

A photograph of an elderly couple. The man, with white hair and glasses, is wearing a blue and white checkered shirt and is smiling. The woman, also with white hair and glasses, is wearing a blue and white patterned cardigan over a yellow top and is laughing heartily. They are both looking towards the camera. The background is a simple indoor setting with a white door and a window with light-colored curtains.

Aged Care explained - planning for aged care

# Planning for aged care

## Need to plan a move to residential aged care?

This can be a stressful time, but early planning and good advice can minimise the stress for you and your family. You will be faced with many personal and financial decisions. We outline seven steps to help you navigate through the aged care maze and find help.



## Your seven steps for aged care

- |                           |                       |
|---------------------------|-----------------------|
| 1. Planning               | 5. Covering the costs |
| 2. Assessing options      | 6. Estate planning    |
| 3. Searching for services | 7. Moving             |
| 4. Understanding costs    |                       |

### 1. Planning

Reduce the stress by planning ahead.

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 effective decision-making.

#### Where to find help

Ask your adviser to facilitate your family meeting. They can provide advice and may be able to act as a conduit to achieve agreement and an action plan.



## 2. Assessing options

Care can be accessed in your home or in a residential care service.

To help you decide which option is best, contact MyAgedCare to arrange a free aged care needs assessment. You need an approval before you can access government funded care services.

### Where to find help

Contact MyAgedCare on 1800 200422 to register and get started. Further information is available at [www.myagedcare.gov.au](http://www.myagedcare.gov.au)

## 3. Searching for services

If you are moving to residential care, think about what criteria is important in choosing where you want to live. Make a list. This should include location, amenities and your care needs.

This list will help you to develop a shortlist of potential services which you might like to contact or visit. But first check what fees are charged for a room to ensure it is affordable for you.

If all (or most) of your boxes are ticked, you can fill in an application and check if they have vacancies or how long the waiting list is. You can apply to more than one place to increase your chances of finding a room.

### Where to find help

**Listings:** use the Find-a-provider tool on the MyAgedCare website to search by postcode for services in your preferred location.

**Placement services:** search the internet for 'aged care placement services' to find people who can help you with your search and negotiations.

**Application form:** discuss the application process with the care provider. They may need you to fill in an application form and may have a waiting list.





## 4. Understanding costs

What you will pay for residential care is split into the cost of your room and contributions towards daily expenses, care and additional services.

How much you pay may depend on:

- The choices you make
- Your assessable assets
- Your assessable income.

The total payable can be hard to calculate without good advice.

### Accommodation payments

You may need to pay for your room and use of the amenities. Once the price is set, you can choose to pay a lump sum or a daily payment or a combination.

- **Refundable accommodation deposits (RADs)** are what we call a lump sum payment. Just like buying a house, the amount you pay may depend on the location and quality of the accommodation.

This money is refundable when you leave care, but if you entered care on or after 1 November 2025, you may have a 2% per annum retention amount deducted for up to five years. The amount refunded is also reduced if you ask the provider to deduct other daily fees from this lump sum.

Repayment is guaranteed by the Federal Government if paid to an approved service that is funded by the Federal Government.

- **Daily accommodation payments (DAPs)** are like paying “rent.” It is calculated as interest on the agreed room price that is not paid as a lump sum (RAD). These fees are not refundable.

### Daily living and care expenses

You will contribute towards the cost of your daily expenses and care through:

- **Basic daily fee** at a rate of 85% of the basic single age pension
- **Care contributions** are means-tested and apply if you have income and assets over certain thresholds. You might pay a means-tested fee, hotelling contribution or non-clinical care contribution, depending on when you enter care and your circumstances. Advice is needed.

### Higher everyday living fees (HELF)

These are payable for the extras you may choose to access, as negotiated with your care provider. They are optional, and you can change your mind.

### Where to find help

Your adviser can explain the fees and calculate an estimate of what you will be asked to pay.

If you have lower levels of assets and income, you can submit a means-test form to Services Australia to see if you qualify as a low-means resident and qualify for concessions on the cost of your room. But get advice before you complete this form to avoid any unintended consequences, and make sure your Centrelink or DVA records are up to date.



## 5. Covering costs

Before making a move, a complete review of your financial situation is ideal to ensure you can create sufficient cashflow and maximise your estate.

