

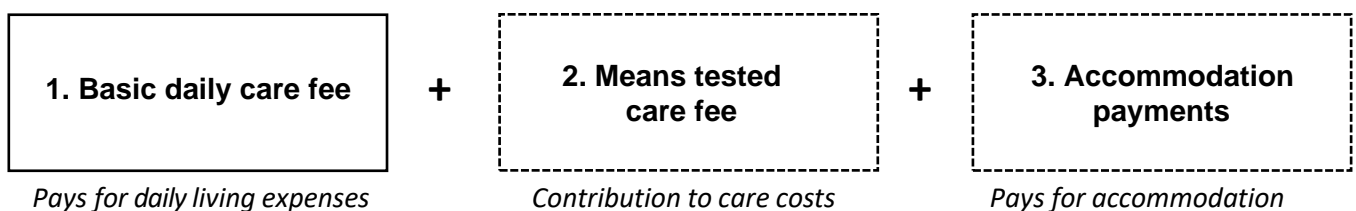
## Residential aged care costs information

Effective 20 September 2024

The costs of residential aged care are determined by the Commonwealth Department of Social Services (DSS) and vary according to a resident's income and assets, level of care, date of entry and whether or not the resident is a pensioner. The rates are reviewed regularly by the DSS.

Costs include:

1. Basic daily fee
2. Means tested care fee (if applicable)
3. Accommodation payments (if applicable)



### 1. Basic daily care fee<sup>1</sup>

The basic daily care fee is paid by all residents, typically at 85% of the full single age pension. The standard resident fee is payable in advance on a monthly basis, from the date of admission, and is \$63.57 per day.

### 2. Means tested care fee

The means tested care fee is a daily fee applied by the department and is based on a resident's assessable income and is determined by applying the same rules used by Centrelink for pension purposes.

An approximate fee may be calculated by entering the financial information into the My Aged Care website. However the department will issue a confirmation letter to both the resident or their proxy and the aged care provider.

The family home will continue to be exempt from any means testing where there is a protected person (a spouse or dependent adult child) residing in the home. Even when the home is counted as an assessable asset (meaning it is not occupied by a protected person), only the first \$206,039.20 is taken into account.

<sup>1</sup> These figures are current as at the time of printing and effective from 20 September 2024. For current rates outside of this period, or for more information, please refer to the government website [myagedcare.gov.au](https://myagedcare.gov.au) or contact the My Aged Care hotline on 1800 200 422.

### 3. Accommodation payments

There are three accommodation payment options for residents to choose from, and each option is payable from the day of admission:

1. A fully refundable lump sum referred to as a Refundable Accommodation Deposit (RAD); or  
*A RAD is a lump sum payable by a resident for entry into residential aged care. The balance of the deposit is refunded (to you or your estate) when you leave the aged care home, less any amounts agreed to be taken out (e.g. extra services or care needs).*
2. Periodic payments referred to as a Daily Accommodation Payment (DAP); or  
*The DAP amount is calculated by converting the Refundable Accommodation Deposit into a daily charge using the Maximum Permissible Interest Rate (MPIR) applicable at the time of admission.*
3. A combination of both RAD and DAP

Residents paying a combination of RAD and DAP may choose to pay the DAP or other fees by using the money they paid into the RAD. This will reduce the total RAD that is refundable, and so the aged care provider can increase the DAP to compensate for the reduced RAD balance.

Residents have up to 28 days after coming into a residential aged care home to decide how to pay for their accommodation payment, and the resident's choice must be made in writing. Until a decision is made, the default payment option applied is a DAP.

Our Refundable Accommodation Deposits (RAD) are listed below (and also on [myagedcare.gov.au](http://myagedcare.gov.au)):

• Birralee, Innaloo – Single with ensuite	\$545,000
• Inglewood – Classic, single with ensuite	\$495,000
• Inglewood - Classic plus, single with ensuite	\$550,000
• Inglewood – Deluxe, single with ensuite	\$650,000
• Inglewood – Platinum, single with ensuite	\$750,000
• Madeley – Classic, single with ensuite	\$500,000
• Madeley – Deluxe, single with ensuite	\$525,000
• Onslow Gardens, Subiaco – Shared	\$370,000
• Onslow Gardens, Subiaco – Single with ensuite	\$625,000
• Oxford Gardens, Joondalup – Shared	\$310,000
• Oxford Gardens, Joondalup – Classic, single with ensuite	\$450,000
• Oxford Gardens, Joondalup – Deluxe, single with ensuite	\$480,000
• Redcliffe – Classic, single with ensuite	\$425,000
• Redcliffe – Deluxe, single with ensuite	\$450,000
• The Cove, Mandurah – Single with ensuite	\$495,000
• The Oaks, Waikiki – Shared	\$290,000
• The Oaks, Waikiki – Single with ensuite	\$465,000
• The Village, Inglewood – Shared	\$350,000
• The Village, Inglewood – Single with ensuite	\$550,000
• The Village, Inglewood – Single without ensuite	\$465,000

For people who have assets above \$61,500.00 and below \$206,039.20, and with an income of \$33,735.00 or less, the accommodation payment will be calculated by the Department of Health and classified as a contribution (daily accommodation contribution). There is also a maximum accommodation payment applied which can be paid as a lump sum (resident accommodation contribution).

### Interest rates

Interest rates charged are set by the DSS. The current interest rates applied to bonds and RADs are as follows:

Refundable accommodation payment	01 Jul – 30 Sep 2024	8.36%
	01 Oct – 31 Dec 2024	8.38%
Maximum rate on outstanding daily payments	01 Jul – 30 Sep 2024	8.36%
	01 Oct – 31 Dec 2024	8.38%
Base rate on refunds of RADs and Bonds	from 01 June 2021	2.25%

If you have queries about any of the above, please don't hesitate to contact Brightwater on 1300 223 968.

