

The following is an overview of the Aged Care Review which may be of general interest to all Price Financial and Accounting clients. If not specifically relevant to you in the short term, this information could be of some interest to other family members or friends who may be faced with aged care decisions. We'll keep you updated when further news becomes available.

The Aged Care Review

The Final report of the Aged Care Taskforce was published on 12 March 2024, with its recommendations for a financially sound future in the sector.

The Taskforce was established to advise the Australian Government on funding arrangements, such as participant contributions for home care, reforms to arrangements for pricing and funding of accommodation costs in residential aged care, including the phasing out of Refundable Accommodation Deposits.

The report emphasised that Australia's ageing population would pose further challenges in fairer funding for high-quality care, as demographic shifts would lead to younger taxpayers burdened with the tax burden of older, wealthier generations if changes are not implemented.

One of the biggest challenges will be the "Phasing out of Refundable Accommodation Deposits" and the impact this will have on operators as they currently rely on these interest free loans to fund both renovations and new facilities.

In recent years, we have witnessed these bonds increase from \$400,000 to well over \$1 million dollars for many facilities.

These increases have put aged care beyond most people, especially the partly funded. If we have a facility with a Refundable Accommodation Deposit (RAD) of say \$1 million dollars, then the Daily Accommodation Payment (DAP) will be calculated at $\$1,000,000 \times 8.34\% = \$83,400$ per annum or \$228.49 per day.

What is the cost of Aged Care without paying a RAD of \$1,000,000: -

Daily Accommodation Payment	\$228.49
Daily Fee for Accommodation	\$ 61.96
Means Tested Fee * See Note *	\$ 91.26
Extra Services Fee	\$ 60.00
Total Maximum Cost per day	\$441,71
Total Maximum Cost per year	\$161,224.15

Variables

If you decrease the RAD to say \$550,000 then the DAP will decrease as well.

Note *The Means Tested Fee (MTF) is calculated on both Income and Assets; If your assets exceed say \$1 million dollars then you will pay the maximum MTF of \$33,309.29 per annum until you reach the lifetime cap of \$79,942.44.*

If you are assessed as being “High Care” then your daily fee will rise significantly, as the government maximises the amount it will receive as you may not live to pay the whole fee.

Available our clients on request: -

A copy of the “Schedule of Fees for both Home Care & Residential Aged Care”.

A complimentary one-hour consultation to explain the Aged Care Rules, to ensure you understand the basics of aged care.

Please contact either William or Wayne if you have any questions or need further information.

General Advice Warning

This broadcast contains information that is general in nature. It does not take into account the objectives, financial situation or needs of any particular person. You need to consider your financial situation and needs before making any decisions based on this information. Please arrange an appointment to seek personal financial and taxation advice prior to acting on this information.

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