Many decisions may need to be made including:

- Should the family home be kept, sold or rented?
- Is it best to pay a RAD or DAP for accommodation?
- How is your Centrelink or DVA pension impacted and can this be improved?
- What are the best investment options for any surplus money?
- How to manage any taxation implications?
- What are the implications for your estate?

### Where to find help

Your adviser can review your full financial situation and develop an appropriate strategy to help you make these decisions.

This will include advice on how to structure assets to pay for accommodation as well as create sufficient cashflow. Your adviser may also recommend strategies to minimise fees or maximise Centrelink or DVA benefits.

For the best outcome, involve your adviser early and look beyond just the first-year implications.

Check that your adviser is licensed and experienced in aged care advice.

## 6. Estate planning

Anytime your circumstances change it is important to consider the impact on your estate plans - including when you move into care.

### Your will

Review your will and if needed (and possible), update it to reflect any changes.

### Investments

Review investments with death benefit nominations to ensure they manage tax outcomes and achieve your wishes.

### Decision-making powers

Make sure you have the appropriate powers in place so that someone you trust can make decisions on your behalf.

An **Enduring Power of Attorney** covers financial decisions even when you are no longer able to make these decisions yourself.

Similarly, an **Enduring Guardianship** covers decisions on your care and living arrangements. The rules are different in every state/territory.

These documents can only be put in place while you are deemed of sound mind, so it's wise to establish them early.

### Where to find help

Your adviser can identify the consequences of any financial restructures and highlight issues that affect your will and specific investments.

Your legal adviser can review and redraft the will to reflect your wishes and draft documents to grant the desired powers.



## 7. Moving

When you accept a room, you will be asked to sign Resident and Accommodation Agreements. These will detail the services provided and fees payable, as well as outline your rights and obligations.

Ask the care provider what you can bring with you, so you can make your room feel like home.

Fees start when your residency starts and providers often charge monthly in advance. You don't need to make quick decisions on how you want to pay for your room – you have time to get advice and work through the best option for you. This can be done after you have moved in.

If you receive Centrelink or Veterans' Affairs payments, you must notify the change in where you live as well as any changes to your income and assets.

Don't forget to let your doctor, bank, Medicare, electoral roll and other relevant organisations know your new address details.

### Where to find help

Keep in touch with your adviser. They can review your financial situation to help you make decisions and to ensure that opportunities continue to be maximised.

Things can change after the move, so an ongoing review is important.

© Aged Care Steps Pty Ltd, June 2025. Used with permission.

### IMPORTANT INFORMATION:



A caregiver in blue scrubs is smiling and interacting with two elderly women outdoors in a garden setting. The caregiver is on the right, leaning in towards the women. The women are on the left, looking towards the caregiver. The background is a lush green garden with trees and foliage.

Aged Care explained - residential care fees

# The cost of residential aged care

## Your questions answered

How much you need to pay if you move into residential aged care can be complex to understand – especially as the rules that apply to you may depend on when you first entered the aged care system. We explain the contributions you may be asked to pay and the choices you have available. The complexity of navigating through your options highlights the value of financial advice to give you peace of mind and to support good decision-making.



## Fees explained

The cost of your care in residential aged care and the contributions you pay towards these costs can be divided into four categories.

**Accommodation payments** pay for your room and the use of amenities.

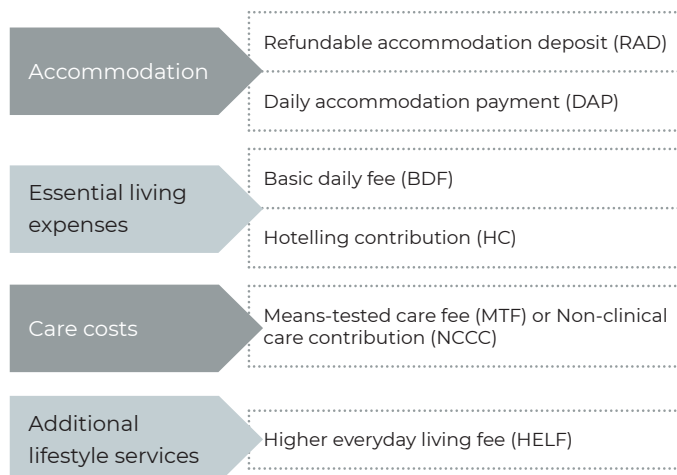
**Essential living fees** pay for your daily living expenses.