Alternatively, call the My Aged Care hotline on 1800 200 422 or visit the website [www.myagedcare.gov.au](http://www.myagedcare.gov.au).

## Frequently asked questions

### How is the refundable accommodation deposit (RAD) amount determined?

The amount is determined based on the type of accommodation (e.g. room type, amenities). Information on accommodation types, key features of the accommodation and the refundable accommodation deposit amount are available to view on the My Aged Care website.

### Does Brightwater keep any money from the RAD?

The resident may choose to pay other charges from their RAD deposit which can include the basic daily care fee, means tested care fee, or daily accommodation payment (if a part payment has been made). If deductions are made from the RAD, then the amount refunded will be the full RAD less the charges paid from the RAD. An interest rate is applied to cover the loss of possible investment through the reduction of the RAD holding.

### Are there minimum assets a resident must be left with?

The resident must retain at least \$61,500 of their total assets. However, the advertised RAD will not be reduced. For example if an advertised RAD is \$500,000 and the resident has \$400,000 in assets, a provider may only request a payment of \$338,500. The balance of the RAD would then be paid via a daily accommodation payment – either withdrawn from the deposit, or added to the daily fees account.

### What fees are paid by a supported or partly supported resident?

A person with assets below \$61,500.00 and an income of less than \$33,735.00 will only pay the Basic daily care fee and no other fees. However, if their income is above the threshold they may be asked to pay a means tested care fee and/or contribution. The care fee is applied by the department based on how the income is derived (e.g. income from an investment).

If a person has assets and income above the thresholds as shown in the previous paragraph, then they may be asked to pay a daily accommodation contribution. The amount is determined by the department and both the provider and the resident are notified by letter.

The maximum assets to be partly supported are \$206,039.20. If the resident has assets above this threshold then they will be asked to pay the full RAD for the residential aged care home.

### How long does a new resident have to pay the refundable accommodation deposit (RAD)?

This can be paid up to six months from the date of entry. However if there is a property in the process of being sold and the property does not sell within this period there is no requirement for the deposit to be paid from any other source. The DAP will continue to be applied until such time as the deposit is received.

### When are Refundable Accommodation Deposits (RAD) returned?

The RAD balance is repaid in accordance with the criteria outlined in the signed Resident Agreement. This is typically within 14 days after care has ceased to be provided.

If a RAD is refunded within 14 days then the Basic Interest Rate is applied – added to the refund. If a RAD is refunded after the 14 day period then the Maximum Permissible Interest Rate (MPIR) is applied – added to the refund.

### What happens to my RAD if a provider goes into liquidation?

The government has agreed to refund any RAD held by a provider entering liquidation.

### I am an existing resident in an aged care home and entered care prior to 1 July 2014. What do all the new legislative changes and reforms mean for me?

'Grandfathering' provisions apply for individuals who enter care prior to 1 July 2014. This is based on the proviso that continuation of care occurs – must be less than 28 days from leaving one provider and transferring to another provider.

If a resident transfers to another provider then they can choose to stay on their existing financial provisions (Bond, Accommodation Charge). However they must sign a form opting for this.

### How does the DAP and the combination payment with draw down work?

#### *Daily Accommodation Payment (DAP)*

A resident may choose not to pay the RAD. There will be a DAP applied which is the payment a resident must make in lieu of a deposit.

Example: The resident chooses to pay a RAD of \$450,000 as an equivalent DAP which would be \$103.07 per day. ( $\$450,000 \times 8.36\% \div 365 = \$103.07$ ).

#### *Combination of RAD and DAP*

The resident may choose to make a part deposit against the RAD and have the balance taken as a daily payment (DAP).

Example: the full price for the room is \$485,000 and the resident chooses to pay \$205,000 as a deposit (RAD) and to pay the remaining \$280,000 as a DAP. This equates to a DAP of \$64.13 per day ( $\$280,000 \times 8.36\% \div 365 = \$64.13$ ).

#### *Combination of RAD and DAP with draw down option*

In addition to choosing to pay a combination of RAD and DAP a resident may further elect to have their Daily Accommodation Payment (DAP) drawn down from their RAD deposit on a monthly basis.

Example 1: The resident provides a \$205,000 part RAD deposit and pays the remaining \$280,000 as a DAP. However, rather than physically pay the DAP each month they may elect to have the DAP paid as a draw down from their RAD deposit. The DAP to be applied to the RAD deposit will be \$1923.90 ( $30 \times \$64.13$ ). Therefore after the first month's draw down the RAD deposit is now \$203,076.10 ( $\$205,000 - \$1923.90$ ).

However, due to the diminishing balance of the RAD as a result of the DAP being drawn down from the RAD, the DAP payable will increase each month relative to the deposit available for investment by the provider. \$485,000 Room price - \$203,076.10 (new RAD balance for calculating DAP payable = \$281,923.90). Payment will be adjusted for next month ( $\$281,923.90 \times 8.36\% \div 365 \times 30 = \$1937.16$ ).

The actual drawdown will increase incrementally as the RAD deposit decreases.

Does Brightwater provide financial planning advice?

Brightwater is not able to provide financial planning advice as we are not financial advisors. We recommend you speak to your own financial advisor. If you do not have an advisor, you may wish to seek independent financial advice from a financial aged care industry specialist, such as:

- WA Aged Care Financial Solutions – 1300 827 229
- Perpetual Limited - 08 9224 4451 or 08 9224 4412
- Public Trustee Perth – 1300 746 116

A free Financial Information Service is available through Services Australia (Phone: 132 300).

We have no affiliation whatsoever with any of the above firms.