

Wharparilla Lodge

Information for Prospective Residents and Families

(Points of Interest in New Rules From 1 July 2014)

The following items are points of possible interest for prospective new residents coming into aged care after 1 July 2014 and / or their families. **All care has been taken in establishing these points but readers SHOULD NOT rely on the statements made herein but should seek advice from the Department of Social Services or professional independent financial advice before making any decisions.**

Gifting:

- Limit of \$10,000 per financial year with a cumulative total of \$30,000 in any consecutive 5 year period.

Acronyms and Terminology:

- **RAD** = Refundable Accommodation Deposit (= old Accommodation Bond).
- **DAP** = Daily Accommodation Payment (= old Accommodation Charge).
- **RAC** = Refundable Accommodation Contribution (applies to partially supported residents only)
- **DAC** = Daily Accommodation Contribution (applies to partially supported residents only)
- **MPIR** = Maximum Permissible Interest Rate (set quarterly by commonwealth government)
- **Protected Resident** = Includes a spouse, a dependant child, a carer **eligible for income support payments** who resides in the home and has lived there for > 2 years, a close relative who is **eligible for income support payments** who resides in the home and has lived there for > 5 years.
- **Income Support Payments** – Include Age Pension, Newstart, Disability Pension, Carers Pension or Veterans Affairs Pension **BUT NOT** the Carer's Allowance currently \$123.50 per fortnight.
- **ACFI** = Aged Care Funding Instrument and is the fee paid by the Commonwealth Government to a residential aged care facility based on a detailed assessment of the resident's care requirements.

Conversion of a RAD to a DAP:

- $DAP = \text{Unpaid RAD} \times \text{MPIR} / 365$

All RADs paid as a lump sum are exempt from the Centrelink Income and Asset Test when assessing a resident's Age Pension entitlements. (No change from present situation).

Family Home:

- **WILL** count towards a residents ability to pay a RAD unless occupied by a protected resident.
- The Family Home Asset will be exempt for Age Pension purposes *indefinitely* if the home is rented and the rental income is used to pay a DAP.
- Rental Income will only be exempt from the Age Pension income test calculation – indefinitely if a DAP is in place – but NOT from the Means Tested Care Fee calculation.
- If the home is not rented then the exemption on the home asset will be for only 2 years. (Currently there is no legislated \$ amount on the level of outstanding RAD or on the level of rent received).

The value of the RAD is 100% guaranteed by the Commonwealth Government.

Fully Supported Resident has assets less than \$47,500 (including car and contents) and is not required to pay a RAD. Income (including age pension) must be below \$26,072.80 per annum. Must not have owned a home within the past 2 years. The facility will receive a DAC (Daily Accommodation Contribution) from the Commonwealth Government on behalf of these residents.

Partially Supported Resident has assets between \$47,500 and \$162,087.20 is required to pay a RAC (Residential Accommodation Contribution) but the facility will receive a DAC from the Commonwealth Government on behalf of these residents. (This figure varies depending on whether a facility was built or substantially refurbished after 20 April 2013).

Means Tested Care Fees:

- The means tested care fee is made by residents with significant additional assets and income as a contribution towards their medical care.
- Includes contributions made (after 1 July 2014) towards the cost of Home Care.
- Will be capped at a maximum of \$26,380.51 per annum AND a maximum of \$63,313.28 over your lifetime (ie. including Home Care contribution and the contribution made while in a residential aged care facility).
- Formula =
 - 50c per dollar of income (including age pension) above \$26,380.51 PLUS
 - 17.5% of assets between \$47,500 and \$162,087.20 PLUS
 - 1% of assets between \$162,087.20 and \$391,261.60 PLUS
 - 2% of assets above \$391,261.60.
 - Minus \$55.09 being the Maximum Accommodation Supplement from 20 March 2017
- The amount of \$162,087.20 of the family home is included in the calculation of the Care Contribution unless a protected person (see definition above) remains living there.
- Superannuation income is included in “income” but less any deductible amount.
- “Income” is not based on actual earnings but is based on a “**Deeming Formula**” of 1.75% of assets up to \$49,200 (single) and \$81,600 (couple) and 3.25% on the remainder.
- The Care Contribution is collected by the Aged Care facility but the facility does not benefit by the Care Contribution – it will receive a corresponding deduction from the ACFI payment made by the Government to the facility.
- Your Care Contribution cannot be greater than your ACFI entitlement.