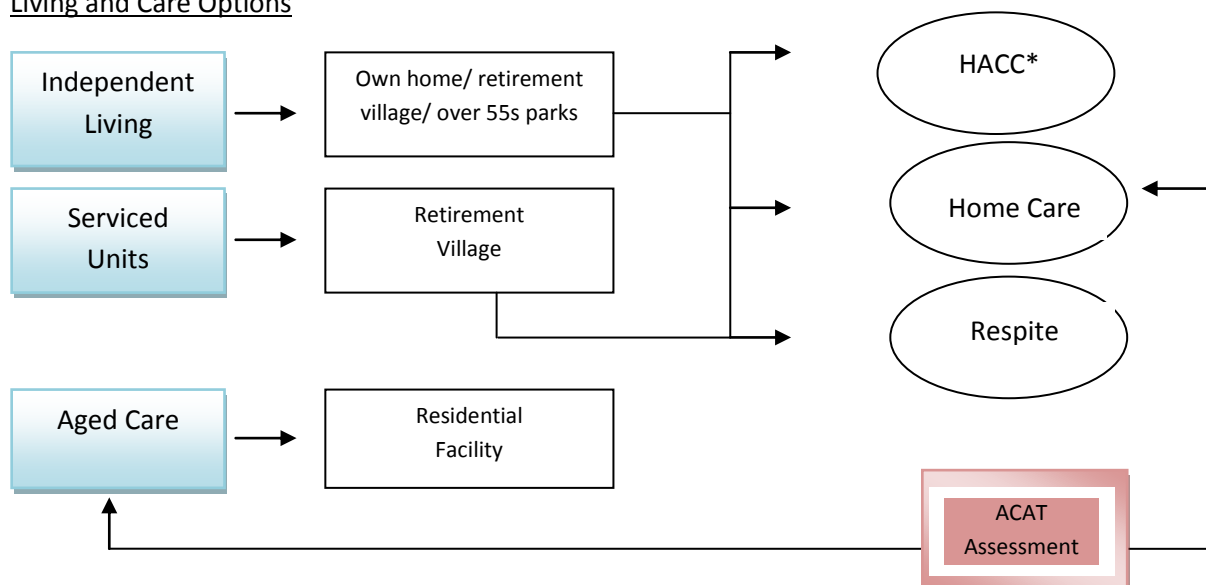
These new reforms will make it easier for you to understand, access care and support for aging parents when their time comes to enter into Aged Care facilities. These new reforms will give families greater choice in determining what and how the care needs are provided. For instance, the parent/s may wish to stay in their own home for as long as possible and, if that is the case, there are now packages that will allow them to do so. How we pay for the cost of aged care has also changed and the reforms ensure that the contributions paid for care are fair and are based on the costs to deliver that care.

Some facts cannot be ignored:

- the cost of age care accommodation is increasing;
- around 50% of Aged Care residents have dementia;
- Dementia is one of the leading reasons why residents are moving into age care;
- 30% of people over age 80 have some sort of cognitive impairment;
- The average stay in care can be shorter, due to the fact that residents are going in later at advanced stages;
- Residents are more likely to move into care between 80-85 years of age.

So what are the options for families when dealing with an aging parent/s? Below outlines the care options available:

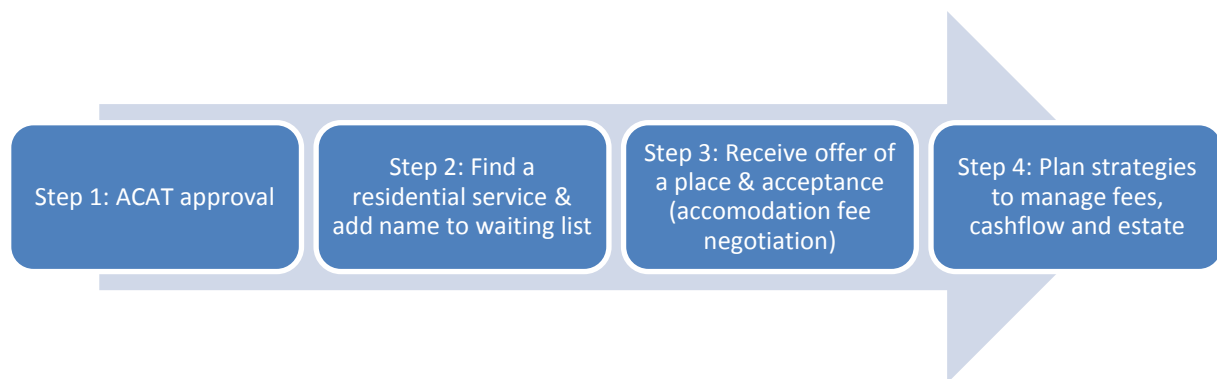
Living and Care Options



We are seeing more 'independent living' whether in their own home, over 55's or retirement villages. Home care living is becoming far more important and may enable the parent to remain living in their home longer by allowing them more choices, greater control and easier access to a range of services that can be tailored to their specific needs. Home Care packages will not cover full-time care needs (unless the client is willing to privately fund the cost) but can support the parent/s who are finding it difficult to carry out daily living tasks such as meals, home cleaning and access to medical attention. In some cases the government may subsidise these services. The more money a parent has, the greater their range of available choices. As part of the Living Longer Living Better reforms the number of home care packages is planned to increase from around 60,000 (in 2012) to 100,000 (by 2016-2017). For rural Australians, what must be reviewed is how many of these packages will be available in your region.

