



## Aged Care

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# Agenda

- Types and cost of aged care
- Funding of aged care fees
- Practical tips
- Estate planning

## Australia's aged care sector

**85+** AGE GROUP  
IS PROJECTED TO GROW  
FROM 500,000  
IN 2017 TO   
**1.8M IN 2057**<sup>1</sup>

**59%** OF THOSE AGED 85+  
REPORT A NEED FOR  
**HEALTH CARE ASSISTANCE**<sup>2</sup>



AVERAGE PRICE OF  
ACCOMMODATION IS  
**\$424,000**  
IN MAJOR CITIES<sup>4</sup>



## Types of aged care available

- Independent living units (Retirement Villages)
- Commonwealth home support program (CHSP)
- Home care packages program
- **Residential aged care**
- End of life care (Palliative care)
- Short term care (Respite care)



***Your decisions will have long-term impact on your lifestyle!***

## The aged care steps



# Aged care providers



Search...



## Need aged care services? This is the place to start.

myagedcare is the start point to access Australian Government funded services

Contact us  
**1800 200 422**  
Click for more options  
Monday - Friday 8am - 8pm  
Saturday 10am - 2pm



We're here to help. Call us on **1800 200 422**

### myagedcare can help you to find out about:

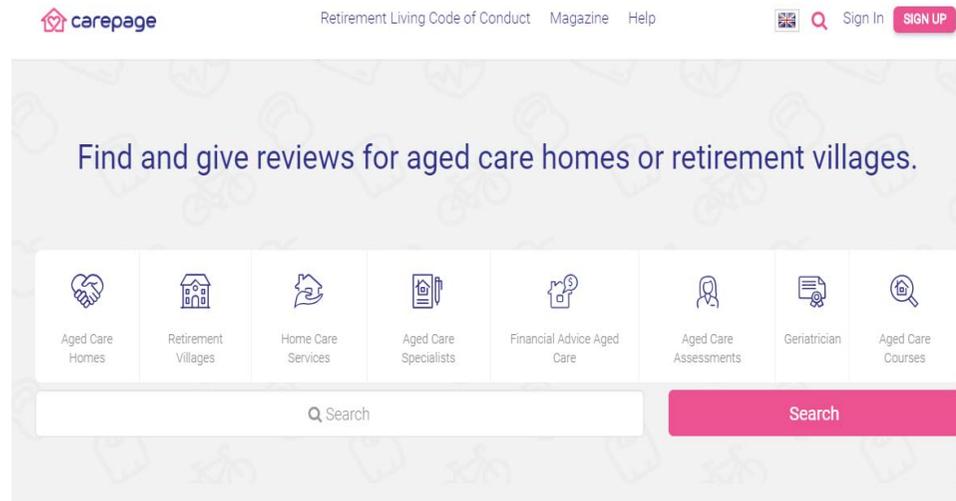
- The types of aged care services available
- Your eligibility for services
- Service providers in your area
- Costs you may need to pay
- Quality in aged care
- Advocacy services
- How to make a complaint



### Further information for:

- Aboriginal and Torres Strait Islander people
- Carers
- LGBTI people
- People who speak other languages
- People in rural and remote areas
- Veterans
- People with other diverse needs

# Aged care providers



The screenshot shows the carepage website header with the logo, navigation links for Retirement Living, Code of Conduct, Magazine, and Help, and a search bar with a 'SIGN UP' button. The main content area features the text 'Find and give reviews for aged care homes or retirement villages.' Below this is a row of eight icons representing different services: Aged Care Homes, Retirement Villages, Home Care Services, Aged Care Specialists, Financial Advice Aged Care, Aged Care Assessments, Geriatrician, and Aged Care Courses. At the bottom of this section is a search bar with a 'Search' button.

