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Did You Know?

In Australia, we send over 100 million Christmas cards each year, and children send approximately 100,000 letters to Santa.

Source: www.auspost.com.au

As 2006 draws to a close, the editorial staff of "Timely Tips" wish each of our readers a happy, healthy and safe festive season and a very prosperous 2007.

The Complexities of Aged Care Accommodation

There comes a time in most people's lives when they have to address the ongoing accommodation needs for an aging parent, relative, or family friend. This can be a very taxing and emotional time, not only for the person making the aged care arrangements, but also for the aged family member who will be leaving their familiar surroundings.

The Australian aged care accommodation system is complex and in certain circumstances can be very expensive. It is important to understand the rules before embarking on this journey.

In this article we are looking at the accommodation options for a person who is in a position where they need some help with their day-to-day living needs such as provision of meals, medical support such as the administration of medication, and/or assistance with attending the daily personal care such as showering and dressing.

Aged care accommodation is generally divided into two categories, low level and high level which denotes the level of assistance required. Low level care is provided by hostels whereas high level care is provided by nursing homes.

As friends, relatives or carers of aged people, we do not make the decision as to the level of care our loved ones need. This is performed by an Aged Care Assessment Team ("ACAT"). In Victoria, this is known as the Aged Care Assessment Service. The ACAT is a team of health professionals working in local areas.

If you need to arrange an assessment, ACAT can be contacted directly or a referral can be provided by a local doctor or hospital. An ACAT can approve eligibility for entry to residential aged care and provide information about the facilities available in your local area.

The costs of residential aged care depends on the type of accommodation being sought.

Low care accommodation

For entry into a hostel (low care facility) an accommodation bond is generally payable. The bond may be paid by way of a lump sum, periodic payments, or a combination of both. The amount of the accommodation bond is determined by the relevant hostel (there is no maximum) however, a resident must be left with assets of at least \$32,000. The accommodation bond is refundable on the death of the resident or on leaving the facility, however, the operator is permitted to retain a portion of the bond each month for five years. The retention amount is currently capped at a maximum of \$3,282 per annum.

There are a number of effective strategies that can be employed to minimise the level of assets that are taken into account when determining the accommodation bond. It is therefore important to speak to a financial planner before making arrangements to enter a hostel so as to ensure that the resident pays an accommodation bond of no more than is absolutely necessary.

In addition to the accommodation bond, a hostel will charge a daily care fee which consists of a basic fee plus an income tested fee. The actual amount of the daily care fee will depend on the amount of the accommodation bond paid, and whether the resident is in receipt of a full Centrelink pension, a part pension, or no pension.

A fully self-funded retiree (i.e. not receiving any age pension) could be paying daily care fees of up to \$89.90 per day. This reduces significantly for people in receipt of a part or full age pension.

High level accommodation

Where a person is assessed as needing high level care (i.e. a nursing home) they will be required to pay an accommodation charge if their assets exceed \$32,000. The maximum accommodation charge is \$6,252 where assets exceed \$63,263. This accommodation charge is paid on a monthly basis. It can not be paid as a lump sum. Accommodation charges are negotiated directly between the nursing home and the client.



getting you from **a** to **b**

For residents who entered a nursing home prior to 1 July 2004, the accommodation charge was paid for a maximum of 5 years. For people entering a nursing home on or after 1 July 2004, the fee is payable for the duration of residency.

In addition to the accommodation charge, residents of nursing homes may be required to pay daily care fees depending on their personal financial circumstances. The daily care fees for nursing homes are the same as applies to hostels.

Concessional and Assisted Residents

In certain circumstances a person will not be charged an accommodation bond or an accommodation charge where they don't have sufficient financial resources. All aged care facilities are required to accept a minimum number of concessional or assisted residents. These places are subsidised by the Government.

Entry to an aged care facility can be a time of worry and uncertainty for both the resident and their family.

Financial planners are skilled to provide advice on the financial impact of entering residential aged care, be it a hostel or a nursing home. Importantly, the structuring and timing of financial transactions in the lead up to entering a facility may have a significant impact on the fees and the future level of aged pension benefits that may be payable.

The message is to seek advice before acting.

Source: Peter Kelly – Professional Investment Services



Starting the Savings Habit

It is about this time of the year that many teenage children enter the workforce for the first time in any serious way. Whether it is a holiday job to earn some money during the long school or university break, or whether they are entering the workforce for the first time after completing school or tertiary studies, it is a time of uncertainty and of adventure.

All of a sudden these children are now adults and are finding themselves with surplus cash to do whatever they like with.

This is the time for some sensible savings habits to be established. Back in the mid 1950's George S Glason first published "The Richest Man in Babylon".

This has gone on to become one of the all-time classic guides to saving and building wealth. It is as relevant today as it was when first published. The book is still available in good book stores and via internet outlets such as Amazon.com.

Written in the form of a series of parables from ancient Babylon, the book sets out a number of simple steps that will lead to financial prosperity over time. It is not a "get rich quick" story but rather, one that gives readers simple steps to building wealth over time. For those who are caught up with ever mounting debt, there are some very practical tips on how to get out of debt and start on the savings path.

We constantly read about the ever increasing levels of personal debt in Australia. The trends are quite disturbing. Whilst the housing boom has contributed to many people extending themselves as they struggle to get into their first home, credit card and consumer debt has also been increasing at an almost uncontrollable rate. If we are buying that first house, we must have all the mod cons and one, two, or three credit cards, and perhaps a store loan or two will help us there!

Whilst we can not individually control the level of house prices in Australia, we can with discipline, control our discretionary spending. There is nothing more satisfying in the long-term than to purchase that plasma screen TV or home theatre system with money we have saved, rather than the short lived gratification of an impulsive purchase with months or years of repayments.

One of the simple messages from "The Richest Man in Babylon" is to save 10% of what we earn. For our children who are now entering the workforce for the first time, have them arrange for 10% of their pay to be diverted to a high interest, low fee savings account. Once they build up savings of \$1,000 or so, it can then be invested in a managed fund or perhaps some good quality direct shares. The earlier we start the savings process, the easier it is to adjust to having less income available to live on. It is amazing just how quickly our savings can grow. In the fullness of time, these accumulating savings, wisely invested will generate additional income that will allow us to afford an even better lifestyle than if we just spend everything we get paid.

Add a copy of "The Richest Man in Babylon" to your teenage or your adult children's Christmas stocking. If they embrace the principles it just may be the most valuable present they ever receive.

Source: Peter Kelly – Professional Investment Services

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- Retirement Planning
- Mortgage Elimination
- Shares and Property
- Fixed Interest and Cash
- Tax Planning
- Finance Services
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- Business Planning
- Risk Insurance
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- Corporate Services

Your local advisers office is located at:



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