YOUR GUIDE TO AGED CARE

JULY 2012

securitor

Securitor Financial Group Limited ABN 48 009 189 495 AFSL Number 240687 Australian Credit Licence Number 240687

ABOUT THIS GUIDE

This guide is designed for use as a reference when you are advising your clients on aged care.

Here's a brief outline of the topics covered.

You should be aware that fees and thresholds quoted in this guide are all current as at the time of this publication (July 2012) but will change in line with indexation increases.

Introduction

Just under 14% of Australians are currently over 65 and this figure is set to increase significantly as the 'baby boomers' age*.

About 17% of Australians who are over 65 are currently in some form of formal care. In fact it's estimated that about 37% of women and 24% of men who reach 65 will, at some stage, enter aged care*.

There are a number of options (listed below) for people requiring a significant level of professional care, though availability generally depends on a medical assessment.

- Hostels
- Nursing homes
- Ageing in place facilities
- Extra service nursing homes
- Extended aged care at home
- Private care

* Australian Bureau of Statistics – 2011.

ASSESSMENT FOR AGED CARE

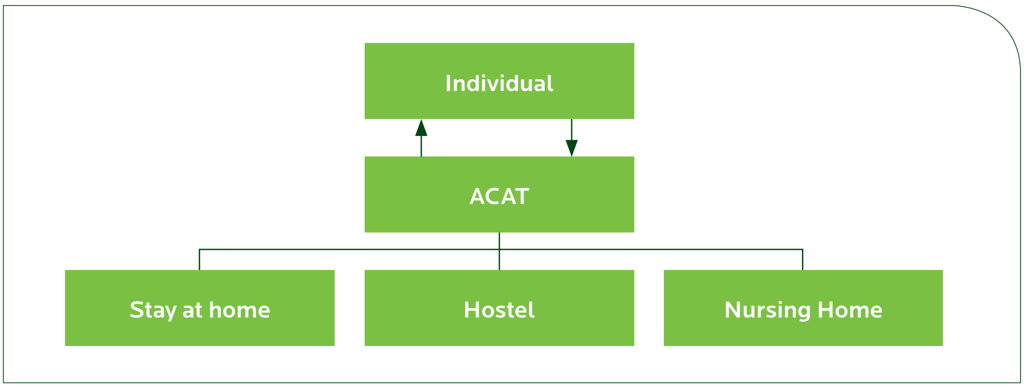
With the exception of purely private care, people needing residential aged care usually receive a level of Commonwealth support according to their income. The Aged Care Act 1997 regulates the fee structure and the standards of care provided.

A person can't just decide to enter aged care – they must be assessed as needing the level of care offered. Assessment is carried out by an Aged Care Assessment Team (ACAT) (Aged Care Assessment Service – ACAS – in Victoria).

The ACAT is a team of health professionals that:

- assesses the level of care a person might require
- provides information about local facilities and organises respite care if necessary
- may be able to arrange community care to allow a person to be cared for in their own home.

To work out the cost of care, it's important to know exactly which type of facility the person has entered, or is about to enter as each has a different cost structure.



HOSTELS

Hostels offer residential aged care with a relatively low level of care.

Extra service facilities

A hostel may be approved as an 'extra service facility' because it provides a higher standard of accommodation (for example, it may offer private bathrooms, nicer bedrooms, better food, etc.).

These extra services may be available for residents receiving a high or a low level of care. They are allowed to charge an Accommodation Bond, even to those receiving high care. They can also charge an extra daily fee in addition to the daily income tested fee.

Income details

The daily costs associated with aged care depend on the client's income. Centrelink or DVA collect the client's income information. This process is automatic for Centrelink or DVA pensioners.

Although it's not compulsory, self-funded retirees should provide their income details to the appropriate agency. If they don't, the maximum charge may be assessed.

Basic daily fees

Pursuant to the Age Care Act 1997, Australian Government subsidised aged care facilities may charge residents a basic daily fee as a contribution towards accommodation costs and living expenses such as meals, cleaning, laundry, heating and cooling.

The Age Care Act was amended in 2009 to reflect the increase in the rate of age pension that took effect from 20 September 2009 pursuant to the 2009 Budget measure "Secure and Sustainable Pensions".