**Care costs** cover the cost of staff and other equipment needed to look after you.

**Higher everyday living fees** pay for lifestyle choices and additional (or higher quality) services.

Some fees are means-tested, using your assets and income to calculate your 'means-tested amount (MTA).' This is used to determine how much you need to contribute.

Your MTA is calculated using a complex formula so seek advice to have this calculated for you.



### 1. Accommodation payments

You will be asked to pay for your room and the use of other amenities in the aged care service. The care provider sets the room price.

The room price will be quoted as a lump sum called a **refundable accommodation deposit (RAD)** as well as the equivalent **daily accommodation payment (DAP)**. You can check the provider's website or [www.myagedcare.gov.au/find-a-provider](http://www.myagedcare.gov.au/find-a-provider) to see the published amounts.

Once you have been offered a place and agreed on the accommodation payment you will start by paying the daily payment. At any time you can choose whether to pay all or some of the lump sum RAD to reduce this daily fee.

If you don't have a lot of assets or income, you may qualify for government concessions (as a low-means resident).

#### Refundable accommodation deposit (RAD)

If you choose to pay a RAD you give up access to this money while you live in the aged care service. But when you leave, it is refundable to you or your estate. If you moved into care on or after 1 November 2025,

the provider will deduct and keep 2% per annum from the amount you pay but only for the first five years – so you may lose up to 10% of the amount paid. If you moved into care before that date, these retention deductions do not apply.

There is no risk with getting your money back as repayment is guaranteed by the Federal Government (if your service is a government-funded service).

#### Daily accommodation deposit (DAP)

If you don't pay the lump sum RAD you will pay a DAP. This is like paying rent or interest on an unpaid loan.

Each quarter, the government sets the interest rate used to convert the lump sum into a DAP. The rate is fixed for you when you enter care (or move rooms). The DAP payable is indexed in March and September if you moved into care on or after 1 November 2025.

If you have problems generating enough cashflow, you can pay part of the RAD and ask the care provider to deduct the remaining DAP from the RAD paid.



## 2. Essential living fees

The **basic daily fee** is paid by all residents and is set at 85% of the base single age pension. This is a contribution towards your daily living expenses including meals, cleaning, laundry and electricity.

If you are **not a grandfathered resident** and move into care on or after 1 November 2025, you might also be asked to pay a 'hotelling contribution' based on your calculated means-test amount.

## 3. Care costs

The Government funds a large portion of your care costs, but if your means-tested amount is more than a certain threshold, you will be asked to make an additional contribution towards part of this cost.

Your contribution is called a **means-tested fee** (which is subject to annual and lifetime caps) if you moved into care before 1 November 2025 or **are a grandfathered resident**.

If you move into care on or after 1 November 2025 and are **not a grandfathered resident**, you pay a daily **non-clinical care contribution** for up to four years but subject to a higher lifetime cap.

## 4. Higher everyday living fees

You may have an opportunity to access extra services such as a choice of meals, hairdressing, television streaming services etc or higher quality services for an additional daily fee.

Your care provider will provide you with a list of available services and prices that you can choose as individual items or as a package. Acceptance is optional. If you take up an offer, you can opt-out at your review points or if you can no longer use the services selected.

### Who is a grandfathered resident?

The rules for aged care fees changed on 1 November 2025, making the fees more expensive. However, you will be grandfathered under the old rules (and qualify as a grandfathered resident) if:

- You moved into residential care before 1 November 2025 (and have not opted into the new rules), or
- You were approved for or receiving a Home Care Package as at 12 September 2024, and move into residential care on or after 1 November 2025.