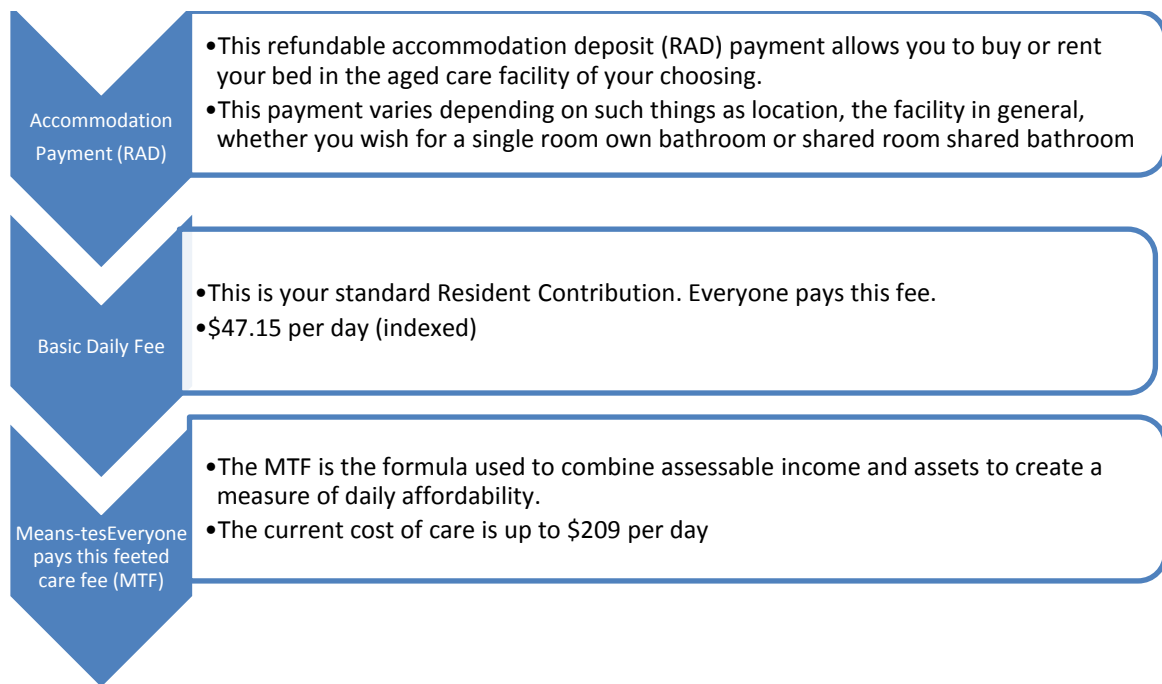
We are seeing a lot more couples live into their 80's, and one parent needing more support and care than the home care packages allow. This is where it can become a minefield. The financial structure and subsequent decisions you make for that parent to move into care will determine the fees payable for the resident and the impact of cash flow for the parent who remains living at home. The Age Care legislation is very clear in stating: if you have assets, you will be asked to fund part of the accommodation payment, the basic daily fee of \$47.15 (which all Australians must pay) and a means tested fee (which is based on your assets and income). Once a decision has been made that residential aged care is appropriate, the parent moving into care must be assessed by the Aged Care Assessment Team (ACAT).

There are 4 broad steps that clients and families need to follow for a move into care:



The cost of residential care (post 1 July 2014)

It is absolutely imperative that advice is sought before you agree to pay any accommodation payment (RAD). How the RAD is paid; lump sum, daily fee or combination of both can impact cashflow and estate planning. At least, with the new reforms, every aged care facility that is accredited to receive government subsidies must publish their rates. These can be found on www.myagedcare.gov.au and it is worth looking up. From aged care home page, select 'Find a service' and enter in your desired location. It will show you what facilities are available in that area and the costs to move into that facility. How fees are charged is based on the below categories:



The only other fee payable is the Additional Services Fee. This is an optional fee and pays for 'luxuries' set by the provider.

Once you have received the ACAT assessment and decided upon the facility you wish your parent to enter, now is the time for strategy planning. As part of the ACAT assessment you will be handed Centrelink forms to complete, namely the SA457. This is an important form to get right! How you decide to answer these questions will ultimately determine what options you have to pay for the RAD.

The financial questions we work through with clients:

- What is the accommodation payment?
- What are the payment options available?
- Is the resident determined to be low means?
- Can they afford the chosen facility?
- Should the home be kept or sold if they have one? What are the preferences of the parent/family?
- Calculate the means tested fee that will be payable by the parent.
- Will the facility negotiate its fees?
- How will the method of payment impact upon cash flow?

We can only imagine that moving a parent into aged care is a very stressful time for everyone. How we work with clients is to take the 'background' workload off you. We help the children navigate through all the various options and solutions available. We work with the family to provide an outcome that is best for their parent. Once you have chosen which facility you wish your parent to enter, we can complete all the fee calculations, available strategies and present these options to you in a report. This is especially important for rural Australians as your choices of facilities may not be many in your region and if the parent is still part of the farm business, this can impact the

calculations. If you have any questions, please do not hesitate to call or email me samantha@financialplanning.net.au. I am more than happy to have a chat.

IMPORTANT INFORMATION

This information was prepared as at February 2015. This information has been prepared without taking into account your objectives, financial situation or needs. Because of this, you should consider its appropriateness before acting on this information, having regard to your objectives, financial situation and needs. Securitor financial advisers are representatives of Securitor Financial Group Ltd ABN 48 009 189 495 AFSL 240687.