As a result of these changes there are now four different rates of basic daily fees; however the majority of residents will be paying what is known as the "standard resident contribution" rate of basic daily fee. The maximum standard resident contribution rate that can be charged was increased from 84% to 85% of the single basic age pension amount commencing 1 July 2012. The increase was made so that the additional financial assistance received by pensioners and Commonwealth Seniors Health Card holders as part of the carbon pricing scheme compensation package is shared between aged care residents and the aged care home. Those aged care residents not eligible for the age pension, service pension or the Commonwealth Seniors Health Card living in aged care on 30 June 2012 have not had their fees increased due to the carbon pricing scheme. Rather a new Australian Government aged care subsidy is paid in respect of these residents.

Each resident's basic daily fee is determined at the date of entry. Thereafter, the fee is indexed on 20 March and 20 September in line with the indexation increases to the age pension.

As at 1 July 2012, the charges for the four different rates of basic daily fees are as follows:

Basic Daily Fee Rates	
Standard resident contribution[1]	Up to $42.21
Protected resident contribution[2]	Up to $38.48
Phased resident contribution[3]	Up to $41.22
Non-standard resident contribution[4]	Up to $47.92

1 The **standard rate** will apply to most aged care residents including full pensioners and some part-pensioners with lower amounts of private income.

2 The **protected rate** will apply to people in care on 19 September 2009 who did not get the benefit of a pension increase, including self-funded retirees who were in permanent care on 19 September 2009.

3 The **Phased rate** will apply to people who enter care on or after 20 September 2009 who did not get the benefit of a pension increase, including self-funded retirees who enter care on or after 20 September 2009. The Phased rate will increase 6 monthly, such that by 20 March 2013 it will be aligned with the standard rate.

4 The **non-standard rate** will apply to certain people who entered care prior to 20 March 2008, including those self-funded retirees who entered care before 20 March 2008, pensioners who had paid a large bond, or residents who have chosen not to disclose their financial information to Centrelink.

Daily income tested fee

Residents in permanent aged care may be asked to pay an income tested fee in addition to the basic daily fee.

A resident cannot be asked to pay an income tested fee if they:

- are a full means tested pensioner
- are a respite resident
- are a former prisoner of war
- were receiving permanent residential care at any time before 1 March 1998
- have a dependent child.

The maximum amount of the daily income tested fee is currently capped at $67.04. The cap is reviewed quarterly. The actual fee payable is the lesser of:

- the actual cost of care
- 5/12th (41.67%) of the client's total assessable income in excess of the applicable income tested fee threshold; and
- the income tested fee cap.

The daily income tested fee is based on the client's total assessable income which is defined as Centrelink/DVA pension income plus ordinary income.

The client's ordinary income is assessed in exactly the same way as under the Centrelink income test.

Different income tested fee thresholds apply depending upon the resident's basic daily fee classification.

The current income tested fee thresholds are as follows:

	Income tested Fee Thresholds (per fortnight)	
Resident Classification	Single	Each member of a couple
Standard	$875.10	$857.10
Non-Standard	$875.10	$857.10
Protected	$775.60	$757.60
Phased	$846.74	$828.74

For each member of a couple, the total assessable income is 50% of the combined ordinary income plus any Centrelink/DVA income the person receives.

Accommodation Bond

The Accommodation Bond is a lump sum amount negotiated between the hostel and the client. The only rule is that the client must be left with at least $40,500 of assessable assets after paying the Accommodation Bond.

A typical bond might be $300,000 however we have seen bonds as low as $30,000 and over $1,00,000.

Assessable assets

For this purpose, assessable assets include those assets normally counted for the Centrelink assets test plus super if it is legally accessible as a lump sum (if a client satisfies a condition of release), even if they are still under age pension age.

The family home is also assessed unless it is occupied by:

- the client's partner
- a dependant child
- a close family member who has lived in the home for at least five years and is eligible for a Centrelink/DVA income support payment
- the client's carer, who has lived in the home for at least two years and is eligible for a Centrelink/DVA income support payment.

Any gift above $10,000 pa or $30,000 over a five year rolling period will also generally be included for five years from the date of disposal.

