



Aged Care Newsletter

February 2021

The start of a New Year – and its already well into February. I often receive questions regarding the difference between a Retirement Village and Aged Care. They are both quite different in cost and what they provide.

The following article provides a summary of the key differences. As every Retirement Village has a different fee structure – it is very important to review the financial impact when making decisions regarding moving into this type of accommodation. The same is true for Aged Care.

I trust you will find it interesting and remember, you can call me at Parkside on 9899 4899 to discuss your particular situation.

We are happy for you to share these newsletters with family members and friends that you think may find them helpful.

Retirement village or aged care?

Throughout our lives we make choices about where to live, largely driven by lifestyle, work or family. However, as we get older our health or increasing levels of frailty may have a greater impact on these choices.

Homes come in a variety of shapes, styles and legal structures. Planning ahead and researching options can help you to make a well-informed decision when you think you need to move.

Where we live in our older years is not just a decision about physical location but how we can access care and support. It is important to understand what is affordable as well as how your daily routine can be managed.

Accommodation versus care

When care is needed, many people compare the option of a retirement village against residential aged care. While both provide supportive environments for older people, they are not complete substitutes. The funding and care implications are quite different.

Don't view the comparison as just a property transaction based on price and size. For example, in a retirement village you may have access to a whole unit or villa, while for a similar price in a residential aged care service, you have only a single room. You should also think about how much support you need each day.

Retirement villages versus residential care

Retirement villages offer the opportunity to live in a community of older people. The village operator will maintain the external building and community garden areas, but it is still independent living. For an additional cost, you may be able to access support inside your home but services vary from one retirement village to the next, and unless provided through a Home Care package, costs are not subsidised by the Government.

Residential aged care bundles fully supported living and care together with accommodation. This care is provided 24/7 and the costs are heavily subsidised by the government. The table below provides a basic summary of some of the key comparisons:

	Retirement village	Residential care
Entry cost (accommodation)	Set by the operator and specified in the contract. Usually a lump sum "purchase" but some villages may allow a rental arrangement.	A published price which you can choose to pay as a fully refundable lump sum or a daily "rental" amount.
Tenancy right	Occupancy usually under a lease or licence arrangement.	Permanent tenancy for life, with rules for future moves specified in the agreement.
Centrelink /DVA means-test	Homeowner status depends on the amount paid. If determined to be a homeowner, the entry amount paid is exempt.	If a homeowner before moving, this status continues while a spouse continues to live there, or otherwise for the first two years only (or until home is sold).

Options when leave	Depends on contract. If the unit is sold you may or may not share in any capital gains. A deferred management fee and refurbishment expenses are generally deducted from the refunded amount.	A lump sum paid for the room (less any fees deducted) is refunded. All other rights terminate.
Cost of care	Optional services provided at the operator's discretion – with commercial and non-subsidised pricing.	Rules for calculating fees are set by the government based on means-testing, with minimum and maximum annual fees.

The value of advice

Pulling together the information you need to make choices can be difficult and stressful for you and your family. Emotions can run high.

Giving yourself time by starting your research early can reduce stress levels and for an older person, can ensure their voice is heard more clearly.

When to start the aged care conversation?

No-one likes to talk about getting old. But at what age should you start thinking about your aged care needs? The answer is simple - any age is a good time. This is regardless of whether you are in your early retirement years or well into retirement.

If you are lucky enough to still have your parents, starting the conversation with them while they are still healthy is also sensible. They might not be thrilled that you're raising the subject but it gives your parents an opportunity to think about what is important to them and give you some instructions, so you have something to guide you if you need to make choices for them in the future.

Don't accidentally fall into either of these traps:

1. Leaving it too late to have the conversation - once Mum or Dad can't return home from the hospital, you're in crisis mode. This is not the best time to be making life-changing decisions for anyone.
2. Thinking it will never happen - unfortunately the statistics say otherwise. On average, we can expect to live 17-25% of our retirement with a profound disability that may threaten our ability to live independently without care support. With those odds, you at least want to have a quality conversation about the options for aged care and importantly, how you would pay for it.

How to find some help

Making an informed decision about aged care is incredibly important. Making the wrong decision can have far-reaching consequences for the whole family. When aged care decisions go badly, the stress can lead to family conflicts.

However, not all advice is good advice. Aged care financial advice is a specialist area. The rules change constantly, as do the available strategies. You don't need extra stress wondering if you've received quality advice!

At Parkside we specialise in aged care advice and have the experience to help you to plan for current or future needs. Call us today on 9899 4899.

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