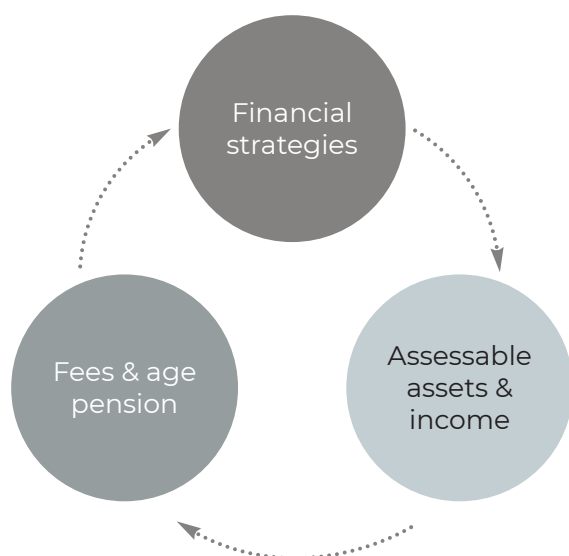
## Covering the costs

Working out how much you need to pay and the best way to structure your finances to meet the costs needs you to evaluate a range of financial strategies and choices.

Each strategy has the potential to change your assessable assets and income, which in turn can affect your fees and age pension entitlements. The most important goals are to ensure you create enough cashflow and protect your estate.

Some important questions to consider are:

- What will you do with your former home?
- How will you choose to pay for your room?
- Can you create enough cashflow to cover your daily needs?



## Decisions for your home

If your former home is left vacant, you'll need to decide what to do with it. This might be a difficult decision as it often involves emotional as well as financial considerations.

You might need to access the money tied up in your home to pay for your room in care. This doesn't always mean that you have to sell your home – there are alternatives such as renting it out or accessing equity release loans.

To decide on your best option, you should consider:

- Can the home be easily rented and for what price?
- How much do you need to spend to make your home rentable?
- Who will manage the home and look after it?
- Can an equity release loan free up enough cashflow and what are the costs and conditions of the loan?
- How these decisions impact your pension entitlements and your ongoing care contributions?

## Paying the RAD

For many people the large numbers required to pay for a room creates the most worry.

While payment of a refundable accommodation deposit (RAD) usually requires a restructure of your finances, don't think of it as something to avoid. If handled properly, a RAD can provide distinct advantages. For example, it may help to improve your age pension eligibility.

The lump sum RAD, even with a retention deduction, may be better for your overall wealth position than paying the daily accommodation payment (DAP) due to the high interest rates.

A financial adviser who is licensed and accredited for aged care advice can help to develop strategies to help you pay for accommodation in a way that suits you and make sure you consider all aspects over your full stay in residential care.

## Establishing a reliable cashflow

It is important to create a reliable and regular cashflow to cover your daily care contributions and any additional personal expenses.

The decisions you make concerning the family home and how you pay for accommodation will affect your cashflow. While your aim may be to maximise age pension, minimise fees and generate a good return from your investments, these are not independent objectives.

## Working with an adviser

It can be hard (and stressful) to analyse all of your options and decide which ones are most suitable on your own. This is where a financial adviser who is experienced in aged care advice can provide valuable guidance and support.

Working with an adviser will give you the support to make well-informed choices with confidence. This can take away some of the stress for you and your family and avoid costly mistakes.

### Example A:

Bert\* wanted to keep his family home but with little money in the bank he thought he'd have to sell the house to pay for his room in care. His adviser showed him another way. Instead of paying the full lump sum RAD, Bert decided to pay part as a RAD and the rest as the DAP and rent his home. This strategy allowed Bert to keep his home and also improved his cashflow through rental income and maximising his age pension.

### Example B:

Mavis\* planned to sell her home to pay the lump sum RAD. When she consulted her financial adviser she discovered that the money left over from the sale would reduce her age pension and increase her care contributions. Her adviser recommended that after paying the RAD, Mavis invest some of the surplus money in a lifetime annuity strategy that provided asset exemptions. This produced reliable income and also helped improve her age pension.

*\* Not real names.*

© Aged Care Steps Pty Ltd, 2025. Used with permission.

IMPORTANT INFORMATION:





Aged Care explained - Choosing to stay in your home

# Choosing to stay in your home

## Your questions answered

As you grow older, support may be needed for day-to-day tasks. While moving into residential aged care is one option, it's not the only one.

With the right planning and support, it may be possible to continue living at home safely and comfortably for many years. Building a support network and accessing government-subsidised care can ease the pressure on you and your family.