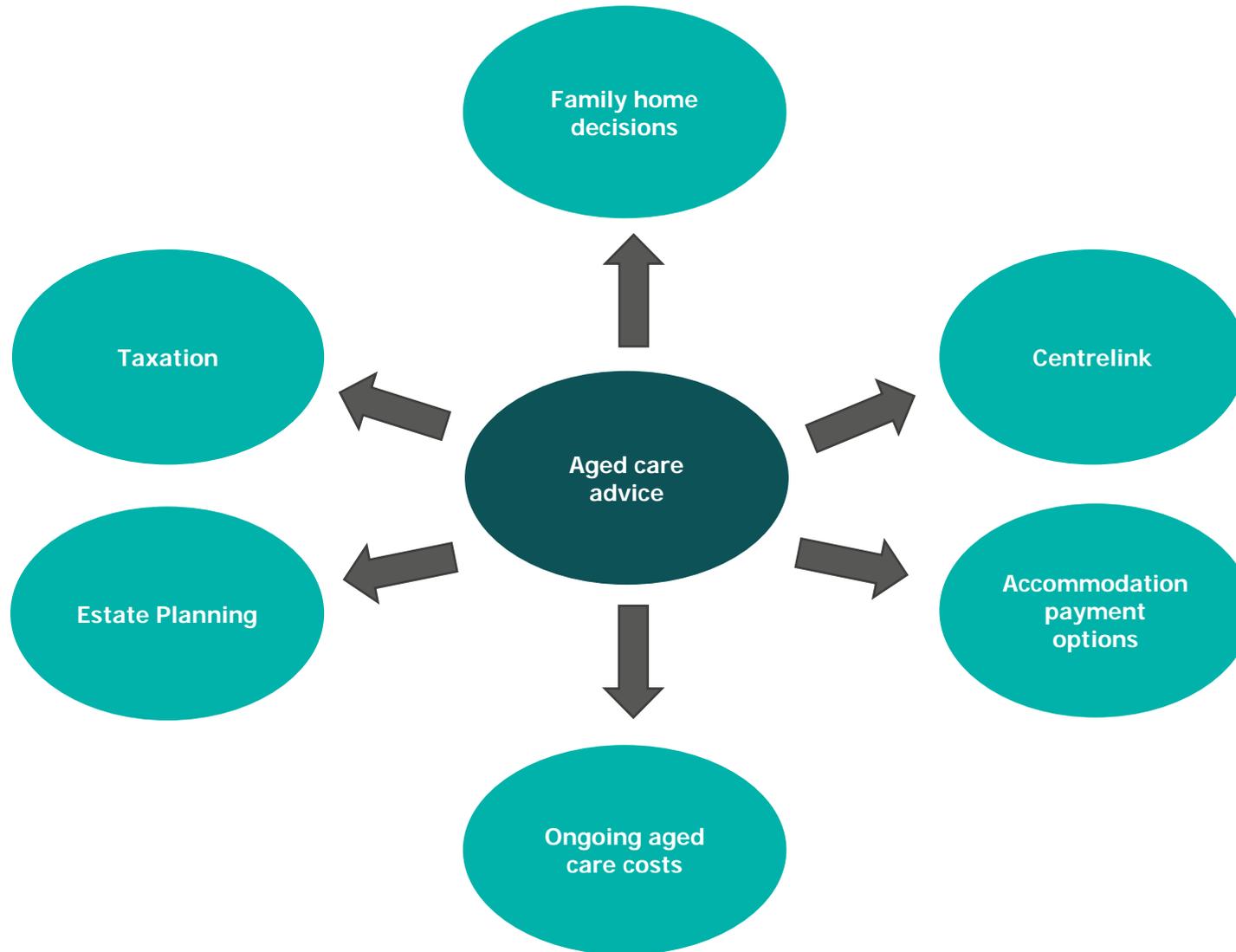


The screenshot shows the Aged Care Online website. The header includes the logo and a navigation menu with links for Home, Residential Aged Care, Home Care, Retirement Living, Support Services, Education, and Post a Review. The main content area features the text 'Aged Care, Home Care and Retirement Living' and 'Search, Compare and Select'. Below this is a map of Australia with state abbreviations: WA, NT, QLD, SA, NSW, VIC, and TAS.

