

TODAY'S TOPIC

Funding aged care

Thank you for joining us.
We will commence shortly



“We acknowledge the Traditional Custodians of country throughout Australia and their connections to land, sea and community. We pay our respect to their elders past present and emerging and extend that respect to all Aboriginal and Torres Strait Islander peoples today.”

Acknowledgement of Country

IMPORTANT NOTICE

This presentation contains factual information and general advice only, including information about financial products. It has been prepared without taking into account your objectives, financial situation and needs. You should consider whether it is appropriate having regard to your personal circumstances before making any financial decisions.

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Agenda



Why planning is important?



The types of aged care services available



What is residential care and what is the cost?



Payment options and strategies to cover the costs



Planning for the future



How TelstraSuper can assist

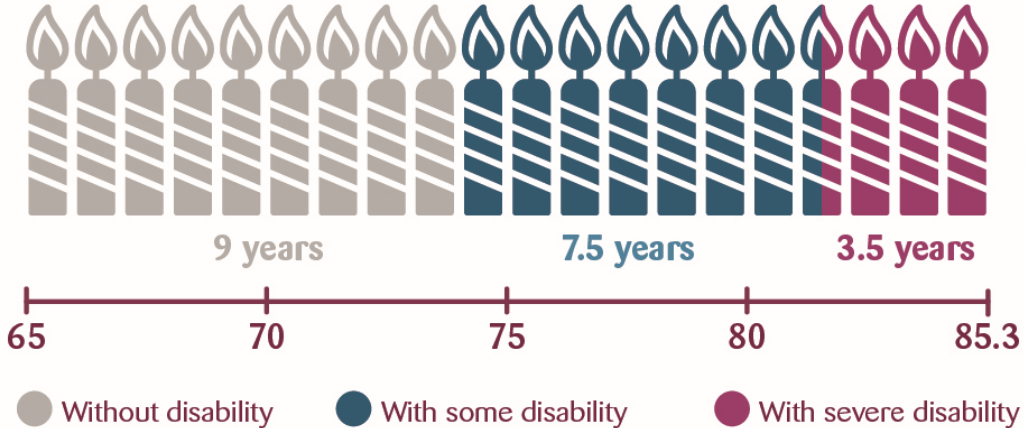


Questions

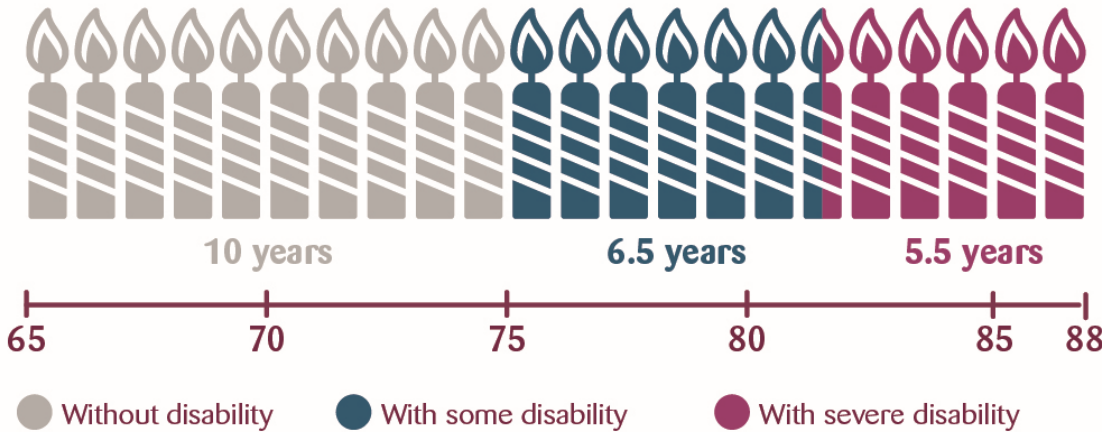
PLANNING AHEAD IS KEY



THREE PHASES OF RETIREMENT



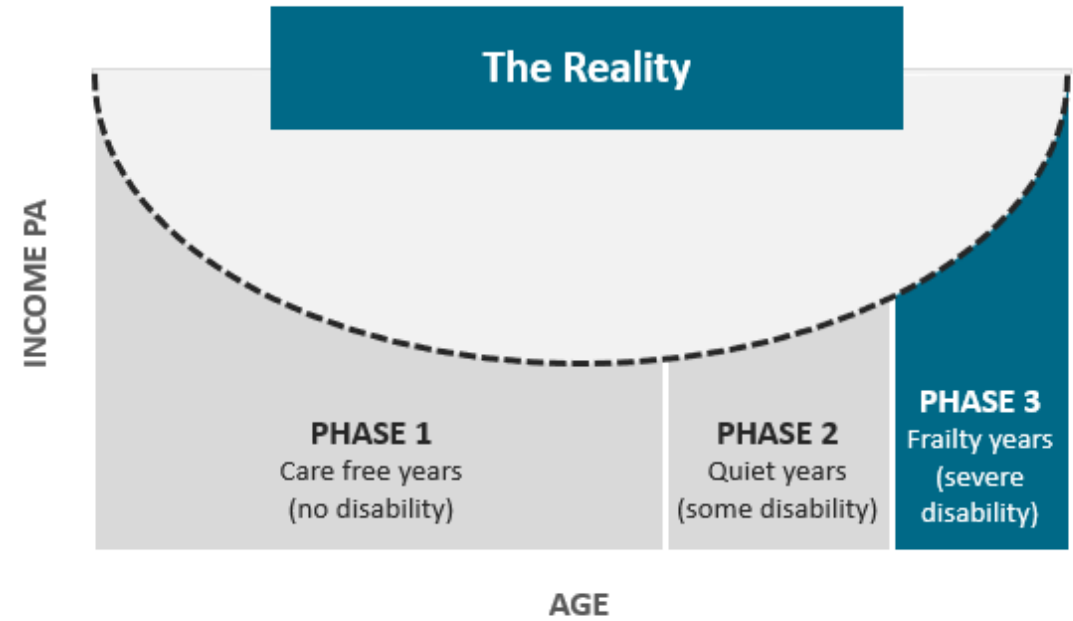
Male average life expectancy
85.3
(Currently aged 65)



