



Understanding the costs of residential aged care

Our community is designed to support seniors who reach a stage when they can no longer live independently at home. For some, this may happen gradually over time, while for others it may happen suddenly due to an accident or illness.

In this article we explain the two areas of aged care costs: the cost to enter aged care (called a 'refundable accommodation payment' or RAD) and the on-going daily fees.

Before you read on there are 4 things you should know:

1. Our Admissions Team is here to help and support you through this journey. We understand it can be stressful. Please call us with any questions.
2. Our community operates under the Aged Care Act which regulates the costs of living in residential aged care. Our cost structure is simple, transparent, and consistent with the fees and charges of all other aged care communities in Australia.
3. The Government provides assistance to aged care residents who cannot afford to pay for their own care. The exact amount of support your loved one may be eligible for will be based on their income and assets as determined by Services Australia.
4. Residential aged care has no hidden costs or exit fees when a resident leaves. Apart from the costs outlined on the following page, residents are only required to pay for their personal items and expenses such as medication, medical and allied health appointments, clothing, personal care items and hairdressing.

Cost 1: Accommodation payment

Residents contribute towards their accommodation and daily care through a schedule of accommodation and care payments outlined below. A resident's aged care suite is secured through an accommodation payment that is fully refundable and Government guaranteed.

There are 4 payment options you can choose from:

Option 1: Fully refundable accommodation deposit (RAD)

This is a once-off lump sum payment that is refunded in full when the resident leaves. There are no exit fees deducted from this deposit.

Option 2: Daily accommodation payment (DAP)

You can choose not to pay an upfront RAD and pay an interest charge each month instead. This fee is calculated daily based on the amount of the unpaid RAD. The interest rate used to calculate a Daily Accommodation Payment is called the Maximum Permissible Interest Rate (MPIR). This is set by the Government and reviewed quarterly. These payments are not refundable.

Option 3: A combination of RAD and DAP

Residents can choose to pay a combination of a part RAD and part DAP, for example, a deposit (RAD) and a daily payment (DAP) on the unpaid amount. Only the RAD lump sum deposit is refundable when the resident leaves.

Option 4: Government supplement

The Government may provide assistance to cover the cost of your accommodation payment based on an income and assets assessment that will determine if you qualify for full Government support, or will be required to contribute towards your accommodation in one of 3 options:

- A refundable accommodation contribution (similar to a RAD but capped at the lump sum equivalent of Government supplement rates)
- A daily accommodation contribution (similar to a DAP but capped at Government supplement rates)
- A combination of a RAC and DAC of your choosing

Cost 2: Set Daily Care Fees

A basic daily care fee

This fee is paid by all residents to cover living expenses such as meals, laundry, personal and nursing care and electricity. This fee is set by the Government and is standard in every Australian aged care facility. It is currently set at 85% of the pension and is adjusted each March and September in line with changes to the Age Pension.

A means-tested daily care fee (MTCF)

This is an additional contribution towards the cost of a resident's daily care. The amount of this fee is determined by a resident's income and assets assessment. It is reviewed quarterly and may vary over time if a resident's income, assets or cost of care change. There are annual and lifetime caps that apply to the MTCF.

To estimate the amount your loved one may be asked to pay towards their care, visit www.myagedcare.gov.au, use their 'fee estimator' and complete the form. Some families also seek advice from a Financial Planner.

To find out more about Bundaleer Aged Care Community, call our friendly Admissions Team on (02) 6586 9400 or email us at info@bundaleer.org.au