Agreement, payment and refund

An Accommodation Bond agreement must be signed within seven days of entering the hostel.

The Accommodation Bond may be paid:

- as a lump sum within six months. During this time the hostel can charge interest. From 1 July 2012 this can't exceed 7.66% per annum.
- by periodic payment, or combined lump sum/ periodic payment.

The periodic payment is calculated at a maximum of 7.66% per annum based on the agreed Accommodation Bond amount plus the retention amount of $3,876 per year.

The Accommodation Bond less retention amount is refundable when the client leaves the hostel. The hostel can retain $323 per month ($3,876 per year) for the first five years, to a maximum of $19,380 (as at 1 July 2012).

The outstanding Accommodation Bond:

- is not assessable under the Centrelink assets test
- is not deemed to earn income under the income test.

What if a client can't afford the Accommodation Bond?

After paying the Accommodation Bond the client must be left with at least $40,500 of assessable assets. Any resident whose assessable assets are $40,500 or less does not have to pay an Accommodation Bond. Such residents are referred to as "concessional residents".

Financial Hardship Assistance

If payment of an accommodation bond will cause genuine financial hardship, the client may apply for assistance, by calling the Age Care Information Line on 1800 500 853.

CASE STUDY

George, aged 73 and single, is assessed by the ACAT to need hostel level of care. After negotiating an Accommodation Bond of $110,000 (funded from term deposits), George's assets/income and the amounts that would be assessable by Centrelink look like this:

	Actual assets $	Centrelink assessable assets $	Actual income $	Centrelink assessable income $
Home	700,000			
Accommodation Bond	110,000			
Term Deposit	10,000	10,000	500	300
Superannuation Pension	150,000	150,000	12,295	Nil
Comsuper			12,000	12,000
Age Pension			15,469	
Personal	10,000	10,000		
Total	**980,000**	**170,000**	**40,264**	**12,300**

The table shows how the daily fees are calculated. (George could rent out his home, but the net rental income would affect the amount of pension and the daily income tested fee. This is because he paid a lump sum accommodation bond. Refer – Treatment of the home).

Assessable income	Assessed income is $27,769 pa or $1,068.04 per fortnight
Free area	$875.10 per fortnight
Excess	$192.94 per fortnight
Daily income Tested Fee	($192.94 x 5/12)/14 = $5.74 per day
Fees:	
Basic Daily Fee	$42.21
Daily income Tested Fee	$5.74
Total	**$47.95 per day or $17,501.75 pa**

After two years George's home becomes an assessable asset which means his situation now looks like this:

	Actual assets $	Centrelink assessable assets $	Actual income $	Centrelink assessable income $
Home	700,000	700,000		
Accommodation Bond	110,000			
Term Deposit	10,000	10,000	500	300
Superannuation Pension	150,000	150,000	12,295	Nil
Comsuper			12,000	12,000
Age Pension				
Personal	10,000	10,000		
Total	**980,000**	**870,000**	**24,795**	**12,300**

Assessable income	Assessed income is $12,300 pa or $473.08 per fortnight
Free area	$875.10 per fortnight
Excess	$0
Daily income Tested Fee	$0
Fees:	
Basic Daily Fee	$42.21
Daily income Tested Fee	$0
Total	**$42.21 per day or $15,407 pa**

If George sells his home and deposits the proceeds in a bank account earning interest at 5%, his situation would look like this:

	Actual assets $	Centrelink assessable assets $	Actual income $	Centrelink assessable income $
Accommodation Bond	110,000			
Cash from sale of home/interest	700,000	700,000	35,000	30,969
Term Deposit	10,000	10,000	500	300
Superannuation Pension	150,000	150,000	12,295	Nil
Comsuper			12,000	12,000
Age Pension				
Personal	10,000	10,000		
Total	**980,000**	**870,000**	**59,795**	**43,269**

Assessable income	Assessed income is $43,269 pa or $1,664.19 per fortnight
Free area	$875.10 per fortnight
Excess	$789.09 per fortnight
Daily income Tested Fee	($789.09 x 5/12)/14 = $23.48 per day
Fees:	
Basic Daily Fee	$42.21
Daily income Tested Fee	$23.48
Total	**$65.69 per day or $23,977 pa**

NURSING HOMES

A nursing home offers residential aged care with a relatively higher level of care than a hostel.