Whether you live in your own home, a retirement community, or with family, there are flexible options available to help you stay where you feel most at home.



## Support to live independently

As daily tasks become more challenging, a little extra help can make a big difference. Asking for support doesn't mean giving up control - in fact, it often means having more choice and confidence in your daily life.

Support can come from family, friends, or professional services - and the costs may be subsidised by the Australian Government. Bringing support into your home can also relieve pressure on your partner and family and make it easier for you to continue living independently.

In some situations, residential aged care may eventually become the better option, but for many people, staying at home remains a realistic choice.

It's normal to feel overwhelmed. Take your time, ask questions, and seek guidance to make the decisions that are right for you.

A new Support at Home program commences on 1 November 2025, and this document refers to that new system (replaces Home Care Packages)

## What are your options for support at home?

There are four main pathways for receiving support at home:

- **Ask family or friends** to lend a hand
- **Pay privately** for services such as cleaners, gardeners, or carers
- **Access the Commonwealth Home Support Program (CHSP)** – when a small amount of help is needed with everyday tasks
- **Apply for a Support at Home (SAH) package** – a flexible and co-ordinated package of services with a set budget level to spend on your needs at eight category levels (from 1 November 2025).

The right choice for you will depend on your health, lifestyle, financial situation, and who you have around you for support.

Both CHSP and SAH are subsidised by the Government to help reduce the costs. However, you need to be approved and there can be waiting lists, so plan ahead and apply before your needs become urgent.

Types of help available may include:

- Preparation of meals, cleaning, and laundry
- Personal care, such as dressing and bathing
- Nursing or allied health care
- Home maintenance and safety modifications
- Transport and social support.



## Accessing the government funding

To apply for CHSP or Support at Home, your first step is to contact **My Aged Care** – phone or online.

They'll ask you some questions to check your eligibility - generally, you'll need to be aged 65 or older (or 50+ if Indigenous or at risk of homelessness).

If eligible, you'll be referred for a free assessment to understand your care needs. This is usually done in your home, and it's a good idea to have a family member or support person present.

To begin:

Call **1800 200 422**

Or visit **[myagedcare.gov.au](https://myagedcare.gov.au)**

---

## Choosing a care provider

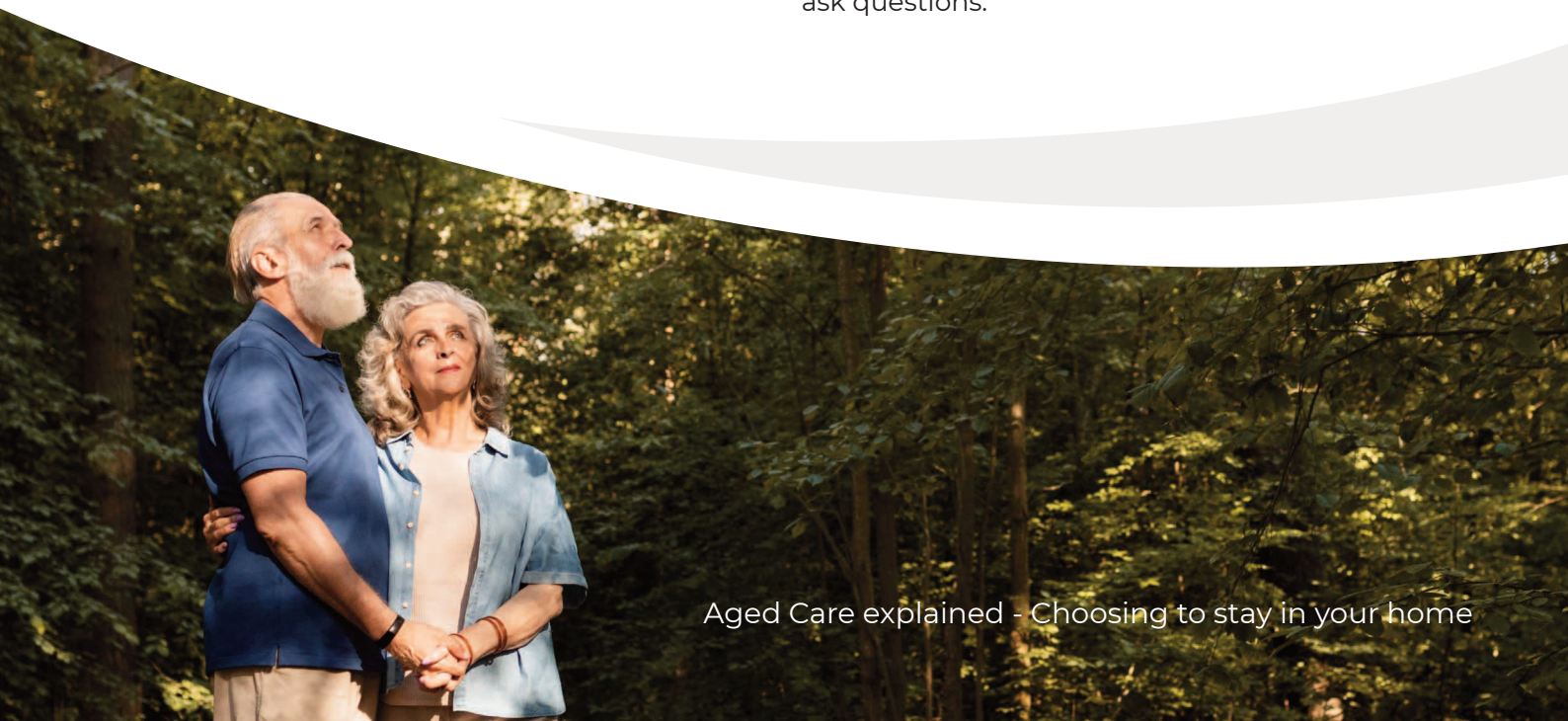
Once approved, the next step is to choose the right care provider for your needs.

