

Care when it counts most

Your health will play a major role in your lifestyle as you get older. The good news is that Australia has one of the most advanced aged care systems in the world.

Australians have one of the longest life expectancies in the world. Currently 2.8 million Australians (around 13% of the population) are aged 65 or older.¹

However, getting older often means losing an independent lifestyle. Last financial year, 61,739 older Australians received care at home through a community care or flexible care package while 208,079 people used nursing home or hostel care.²

What price aged care?

If you are going to need care in the future, what it costs will depend on a number of factors: your income and assets; whether or not you are a pensioner at the time you enter aged care; and the level of care you receive.

Income and assets

Centrelink assesses the value of your assets to determine what you'll pay for aged care. This assessment and how it is worked out differs from the way Centrelink calculates asset values for social security purposes. Your family home counts as an asset for aged care purposes but may be excluded if your partner, dependent child, carer or a close relative live in it.

Concessions for pensioners

To be eligible for pensioner concessions, you must be receiving an Australian Government means-tested pension, not have owned or part-owned a home in the past two years, and your assets must be less than 2.5 times the annual single basic age pension.

Level of care

There are different levels of care to suit a range of needs. Low care facilities (as the

name suggests) provide a relatively low level of care, while nursing homes provide a higher level of care. Some low care facilities and nursing homes may be approved as an 'extra service facility' which means they provide higher standards of accommodation such as private bathrooms or better quality food. Some aged care providers can care for you at home but this option may not be available to you.

Cost

Costs shown in the table are indicative only and what you pay will depend on your individual circumstances.

	Accommodation bond ³	Daily accom charge	Basic daily fee ⁴	Daily income-tested fee
Low care facility	This amount is unlimited, but you pay no bond if your assets are less than \$36,000	Na	Up to \$36.94	Up to \$59.38
Nursing home	Na	Up to \$26.88	Up to \$36.94	Up to \$59.38
Extended aged care at home	Fees are subject to the Service Agreement negotiated between the service provider and the recipient. For older people on the maximum basic rate of pension, fees must not exceed 17.5% of that pension (\$6.87 per day as at 20 March 2009). People on a higher income ⁵ may be asked to pay additional fees (limited to 50% of any income above the maximum pension rate).			

¹ Source: \$150 million – 1,455 nursing home beds and community care packages for older Australians in areas of high need – election commitment (Minister for Ageing media release 17 September 2008).

² Source: Aged Care Providers Recognising Community Care – 10-To-One Oversubscription in 2008-2009 Aged Care Approvals Round (Minister for Ageing media release 30 January 2009).

³ Some of this is refunded when you leave the facility.

⁴ Residents in designated remote areas may pay an additional \$1.06 per day.

⁵ Income means income after tax and the Medicare Levy.

Planning for aged care

If you or a relative are starting to consider your options for the future, there are a number of websites such as agedcareonline.com.au, agedcareaustralia.gov.au and health.gov.au offering a wealth of information about the aged care system. They will give you an idea of the range of care available.

The costs associated with aged care can be quite complex. There are a number of areas to consider, from day-to-day living expenses to your entitlement to government subsidies.

Residential aged care and home care pricing structures vary between providers and will also depend on your income and assets.

Your financial adviser can help you plan for your future needs.