

DMFS Financial Advisers

David MacManus

Grad Dip Fin Plan CFP, FChFP, Dip FP, LPAC, SMSF Acc.

David MacManus and DMFS Financial Advisers Pty Ltd are Authorised
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Disclaimer – Get appropriate advice from a specialist Aged Care Financial Adviser, this will save time & effort, and importantly, get it right the first time.

Aged Care is Complex.

Disclaimer

Disclaimer: The figures are factual information only, based on relevant information regarding aged care, without consideration for the best financial outcome. These are case scenarios only.

We have not provided personal product advice regarding specific taxation, product (or exit fee or replacement) information.

DMFS Financial Advisers \ AUS Financial Advisers are happy to provide an aged care Statement of Advice with specific and personal advice \ recommendations, this generally costs between \$2,750 and \$4,000.

We do not provide property advice. Please consult a Vendor Advocate (for a sale) or a property manager for rental expectations.

We have provided our FSG and adviser profile for your information regarding our advice costs, alignments and services.

By reading this document you understand this is factual information only and full financial advice has been offered to you, of which you have the choice to proceed with at above mentioned cost and will be quoted should you proceed.

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Aged Care is Complex.

Topics

- Myths and Truths
- Ideas when selling a property
- Contracts and what to look for
- Aged Care Factual Information and Costing (general, not detailed to personal expenses)

DMFS Financial Advisers

Aged Care and how advisers actually assist

RAC \ DAC Clients



What has changed?

New Terminology:

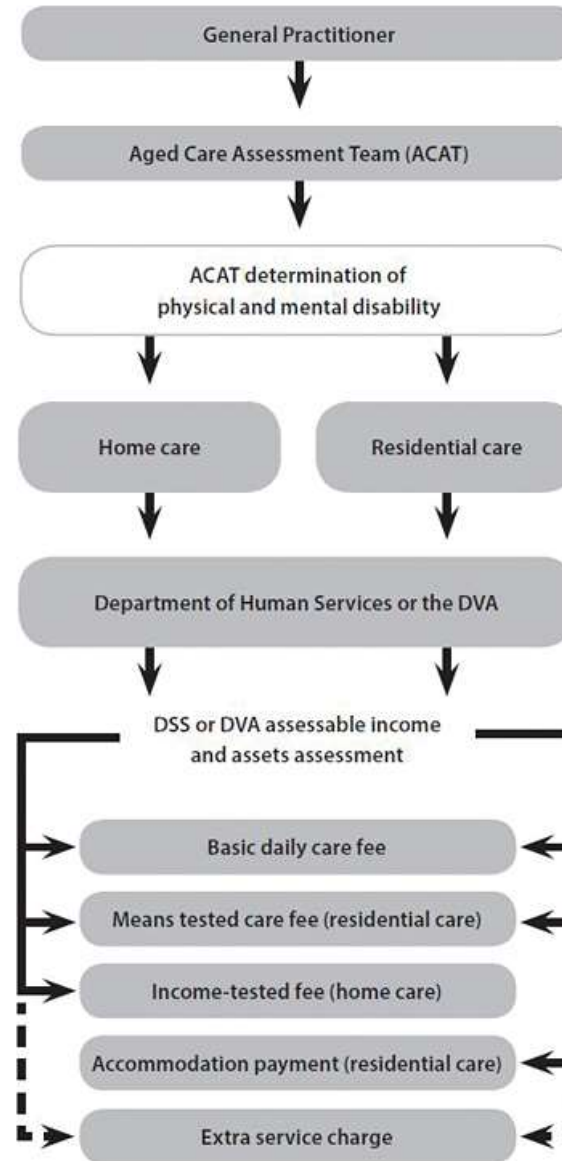
Old	New	Acronym
Accommodation Bond	Refundable Accommodation Deposit	RAD
Periodic Payment	Daily Accommodation Payment	DAP
Income Tested Fee	Means Tested Amount	MTA
Lump Sum amount Paid by Supported Residents	Refundable Accommodation Contribution	RAC
Daily Contribution made by Supported Residents	Daily Accommodation Contribution	DAC

What are the payment options?