You can use the **Find a Provider** tool on the **My Aged Care** website to search for providers in your area and create a shortlist. You might also ask **family or friends** for recommendations based on their experiences.

Speak to a few providers and compare:

- The types of services they offer
- How and when services are delivered
- Their fees and hourly rates
- Staff qualifications and experience
- Whether you can choose your own care workers
- Their reputation and client feedback.

Feeling confident and comfortable with your provider is important - don't be afraid to ask questions.





# What will it cost?

Both CHSP and Support at Home packages require a contribution from you. The government pays the remainder of your allocated budget, making these services more affordable.

If you receive a Support at Home package, you will have an allocated budget to spend. The provider deducts 10% to cover care management costs but each provider sets their own fees for services provided, so it's important to:

- Understand all fees and charges
- Check what's included in your service agreement
- Be aware that higher fees may reduce how many services your package can cover.

If your package doesn't meet all your needs, you can always choose to pay privately for additional services.

Note: The SAH program starts on 1 Nov 2025. Different fees apply in the interim.

|                 | Your contribution                                                                                                                                                                                                                       | Government funding                                                          |
|-----------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------|
| CHSP            | Small contribution agreed with provider based on your situation                                                                                                                                                                         | Funding is paid directly to the provider to cover costs.                    |
| Support at Home | You contribute towards services received that are classified as <b>independence support and everyday living</b> based on your finances.<br><br>A <b>lifetime cap</b> limits how much you can be asked to contribute over your lifetime. | Government funds the rest of the cost, up to your allocated package budget. |

