July – August 2019

Aged Care Insights

News and updates to help navigate aged care

Means-test forms simplified

Filling out forms is a task that many of us find onerous. To reduce complexity associated with calculating aged care fees, the government has just released new means-test forms that make the process quicker and simpler. Here's a brief overview of the new forms and how they may affect you.

Home care packages

Client contributions to home care packages are only income-tested (no asset test applies).

If you receive a means-tested payment from Centrelink or Veterans' Affairs (DVA), you do not need to fill in any forms to have your fees assessed as the details already held on file by Centrelink/DVA will be used.

If you are a self-funded retiree or receive a non-means tested payment (like the war widow or blind pension), you may need to submit the *Home Care Package Calculation of your cost of care* (SA456) form. However, in some cases, if you have high levels of income or complicated financial situations you may choose to not disclose your finances and just pay the maximum income-tested fee up to the annual and lifetime caps.

Residential aged care

Client contributions for residential aged care are means-tested based on a combination of assessable income and assets.

If you receive a means-tested payment from Centrelink or Veterans' Affairs (DVA) but don't own a home, you no longer need to fill in any forms to have your fees assessed, as the details already held on file by Centrelink/DVA will be used.

If you receive a means-tested payment from Centrelink or Veterans' Affairs (DVA) and do own a home (including retirement village unit), you now just need to submit a short *Residential Aged Care Property details for Centrelink and DVA customers (SA485)* form to provide details on that home. Your other financial details already held on file by Centrelink/DVA will be used to calculate your fees.

Full financial details only need to be submitted in the longer *Residential Aged Care Calculation of your cost of care (SA457) form* if you are self-funded or your Centrelink/DVA payment is not means-tested. However, in some cases, where you have high levels of income or complicated financial situations you may choose to not disclose your finances and just pay the maximum means-tested fee up to the annual and lifetime caps.

Helping you

Shorter and simpler forms is a great step forward by the Government, but it is important to correctly fill in forms to avoid errors. Errors create delays and confusion. Errors may also result in higher fees than you need to pay. It is also important that the information held by Centrelink/DVA has been updated within the last two years and is current at the time of lodging the form.

Part of the support we can provide and the value we add to clients is help with filling in the forms. This includes:

- Help to update Centrelink/DVA details
- Help to fill in the right form
- Help to answer the questions correctly
- Help to decide whether to disclose your finances or not, and
- Help to obtain a pre-commencement fee letter from Centrelink when needed.

If you or a loved one will be making the move into aged care soon, contact us today to talk about the fees you might expect to pay, your options for funding the fees and help with navigating through the process and the paperwork.

Generation wealth gap

If you read the business pages of the newspaper, you may have seen the term 'intergenerational wealth transfer' starting to appear more frequently.

That's because an estimated $3 trillion of wealth is predicted to change hands over the next two decades, from households of Australians age 55+ to younger generations.[i] This represents a massive shake-up in wealth ownership, given Baby Boomers (those currently age 45-64) own more than half the country's net wealth[ii].

At the other end of the spectrum, the potential recipients of some of these funds - Gen Y (those age 25 to 34) - are rich in income but comparatively poor in terms of net wealth. Australian Bureau of Statistics figures[iii] put the household net worth of Gen Y at $268 800, less than half that of Gen Xers, who are only a decade older. Both pale in comparison to the net wealth of Baby Boomers, who have a net wealth nearly five times that of Gen Y.

This stark contrast is the result of a dramatic shift in economic conditions over the last fifty years, which has seen property prices grow to be out of reach for many young people, while cumulative investment returns have been significant for those now age 55 or older.

What does all this mean for you?

Families have a unique opportunity to take a strategic approach to wealth management and wealth transfer via aged care planning and estate planning. Your financial adviser can help to guide you through a process of family meetings and discussions to develop a plan to support your family goals.

Whatever generation you're from – don't leave your future and your family's hard-earned wealth to chance. Speak with us today to discuss your needs.

New Charter of Aged Care Rights

The Royal Commission into Aged Care has highlighted stories of inferior care and even neglect. But there is some good news – a new, single Charter of Aged Care Rights, which came into effect on 1 July.

The Charter of Aged Care Rights is an easy to read document which sets out, in plain English, what consumers, their families and carers can expect from an aged care provider.

Fourteen high level rights are stipulated in statements that begin with 'I have the right to…' and include fundamentals such as:

- safe and high-quality care and services
- be treated with dignity and respect
- live without abuse and neglect.

The new Charter provides the same rights to all consumers, regardless of whether they are receiving a home care package or living in residential care. It replaces four previous Charters.

From 1 July 2019, providers must give a signed copy of the new Charter:

- To new clients when signing them up for aged care services
- By 30 September 2019 for existing consumers in residential care, and
- By 31 December 2019 for existing consumers receiving home care services.

Providers may ask clients to also sign the document to acknowledge its receipt. Choosing not to sign does not negate the protections offered by the Charter as these rights are enshrined in a range of legislation, including rights under the Competition and Consumer Act 2010 and Commonwealth anti- discrimination law.

Signs an ageing parent needs help

Nobody wants to admit to themselves that their parents have grown old and frail. It's a stark reminder that time marches on and life is not forever.

But there are certain realities that must be faced if we are to keep our loved ones safe. Here are some signs to watch out for which, if they are occurring more frequently, may point to mum or dad needing some extra help.

- Missed appointments
- Mysterious new dents in the car
- Appliances left on
- An empty fridge
- Poor personal hygiene or changes in personal standards.

Spotting one or more of these clues is not necessarily cause for alarm. But a series of unexplained changes over time might start to ring bells.

Try and chat to mum or dad about getting some help around the house. If they agree, the first step is to contact the MyAgedCare hotline for an initial discussion and to arrange an assessment. Arranging care may take a while. For some people, help from family members may help to fill in for the short term or may be easier to accept.

More information about help around the home, and other aged care options, is available from myagedcare.gov.au, or by calling 1800 200 422.

Contact us today and ask for a copy of our *Client checklist – Signs an ageing parent needs help*.

Tip:

Chat casually with ageing parents about getting some 'help' around the home. Small changes are less frightening.

Deeming rates drop - good for part-pensioners

The government has made the first change to deeming rates in four years, announcing a rate cut from 1 July 2019. The lower rate reduces by 0.75% and the upper rate by 0.25%. The new rates are:

Client situation	Value of financial investments	Deeming rate
Single	Up to $51,800 Above $51,800	1% 3%
Pensioner couple	Up to $86,200 Above $86,200	1% 3%
Non-pensioner couple (each)	Up to $43,100 Above $43,100	1% 3%

The change will take effect as of 1 July 2019, but it will take some time to process so don't expect to see a change to your pension (or allowance) until September. At that time, a lump sum back payment will also be paid to reflect any increase due from 1 July.

Who will benefit?

Only some part-pensioners will see an increase in their pension/allowance payments. Anyone receiving a full means-tested pension or non-means tested payments will see no change; neither will anyone whose payment is determined under the assets test.

Is there an impact on aged care fees?

The lower deeming rate will also flow through to the calculation of income tested fees for home care packages and means-test amount (MTA) calculations for residential care, potentially reducing fees for some people.

The change in deeming rates is not likely to impact existing aged care clients until the next quarterly MTA assessment which is due on 20 September.

When a client leaves aged care, the refundable accommodation deposit starts to accrue interest at the lowest deeming rate plus 2%. This was 3.75% but will now apply at 3% per annum.

Please make an appointment with us if you would like to discuss how the changes may affect you.

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[i] McRindle Research, 31 May 2016, https://mccrindle.com.au/insights/blog/australias-household-income-wealth-distribution/
[ii] McRindle Research, 31 May 2016, https://mccrindle.com.au/insights/blog/australias-household-income-wealth-distribution/
[iii] ABS Household Income and Wealth Data, 2013 and 2015