- Non Supported:
 - Full RAD
 - RAD & DAP (Combination)
 - Full DAP
 - RAD with a DAP drawdown
 - RAD and other fees drawn down
- Supported:
 - Full DAC
 - Part RAC & DAC
 - DAC drawdown from the RAC



Aged Care – the process



• Myths and Truths



What is the 85% of pension comment people keep making?

- Ignore this figure – we don't like the way it is interpreted.
- Simply, the Basic Daily Care Fee goes up every six months (March and September) inline with the maximum aged pension for a single.

Does the facility take my pension?

- No. Aged care is similar to a Quest apartment. You are invoiced monthly. Depending on what your asset look like and the way the bond is structured changes the amount on the invoice, but simply you receive an invoice at the end of every month and it needs to be paid.

What does the Residential Care Agreement mean (the contract with the facility) and what do I need to look for?

- Permanent Care is an obligation to the facility rather than the resident. The can not stop caring for a resident (i.e. ask to leave) . If the resident decides to leave, there is a 7 day exit option in which you need to pay if you transfer or go home). Just make sure that financial interests do not come before clinical.
- Caveats on homes or guarantors are asked to sign when there is no deposit. Put simply, if everyone decided not to pay their invoicing on exit (death), it would push the cost of care up. Talk to your adviser about options.
- 85% of the contracts are prepared by 1-2 law firms. They comply with legislation (social security and aged care). The person preparing the contract is not a legal professional, what is in there is factual and accurate most times and has to be amended if not complying.

Negotiating with facilities.

- Like any purchase, there is often room to negotiate. Except if the facility is full. Why would they take a lesser entry if they have plenty of potential residents on the waiting lists. Doesn't mean you cant ask the the question though!



• Myths and Truths



DMFS Rule of 31

- I calculated this theory and created the rule.
- Simply, statistically, 30% of people go into residential aged care.
- Of those, 31% do not survive 12 months.
- Of the survivors, the average stay is 31 months.

- While we created this rule, this is how:

Life time and Annual Caps for the means tested fee.

- If you divide the life time cap into the annual cap, you get 2.5284.
- 2.5 years is approximately 30 – 31 months.
- Therefore from a government policy point of view, the life time cap is hardly ever paid, as the chance of surviving to 31 months in care AND being above the maximum threshold is not high.

Supported Persons

- If one member of a family remains in the home, the primary residence may be protected.
- Protected means that legislation has been built that the family home may not need to be sold where the second person remains in that home.
- This is a complicated area and advice is provided where this is appropriate.
- In the event a resident has a protected asset (the home) and accordingly not required to pay a bond (based on other assets), may cause a complication of not being able to choose the room you prefer.
- A facility is not required to accept all applications, and they have the choice of which rooms are allocated to RAD payers and those who do not.
- Consider the medical, clinical and emotional needs of the resident, the system is built on care for everyone.



Protected Assets (or Unrealisable Assets)

Definition of Carers

Your home and the combined assets and income assessment

For aged care purposes, a protected person is:

- your partner or dependent child, **or**
- your carer* who is eligible to receive an Australian Government income support payment and who has lived in your home with you for the past 2 years, **or**
- your close relation who is eligible to receive an Australian Government income support payment and who has lived in your home with you for the past 5 years.

If your home is occupied by a protected person at the relevant date, it will not be counted as an asset for permanent residential aged care purposes. Your carer or close relation will need to give their consent in the form to enable the Department of Human Services or the Department of Veterans' Affairs to verify their eligibility for an income support payment.

This exemption will be lost if the protected person who has been living in the home at the relevant date moves out of the home.

If you enter permanent residential aged care on or after 1 July 2014, and your home is not occupied by a protected person, it will be counted as an asset but the amount of the home included as an asset will be capped.

If your home is counted as an asset, you do not need to have it professionally valued. An approved valuer will verify the estimated value of the property at no cost to you.

* It is not necessary for your carer to have received a Carer Payment or Carer Allowance in order to be considered a carer. However, at the relevant date they must be eligible to receive an Australian Government income support payment.



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