

# Working with your adviser

## Creating effective solutions for aged care

Preparing the way for yourself or a loved one to enter residential aged care can be a difficult and stressful task. But you don't have to face it alone. Getting advice can guide you through the process, providing professional advice and support to create effective solutions for your family. This guide highlights the role of an adviser and the value of professional advice.



## Planning your care needs

### As your adviser we can:

- Help you and your family to understand the range of care options and how the aged care system works.
- Outline the steps ahead to help you find and access the right type of care.
- Act as a central reference point for clear and relevant information on aged care and how your finances are impacted.

### A clear plan:

After her mother's fall, Mary needed to find residential care quickly. With no knowledge of the cost or the complexities of the aged care system, Mary met with her adviser and was able to get a clear understanding of the decisions and actions that needed to be taken right away to secure a place for her mother.

## Setting your priorities

### As your adviser we can:

- Help you to identify what's important and achieve your goals and objectives.



### Timely information:

The aged care service that Norma and her children (Ann and Tom) selected required a refundable accommodation deposit (RAD) that exceeded her savings. Ann and her brother Tom had different views on whether to sell the house to pay the balance. Tom did not want to sell as he didn't want to lose his parents' hard-earned money. He wanted to look for another service with a cheaper RAD. During a family meeting, their adviser went through their issues and explained how RADs work. Once Tom understood that his parents' money was not at risk and would be fully refundable when Norma no longer needed care they were able to come to an agreement that ensured comfortable accommodation for their mother and gave them both peace of mind.

## Financial review

### As your adviser we can:

- Review your financial situation to help provide solutions that meet your goals and objectives.
- Help you to evaluate what you can afford so you can focus on searching for a suitable aged care service.

### Finding solutions:

Joe had worked hard to pay off his home and it was now also home for his son and his family. So when Joe needed to move into aged care he was reluctant to sell his home.

This worried Joe and his son as they could not see any other option for paying the refundable accommodation deposit (RAD) needed to secure Joe a place in care.

Fortunately Joe's adviser pointed out he could afford to keep his home if he paid a part refundable accommodation deposit (RAD) and asked the care provider to take the daily accommodation payment (DAP) out of the RAD paid, and his son paid some rent. This enabled Joe to access care and manage his cashflow so his son could afford to keep living in the family home.

## Estimate fees

### As your adviser we can:

- Explain the range of fees and how they are calculated to estimate what you might need to pay.

### Clarity amidst confusion:

When George looked into aged care fees he discovered a confusing mix of variable costs and he couldn't get a fix on what he might have to pay.

His adviser worked through the calculations and showed George how different investment decisions impacted on his fees. As a result, George could see the cost of care under different scenarios and understand what he could afford.

## Options to pay for accommodation

### As your adviser we can:

- Determine the financial implications of keeping or selling your home (if you can use it to fund your aged care).
- Evaluate the options and strategies for your accommodation payment.
- Review the potential for strategies to maximise your age pension and minimise aged care fees.

### Confidently make informed decisions:

To secure a place in residential care, Alice had been asked to pay a refundable accommodation deposit (RAD) of \$400,000. As Alice had only \$80,000 in the bank, selling her home seemed the only option to pay the RAD.

Her home had been valued a couple of years ago at \$580,000 but the property market was very slow and the agent had told her not to expect more than \$500,000 now. Shocked, she consulted an adviser who outlined the options for selling or keeping the home and how to best structure each option. The financial analysis showed that she'd have surplus cashflow in either case. Alice felt relieved that she could afford to take her time to sell the house for a good price.

### RADs can be the solution, not the problem:

Amy was alarmed by the substantial RADs asked by residential services in her area and turned her focus to finding other services with lower RADs. Fortunately her children encouraged her to talk with their financial adviser who surprised her by showing that after selling her house, the payment of a higher RAD could in fact help to preserve more of her age pension so that she was still financially secure.

### Sell the right assets:

Sylvia owned an investment property, her home, an account-based pension and a small amount in cash at the bank. Sylvia needed to sell assets to pay for her aged care accommodation. Her adviser helped her work out the implications for tax, age pension and care fees to help her decide which investments she should sell and which to keep.





## Strategies to improve cashflow

### As your adviser we can:

- Develop strategies that generate a regular and reliable income to cover your daily care fees and other living expenses.
- Design strategies that take into account your family situation and estate planning needs.

### Choose the right investments:

Harold's adviser crunched the numbers – it was clear that selling the house to pay the refundable accommodation deposit (RAD) was his best option. The adviser also provided recommendations on the best way to invest the remaining sale proceeds and restructure Harold's other investments. This helped Harold to improve his cashflow and protect the value of his estate for his beneficiaries.



## Estate planning

### As your adviser we can:

- Highlight the implications of investment decisions on your estate plan to help avoid unintended consequences.
- Discuss the importance of an enduring power of attorney and guardianship.

### Protecting the estate:

Marg and Art were planning to sell their mother's house to pay for her entry into aged care. Fortunately their adviser recommended they review their mother's Will before making any decisions. They discovered that their mother had left the house to Marg and the balance of the estate to Art.

Their mother had alzheimers and was not able to change her Will so the adviser worked with Marg and Art to develop another solution for paying the fees without compromising the intent of the Will.


*Please note all case studies are based on real scenarios but are not real clients.*

To find out more about funding aged care options, contact us today.

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