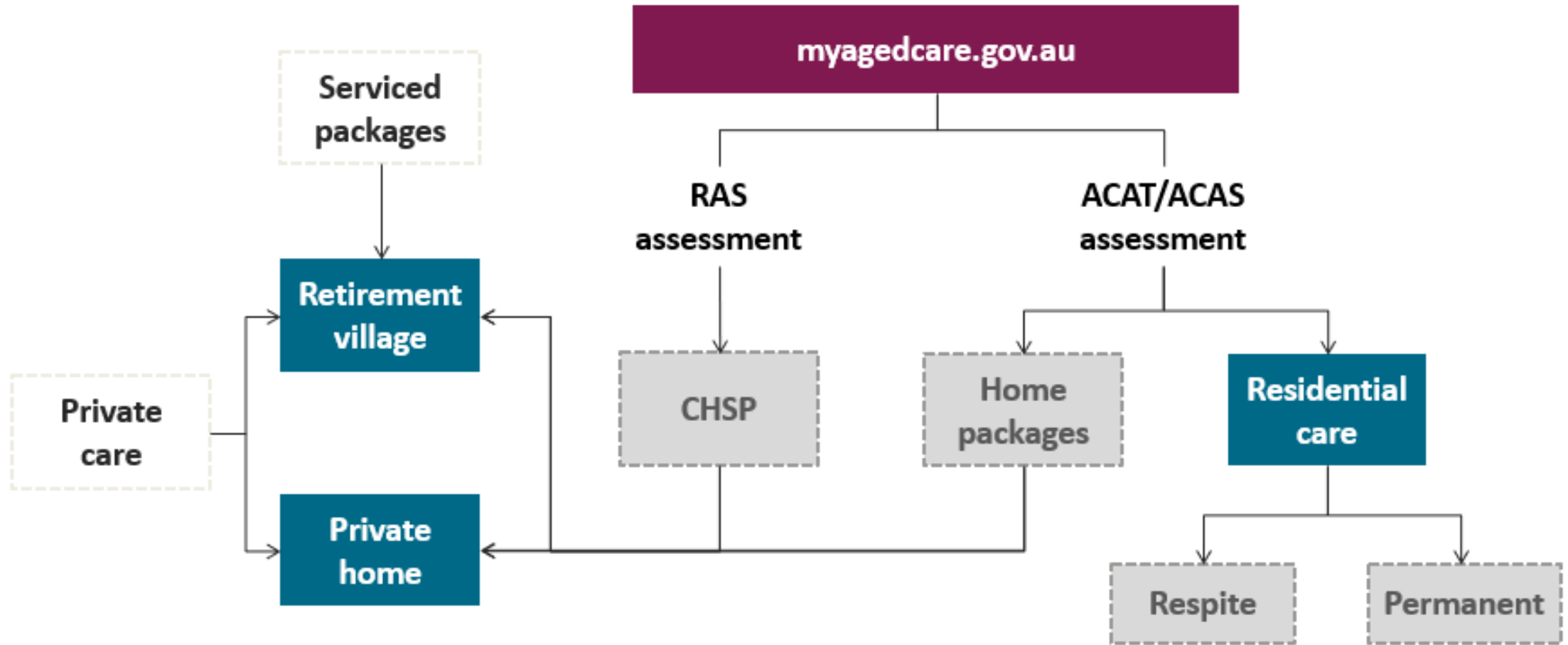
Female average life expectancy
88.0
(Currently aged 65)

Data source: Australian Institute of Health and Welfare – Selected health expectancies at age 65, by sex, 2018

SETTING RETIREMENT PLANS



A RANGE OF CARE OPTIONS



RETIREMENT VILLAGE OR RESIDENTIAL CARE?

Retirement village

- Personal expense
- Sale proceeds receivable depends on contract
- Money at risk if operator goes into liquidation
- Independent living (can access home care or pay for service options)

Residential care

- Government subsidised
- Full accommodation cost repaid (unless fees deducted)
- RADs are government guaranteed
- Fully supported living

RESIDENTIAL CARE



WHAT IS RESIDENTIAL CARE?



**Fully supported living
option**



**Provides
accommodation, support
with daily living activities
and personal care**



IS RESIDENTIAL CARE EXPENSIVE?

**Cost of care is
up to \$174,473* pa per person**

but

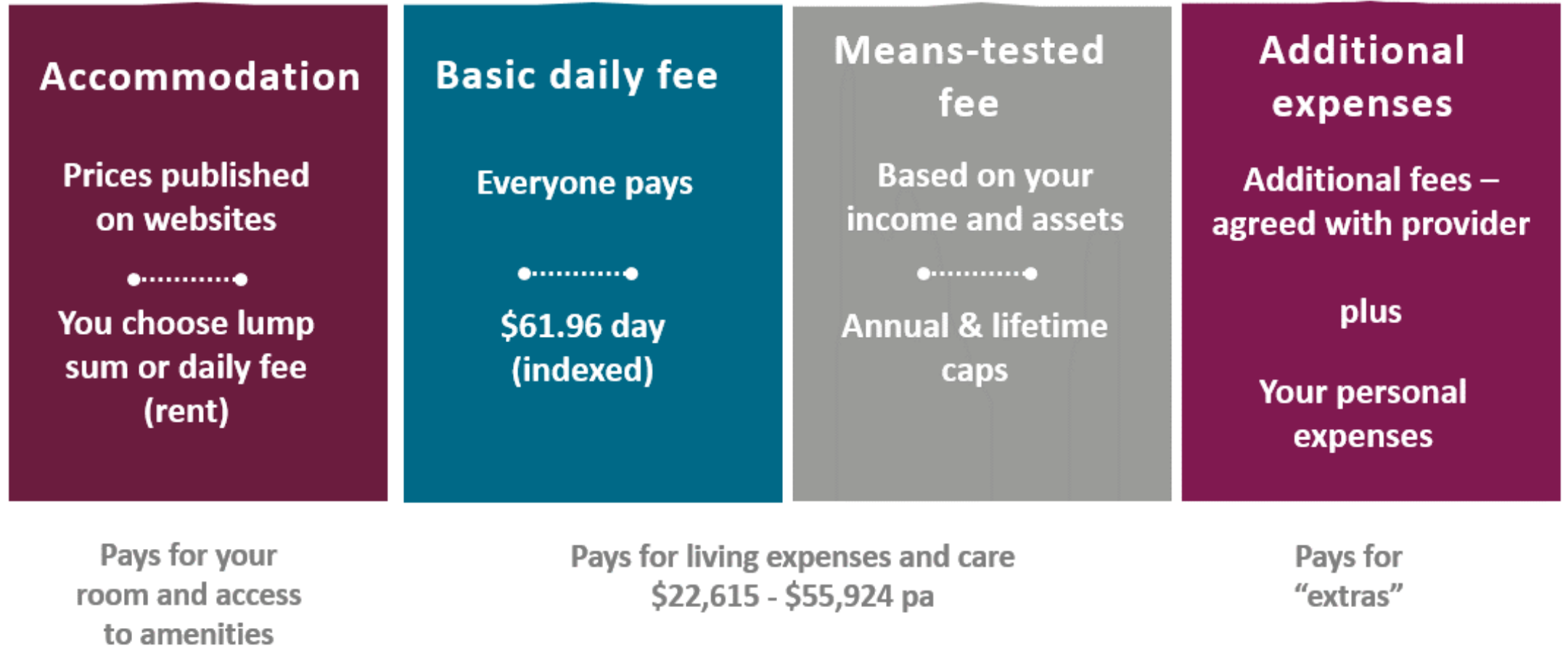
you only contribute \$22,615 to \$55,924*

and the Government pays the rest

* Accommodation is an extra cost

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RESIDENTIAL CARE - WHAT WILL YOU PAY?



PAYING FOR ACCOMMODATION

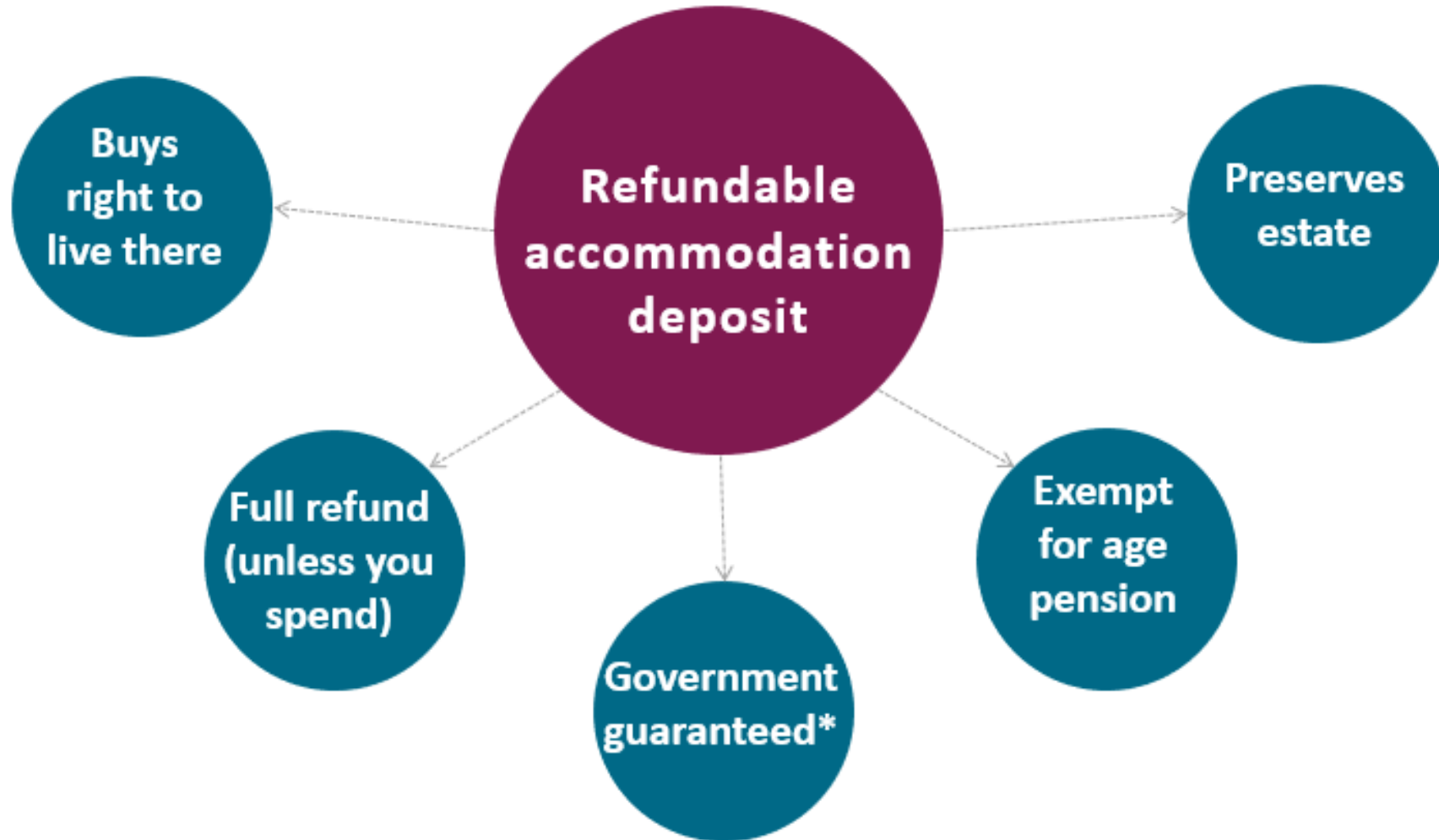


28 days after move to decide how you want to pay for your room



- Interest (daily fee) is payable if lump sum is not paid (or until paid)
- If you choose to pay a **lump sum**, you have up to 6 months to rearrange assets and make the payment
- If you choose to pay **daily fee**, you can change mind and switch to lump sum any time

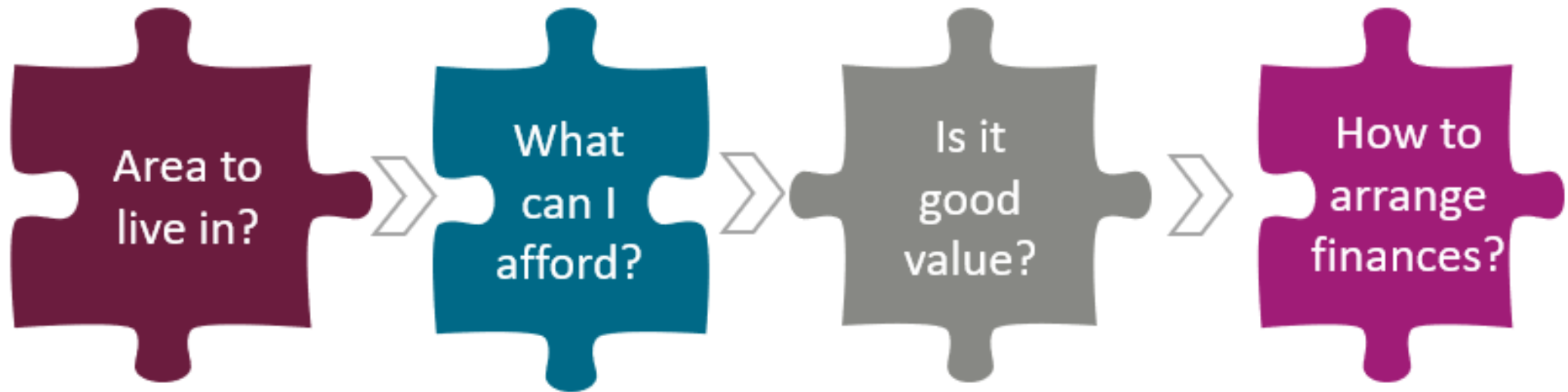
UNDERSTANDING RADS



**If approved provider, check www.myagedcare.gov.au*

CHOOSING WHICH RESIDENTIAL CARE SERVICE

How would you normally decide where to live?



Help to choose

- myagedcare.gov.au/service-finder
- Other search websites
- Placement services

MADGE: A CASE STUDY

- Madge (widow) is moving to residential care
- Agrees to an accommodation payment of \$300,000



DOES THE HOME COUNT?

To determine fees...

- Yes (at capped value - \$201,231.20) but exempt if spouse or “protected person” lives there
- Rent is assessable income

To calculate age pension...

- Exempt while spouse lives there, or otherwise up to 2 years
- At end of this time, full value is assessable asset
- Rent is assessable income



MADGE: THE VALUE OF ADVICE



Review full financial situation



Consider how to pay for accommodation



Generate cashflow to cover expenses



Optimise financial wealth & estate planning



- Release equity – sell home?
- Increase cashflow to pay DAP – rent home?
- Borrow against home?



- Annuity
- Investments
- Age pension
- Rental income

MADGE: OPTIONS FOR THE HOME

	Sell home (\$500k) & pay full RAD (\$300k)	Keep home at \$350 pw rent & pay DAP
Investment income (1.5%)	\$3,758	\$647
Rent	-	\$18,200
Age pension	\$29,024	\$22,522
Total income	\$32,782	\$41,369
Less: daily fees (basic + means-tested)	\$22,615 + \$4,160 = \$26,775	\$22,615 + \$3,705 = \$26,632
Less: DAP for accommodation	Nil	\$25,020 (8.34%)
Less: personal expenses	\$5,000	\$5,000
Less: Tax	\$0	\$2,287
Cashflow result	\$1,007	(\$17,259)

MADGE: WHICH IS BETTER OPTION?



- Funding options
- Impact on age pension and means-tested fee
- Estate planning impacts
- Emotional and family considerations
- Potential value and use of former home
- Ability to generate cashflow

AVOID RUSHED DECISIONS

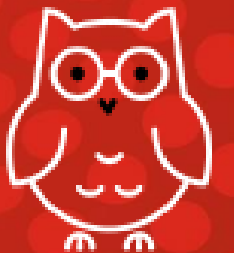
Plan for the future

- Involve your family
- Make known your priorities and preferences
- Identify who will be responsible (when you can't) for:
 - Financial decisions
 - Medical decisions
 - Living arrangement decisions
- Locate important documents
- Consider estate planning
- Get advice early to create an optimal financial outcome





HOW TELSTRASUPER CAN ASSIST



Four financial advice services to empower you



SUPER *sorter*

Simple phone advice and info designed to help you maximise your super.

No additional cost to members

Included in membership



STEP *it up*

Want to take that next step with your super or finances? We'll find you a simple solution.

Low cost Options

\$500 - \$900 per topic per person
(+GST if applicable)



BIG *picture it*

Let's check out your whole financial situation and make a plan.

One off fee for service

\$1000 - \$3000
(+GST if applicable)



STAY *on track*

Ongoing expert advice on super and wealth. We'll nudge and encourage you, keeping you on track as life changes.

Annual fee for service

\$1750[^] pa or \$2300[^] pa
depending on advice
(+GST if applicable)

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THANKS FOR YOUR TIME



We're happy to answer your questions



1300 033 166

8:30am - 6:00pm (Melbourne time) Monday to Friday



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Your leading profit-to-member fund

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