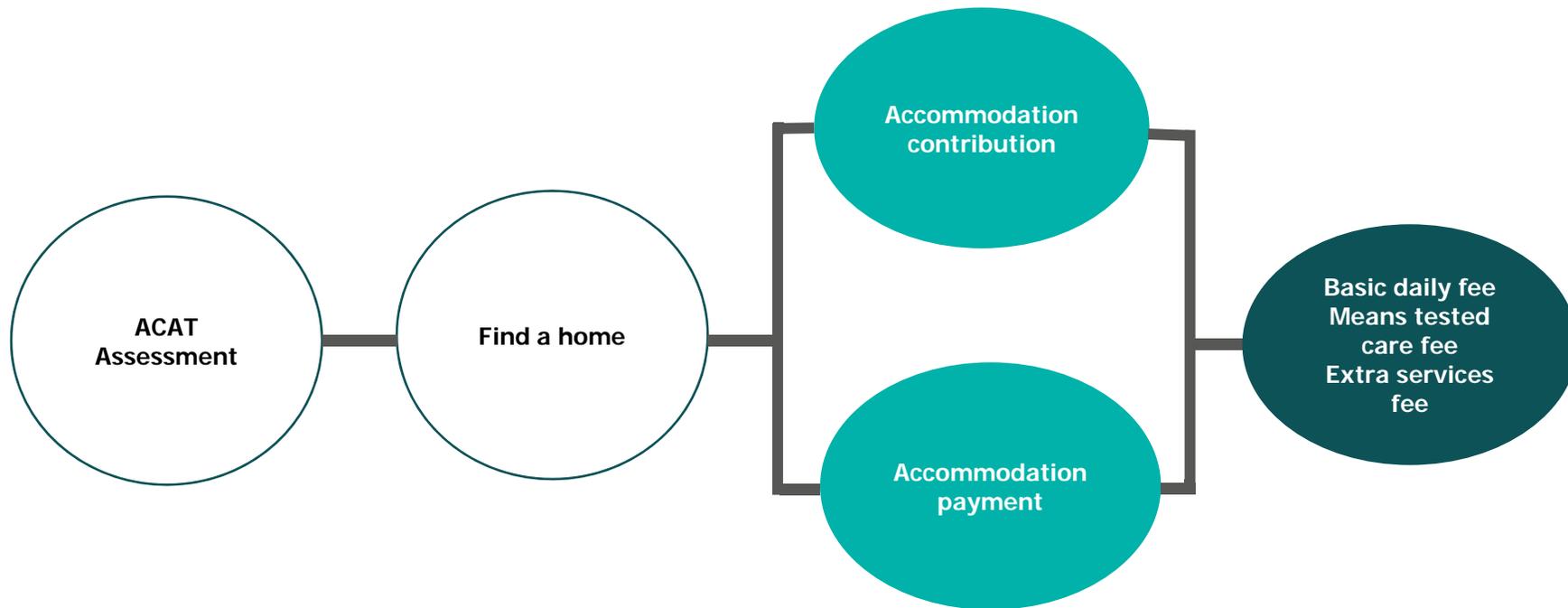
Find residential aged care, home care or retirement villages near you

Quick Search - Enter your suburb or postcode here

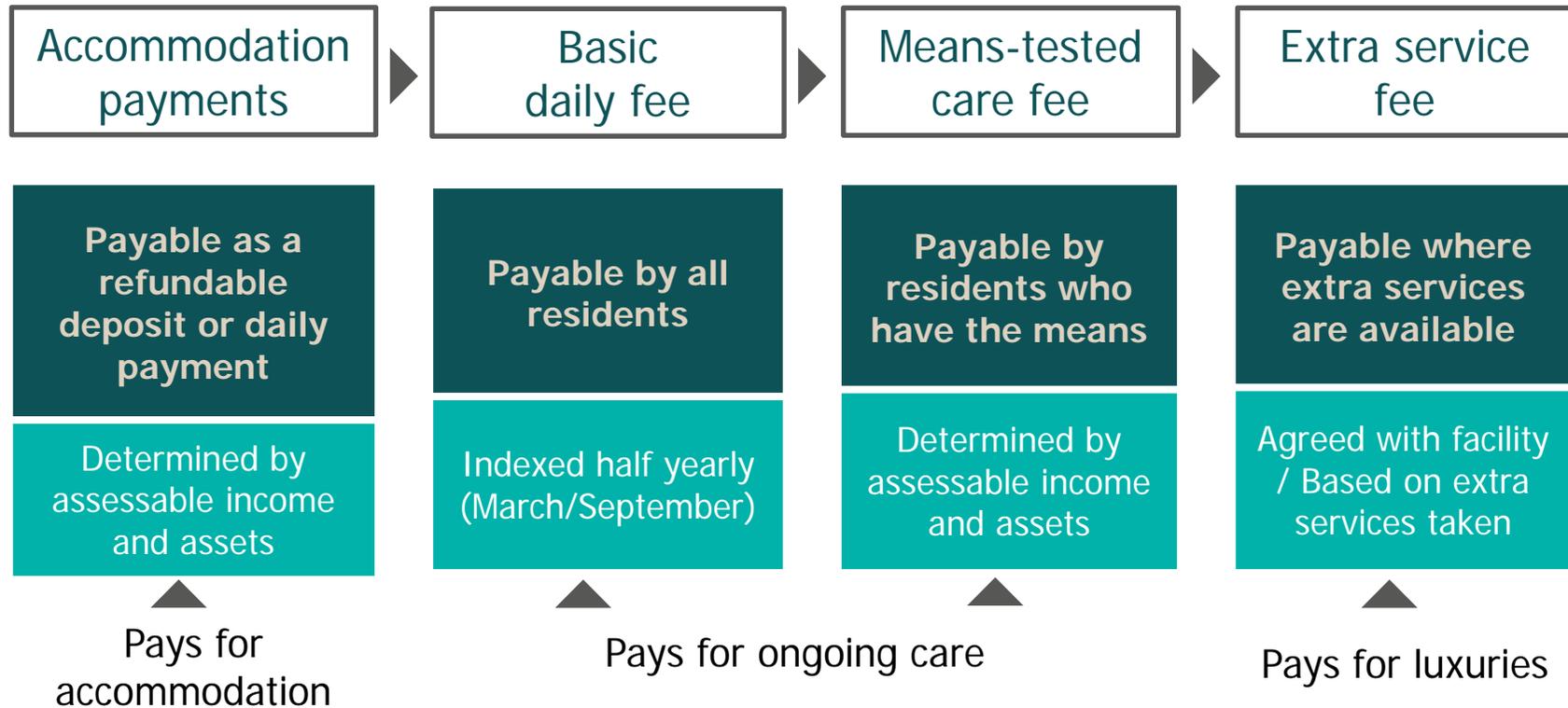
# Aged care – key considerations



# Cost of care



# Residential aged care costs



# Case study

**Client** Evelyn

**Aged** 85

- Advertised accommodation price of \$400,000 and pays
- \$250,000 as a refundable accommodation deposit
- \$150,000 as a daily accommodation payment

## **Assets**

- Home valued at \$800,000, expecting net rent \$500 per week
- Bank account of \$10,000
- Personal contents of \$5,000
- Personal expenses of \$50 per week

## Case study

<b>Assessable income and assets for aged care</b>		
Assets for aged care purposes	\$431,707	
Income for aged care purposes	\$37,837	
Daily means-tested amount	\$79.59	
<b>Care fees</b>	<b>Daily</b>	<b>Annual</b>
Basic daily care fees	\$50.66	\$18,491
Means tested care fees	\$23.00	\$8,395
Accommodation amount	\$24.41	\$8,910
Extra services fee	\$0.00	\$0.00
<b>Total</b>	<b>\$98.07</b>	<b>\$35,796</b>
<b>Age Pension</b>		
Annual age pension	\$12,972	
Fortnightly age pension	\$498.93	
Means test	Full pension	
Maximum annual age pension	\$23,824	

# Agenda

- Types and cost of aged care
- **Funding of aged care fees**
- Practical tips
- Estate planning

## Funding options

- Investments
- Family assistance
- Selling the family home

# What to do with the family home?

- Complex area with no single solution
- Things to consider include:
  - Cost to bring home up to rental standard
  - Ongoing repairs and maintenance
  - Taxation
  - Real estate market
  - Estate planning
  - Centrelink treatment

## Treatment of the family home

Means test	Assets	Income
Centrelink	2 years' exemption^	Assessed
	Fully assessed after 2 years*	
Aged care	Exemption if occupied by protected person~	Assessed
	Otherwise assessed up to a cap threshold	

^ starting from when last spouse leaves the home

\* Resident considered a non-homeowner

~ Protected person includes a spouse or dependent child, carer eligible for an income support payment who has been living in the home for the past 2 years or close relative eligible for an income support payment who has been living in the home for the past 5 years

# Case study

**Client** Meredith

**Aged** 86 (single)

## **Assets**

- Home valued at \$600,000, expecting net rent \$400 per week
- Term deposits of \$200,000
- Personal contents of \$5,000
- Personal expenses of \$50 per week

## **Aged care**

- Advertised accommodation payment of \$400,000, payable as a refundable accommodation deposit or a daily accommodation payment

## Case study

Cashflow – Year 1	Keep home \$200K RAD + \$200K DAP	Sell home \$400K RAD + \$400K in TD
Aged pension	\$15,660 >>>>>>>	\$19,944
Rental income	\$20,800	N/A
Investment income	\$0	\$11,200
Other expenses	(\$5,200)	(\$5,200)
Total	\$31,260	\$25,944
Care fees		
Basic daily care fees	\$18,491	\$18,491
Means tested care fees	\$6,150 >>>>>>>	\$12,384
Daily accommodation payment (DAP)	\$11,880	\$0
Total	\$36,521	\$30,875
Tax	(\$19)	\$0
Cashflow surplus/deficit	(\$5,280) >>>>>>>	(\$4,931)

## Accommodation payment considerations

- Liquidity
- Rates
- Estate planning
- Taxation
- Cashflow
- Social security

# Agenda

- Types of cost of aged care
- Funding of aged care fees
- **Practical tips**
- Estate planning

## Practical tips

1. Refundable accommodation deposit (RAD) will be exempt for Centrelink purposes
2. Means-tested care fee may be lower if home is kept
3. Reducing the assessable assets and income may help to reduce the residential care fees and may enhance any potential entitlement for the age pension benefits
4. Annuities, insurance bond within family trust, gifting, funeral bonds remain effective
5. Couple entering care – enter one at a time
6. Potential loss of age pension if family home is assessed after 2 years
7. Ongoing daily accommodation payment can be deducted from the upfront RAD paid
8. Net medical expense tax offset continues to be available for out of pocket expenses relating to aged care until 30 June 2019

# Agenda

- Types and cost of aged care
- Funding of aged care fees
- Practical tips
- **Estate planning**

## What is estate planning?

- To ensure your wealth passes to the right beneficiary, at the right time, in a tax effective manner
- Wealth is held in a variety of ownership forms and each person's estate planning objective is different
- Failure to plan well may result in...
  - A reduction in the wealth passed onto intended beneficiaries
  - Unnecessary tax liabilities
  - Benefits passing to the wrong beneficiaries

# What happens if you don't have a will?

- Different intestacy rules apply in each state:
- Here is an example of what can happen:

- If  passes away, leaving only...

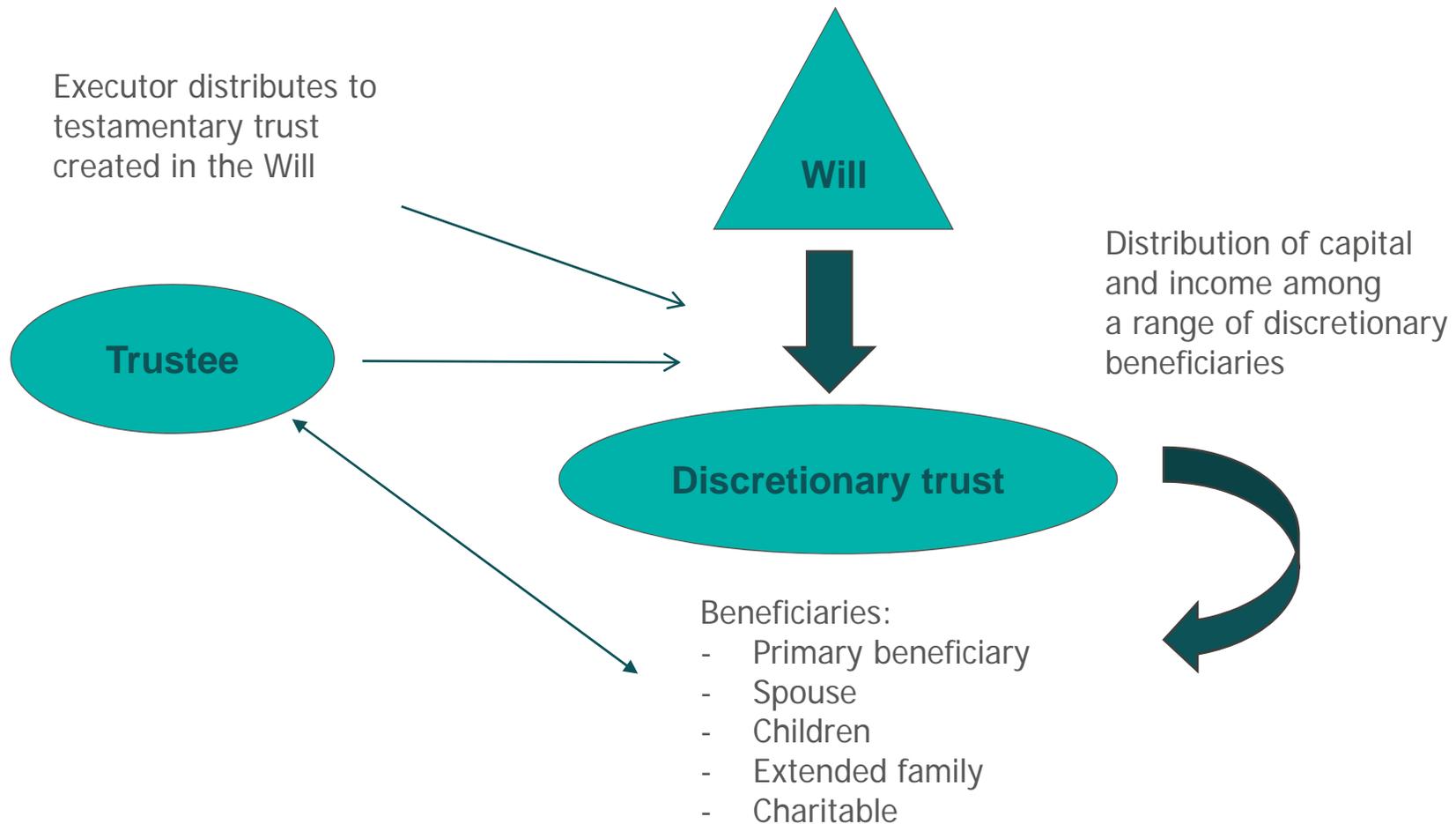
1.	 → Spouse	Spouse gets entire estate.	<p>Laws in every state are different.</p> 
2.	 → Spouse & children	Spouse gets first \$350K and; 1. Interstate's personal effects, and 2. Half of the balance of the estate Children share the remainder of the estate between them.	
3.	 → Children	Children share the estate equally.	
4.	 → Parents	Parents share the estate equally.	
5.	 → Siblings	Siblings share the estate equally.	

## Factors to consider

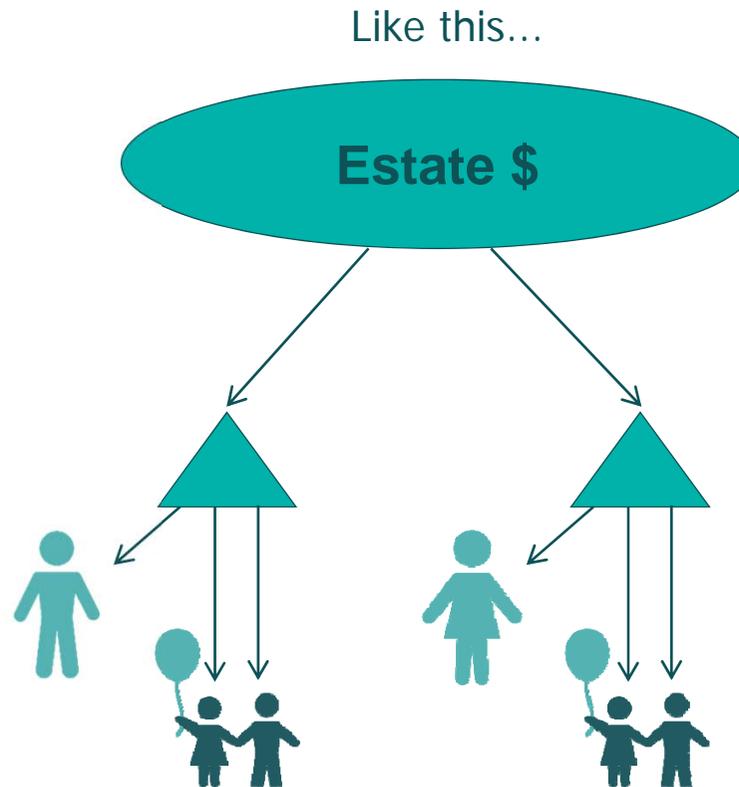
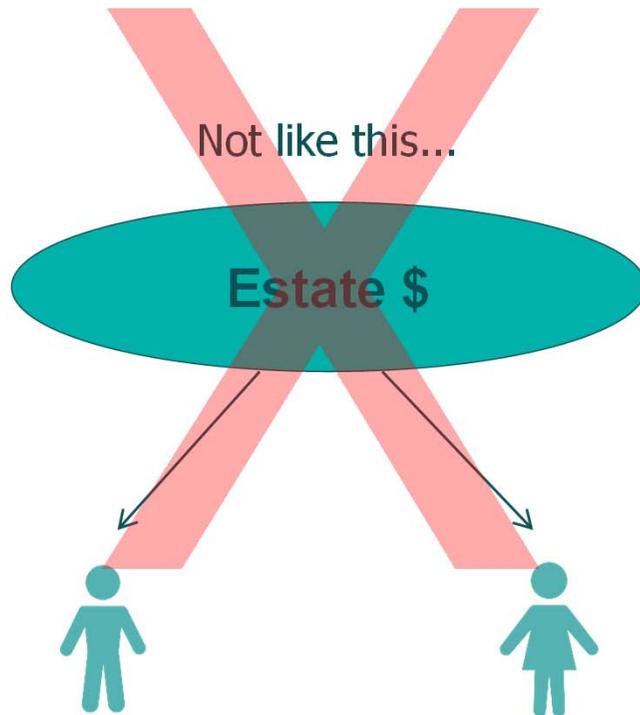
- Will
- Power of attorney
- Enduring guardianship
- Advance Health Directives
- Testamentary Trusts
- Mutual Will
- Life interests
- Equalisation clause
- Memorandum of wishes
- Charitable Trusts
- Special Disability Trusts
- Business Will
- Death Benefit nomination for your superannuation

# What is a Testamentary Trust?

A testamentary trust is established by a Will that comes into effect upon the death of the will maker.



# Testamentary Trust



- \$ don't pass directly to beneficiaries
- \$ pass to a trust controlled by a trustee for your beneficiary's benefit

## Summary

- Aged care planning is complicated – seek professional advice
  - Aged care costs
  - Protecting assets
  - Estate Planning
  - Centrelink entitlements
  - Retaining the home
  - Emotional issues
- Plan in advance
  - Retention of home
  - Restructuring assets prior to assessment
  - Review Estate Plan

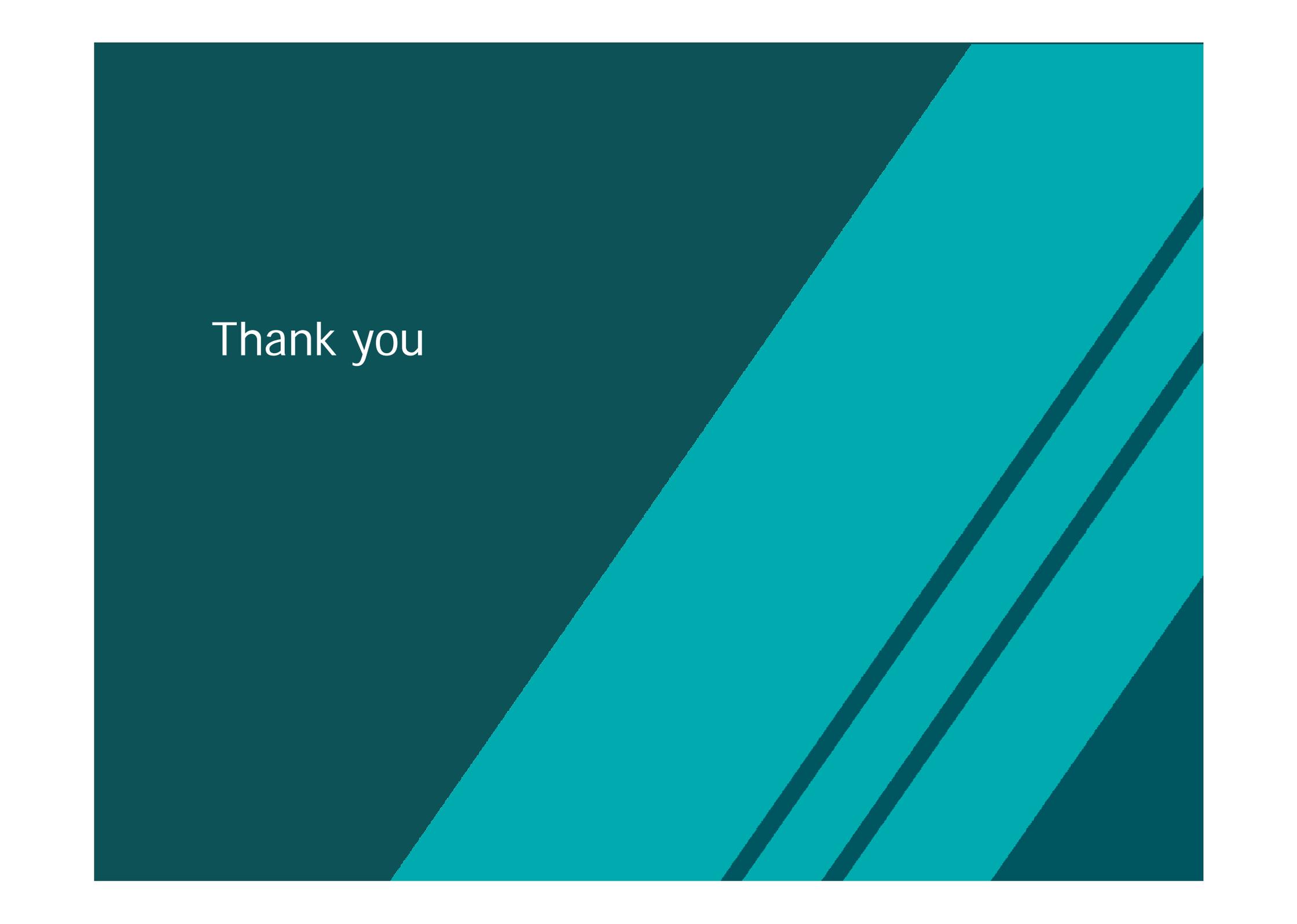
***Look at your overall situation  
i.e. income, tax, estate planning etc***

## How we operate

<p>Complimentary meeting</p> <p><i>No cost to you</i></p>	<p>Fee for service</p> <p><i>Complete objectivity</i></p>
<p>Hourly rate</p> <p><i>Varies depending on the complexity of your situation</i></p>	<p>No commission</p> <p><i>Our advice is in your best interest</i></p>

## Contact Details

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The background of the slide is a dark teal color. On the right side, there are several diagonal stripes in a lighter teal color, running from the top right towards the bottom left. The stripes are parallel and have a consistent width.

Thank you