

Aged care at a glance

Making the right aged care decisions can make a huge difference to you or your loved ones' emotional well-being and long-term financial security.

All too often, people have to make decisions quickly when it comes to aged care. Which means it's important to prepare in advance and explore your choices before you need to act. To ensure you're not put under unnecessary pressure at what is a significant time in anyone's life.

Aged care accommodation bonds averaged \$213,000 nationally in 2009 but can reach 500k to \$1 million in city areas. With such large financial investment requirements it is worth exploring your options including how much control you or those close to you will have over care, the types of care and comparative costs and whether there is government assistance available and how you will fund it.

We've put together this guide to help you work through these questions and understand the basics of aged care. It is also worthwhile talking to a financial adviser about your options given this is a complex area: making the right decisions can have a material impact on your wealth.

What steps are involved in moving into an aged care facility?

There are three main steps to take when making decisions about aged care. Work through these steps to get an understanding of the information you may need to provide and the choices you and your family have at each stage.

Approval

The first step is to request a free assessment from an Aged Care Assessment Team's (ACAT) doctor, nurse or social worker. There can be a six to nine month wait for this assessment, which is essential to qualify for a government subsidy.

ACAT will then determine the level of care you need and your eligibility for aged care services.

Find a facility

The second step is to work out which services and amenities you will need as some facilities specialise in treating certain illnesses.

At this stage, it's also an idea to get a feeling for upfront and on-going costs and the level and type of bond required.

Organise finances

The third step is to think about how you will pay for your accommodation and care expenses. Certain payments will be ongoing but there can be upfront costs too.

One of the important considerations you will need to make is whether it makes sense to keep or sell the family home, something an adviser can assist you to work out.

Why see a financial adviser first?

As the rules and legislations around aged care are so complex, it's worthwhile seeing a financial adviser first to ensure you have a full understanding of the different strategies available to you to maximise your financial position. What's more, a financial adviser can help with organising your financial affairs to make the most of your social security entitlements, manage upfront and ongoing aged care fees and potentially reduce costs.

An adviser will also be able to help you:

- Look at the pros and cons of keeping or selling your family home or bequeathing this or other assets.
- Invest your capital to provide for your current and future needs.
- Develop an effective estate plan in conjunction with your legal adviser.
- Remain informed about social security, legislative and other changes that may impact your situation.
- Work out when is the right time to move into another facility when your needs and situation change over time.

Next steps

Reviewing and planning for aged care can be stressful at times and may raise a few sensitive questions for you and your loved ones. It requires a considered and understanding approach to ensure all your concerns are addressed.

Those who take the time to understand their options and the implications of their decisions are able to form more informed decisions. Taking this approach also produces far better outcomes in a complex area in which decisions may have emotional consequences. It's important to take the time to think about aged care before you reach a point at which decisions need to be made in a hurry. This will give you an opportunity to understand all the options available to you, and the consequences of your decisions.

There are lots of different factors to take into account when you're considering aged care options for you or those closest to you. A financial adviser is in the best position to explain your choices, the costs involved with aged care and explore different scenarios with you. So why not contact us today to explore your choices to ensure you end up in the best position possible?

Frequently Asked Questions

What are the upfront costs?	Your adviser can help determine how to pay for your accommodation as each applicant's fees differ based on their asset and income positions. The upfront costs may involve a lump sum payment, regular instalments or a combination of both. Depending on your situation an adviser will be able to recommend the most cost effective way to pay for upfront aged care fees.
How do I minimize my ongoing expenses?	Purchasing an income stream, retaining or selling your home, and how you pay for upfront fees can all have a direct affect on ongoing expenses. The correct strategy may ensure that you keep your Age Pension and reduce the expenses associated with aged care.
Will my government benefits be affected?	The choice of investments made can help you access or retain government benefits. The decisions you make regarding your home, investment strategy and how you pay upfront aged care fees can also impact your Age Pension.
What are the tax implications?	Everyone's situation is different and tax implications may or may not affect you. Your adviser will be able to assess your circumstances to ensure there aren't any significant tax implications.

Contact Salt Financial Group Pty Ltd for further information on 03 9088 4777 or visit www.saltfinancialgroup.com.au

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