## Covering your contributions

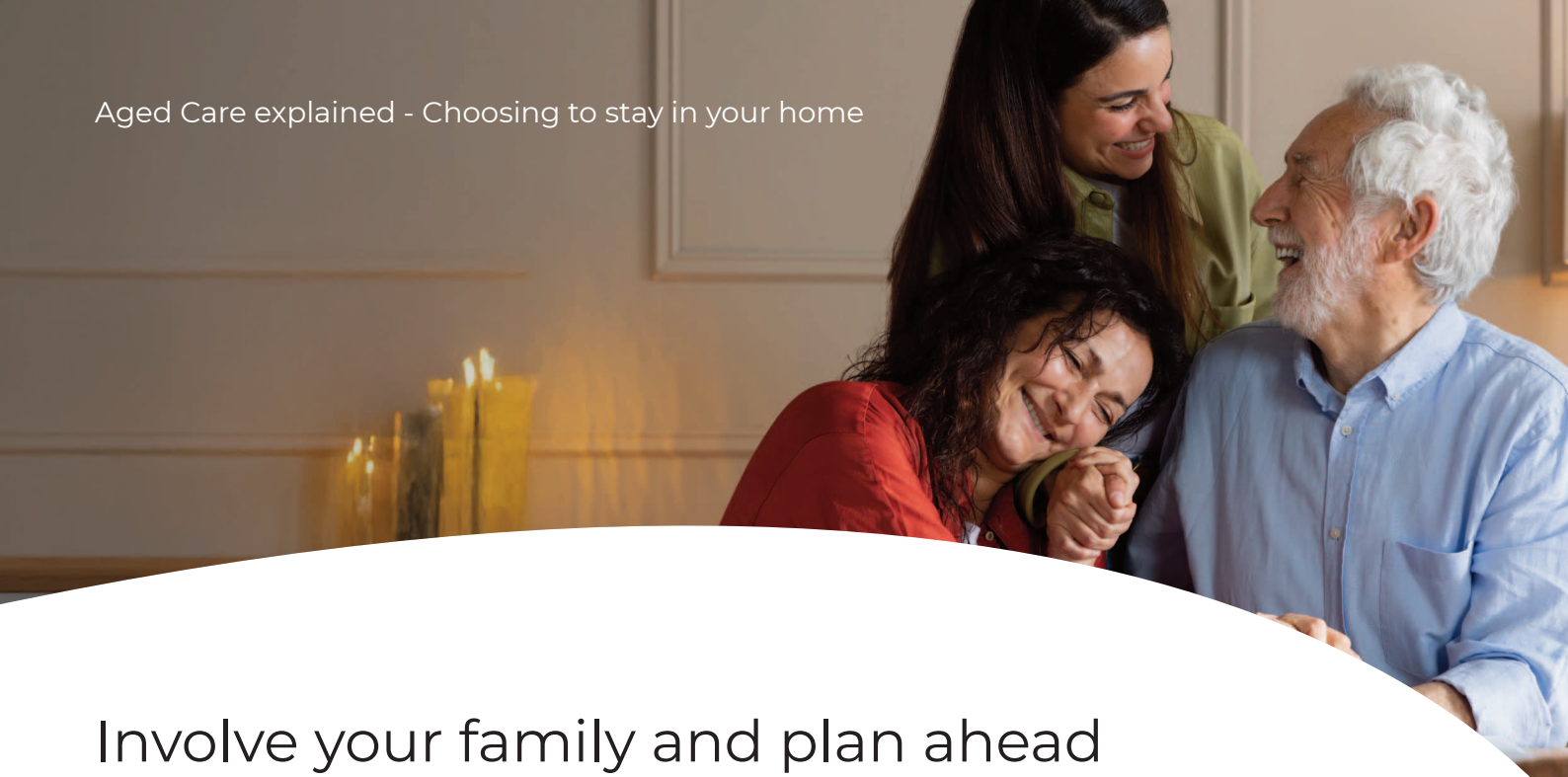
Once you know the costs, it's important to ensure you have enough **cash flow or savings** to meet these contributions.

With the right planning, your Support at Home package might go further. A licensed financial adviser can help structure your finances to make the most of your resources, reduce unnecessary costs, and potentially improve your eligibility for government support.

For example, certain investment strategies may help reduce your assessable income or assets - but these aren't suitable for everyone.

The most important thing is to ensure you can comfortably cover your **care costs**, as well as your **home and everyday living expenses**.

Because everyone's financial situation is different, it's a good idea to seek **professional financial advice** to help you make informed decisions.



## Involve your family and plan ahead

Making decisions about your care and future can be challenging — but you don't have to do it alone.

Talk with family or trusted friends about your wishes. Listening to their thoughts might help you make a well-informed decision that works for everyone.

Sometimes it takes a team of professionals to guide you through the process. This might include:

- Aged care consultants – to explain your care options and help you choose a provider
- Licensed financial advisers – to guide your financial decisions
- Lawyers – for any legal documents

Having the right team around you can make a big difference.

With the right support, you can make confident decisions about your future — and continue living life on your own terms.

© Aged Care Steps Pty Ltd, 2025. Used with permission.

### IMPORTANT INFORMATION:

