

## **Aged care fee changes - what you need to know**

After a long wait, new legislation which is aimed at reshaping how aged care is delivered and funded in Australia has been passed.

Like most countries around the world, our population continues to age, making it important to have a sustainable aged care system that provides quality care and treats our older Australians with dignity. But this also requires adequate funding.

The new Act is founded on person-centred principles – that puts you, as the user of care services, in the centre. The aim is to provide more choice and greater control, as well as defined rights for older Australians.

But the money is what most people are worried about. So, here's what you need to know to stay informed and make sure you can afford the care that you need and want.

### **Who is affected?**

The rights in the Aged Care Act apply to everyone, but the new rules for fees will only apply if you move into residential care after 30 June 2025 or are approved for Home Care after 12 September 2024.

If you were receiving a Home Care Package as at 12 September 2024 (or had been approved and in the queue waiting for a package to be allocated), grandfathering rules apply. The aim is to ensure you are not disadvantaged by some of the rule changes even if you move into residential care after 30 June 2025.

### **What is changing for residential care?**

Some room prices may increase but we still expect to see a range of price points. And you will still be able to choose to pay for your room as a lump sum or as daily "rent".

If you pay a lump sum, each year the provider must deduct and keep 2%. This only applies for the first five years – so you could lose up to 10% of the amount paid, with the remainder refundable to you or your estate. If paying the daily rent, this increases each six months in line with inflation.

Ongoing care costs will be split between you and the government, with three new fee categories to work out this split:

- Everyday living expenses – currently \$63.57 (indexed) per day, but if you have assets over \$238,000 or income above \$95,400 (or a combination) you may pay up to an additional \$12.55 per day.
- Non-clinical care – this is a means-tested fee up to \$101.16 per day. It will only apply for the first four years, or up to a dollar cap of \$130,000 (indexed).
- Clinical care – this is the most expensive component and will be fully paid by the Government.

## What is changing for home care?

The Support at Home program starts on 1 July 2025, expanding care to eight levels instead of just four. Similar to residential care, the costs will be split into three categories and means-tested to work out how much you pay:

- Clinical care will be fully paid by the government.
- Self-funded retirees will pay 50% of the costs for independence support and 80% of everyday living costs.
- Full pensioners will pay only 5% of independence support costs and 17.5% of everyday living costs.
- The percentage part-pensioners and people who hold the Commonwealth Seniors Health Card will pay is between the above two groups and is based on means-testing.

Your home care contributions are subject to a \$130,000 (indexed) lifetime cap.

An important change is to note that the package budget will be allocated quarterly, on a 'use it or lose it' basis. You will only be able to roll over unused funds up to **\$1,000 or 10% of the package budget** from quarter to quarter.

## What you need to do?

Navigating these changes can be complex and ensuring you have kept enough money to meet your care needs in the later years of life is vital to maximise your quality of life.

If you or a loved one require aged care, acting before 1 July 2025 may help you lock in current fee arrangements. But whenever you decide care is needed, it is important to get comprehensive financial advice to fully understand your options and how to restructure your assets and investments.

As a licensed financial adviser and **Accredited Aged Care Professional™** we have the experience and expertise to help. If you wish to discuss your situation, call our office on to make an appointment with us.