Extra service facilities

A nursing home may be approved as an 'extra service facility' because it provides a higher standard of accommodation (for example, it may offer private bathrooms, nicer bedrooms, better food, etc.).

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Each resident's basic daily fee is determined at the date of entry. Thereafter, the fee is indexed on 20 March and 20 September in line with the indexation increases to the age pension.

As at 1 July 2012, the charges for the four different rates of basic daily fee have been as follows:

Basic Daily Fee Rates	
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4 The **non-standard rate** will apply to certain people who entered care prior to 20 March 2008, including those self-funded retirees who entered care before 20 March 2008, pensioners who had paid a large bond, or residents who have chosen not to disclose their financial information to Centrelink.

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The client's ordinary income is assessed in exactly the same way as under the Centrelink income test.

Different income tested fee thresholds apply depending upon the resident's basic daily fee classification.

The current income tested fee thresholds are as follows:

Resident Classification	Income tested Fee Thresholds	
	Single	Each member of a couple
Standard	$875.10	$857.10
Non-Standard	$875.10	$857.10
Protected	$755.60	$757.60
Phased	$846.74	$828.74

For each member of a couple, the total assessable income is 50% of the combined ordinary income plus any Centrelink/DVA income the person receives

Accommodation Charge

Except in the case of extra service nursing homes (see 'Extra service facilities'), a person entering a nursing home will not be asked to pay a lump sum Accommodation Bond but they may have to pay an Accommodation Charge based on an assets test. This charge is fixed from the date the person enters the home until they are discharged from care for a period greater than 28 days.

Assessable assets

For this purpose, assessable assets include those assets normally counted for the Centrelink assets test plus super if it is legally accessible as a lump sum (if a client satisfies a condition of release), even if they are still under age pension age.

Family home is also assessed unless it is occupied by:

- the client's partner
- a dependant child
- a close family member who has lived in the home for at least five years and is eligible for a Centrelink/DVA income support payment
- the client's carer, who has lived in the home for at least two years and is eligible for a Centrelink/DVA income support payment.

Any gift above $10,000 pa or $30,000 over a five year rolling period will also generally be included for five years from the date of disposal.

Calculating the Accommodation Charge

Any new resident entering a nursing home who has assessable assets of $40,500 or less will not be required to pay a daily accommodation charge.

If assessable assets are $108,266.40 or more, the maximum daily charge of $32.58 will be payable.

The daily charge for new residents with assets between $40,500 and $108,266.40 is calculated as:

Total assets (divided by 2 if a couple) minus $40,500, divided by 2,080.

The table below demonstrates the calculation of maximum Accommodation Charge for new residents at various asset levels.

Single person assets $	Excess assets $	Daily Charge per Person (divide by 2,080) $	
40,500.00	0.00	Nil	
50,500.00	10,000.00	4.81	
60,500.00	20,000.00	9.62	
70,500.00	30,000.00	14.42	
80,500.00	40,000.00	19.23	
90,500.00	50,000.00	24.04	
108,266.40	67,766.00	32.58	maximum

It should be noted, that if a person moves (within 28 days) from one aged care home where an accommodation charge was payable to another aged care home where an accommodation charge is also payable, the level of charge in the new home will be capped at the maximum accommodation charge the person was eligible to pay in the previous aged care home. This is of particular relevance for clients who first entered age care homes before 20 March 2008 as lower maximum accommodation charge rates apply depending upon the date of entry.

CASE STUDY

Financial Hardship Assistance

If payment of an accommodation charge will cause genuine financial hardship, the client may apply for assistance by calling the Age Care Information Line on 1800 500 853.

Georgina, aged 73 and single, is assessed by the ACAT to need nursing home level of care. Georgina's assets/income and the amounts that would be assessable by Centrelink look like this:

	Actual assets $	Centrelink assessable assets $	Actual income $	Centrelink assessable income $
Home	620,000			
Term Deposit	120,000	120,000	6,000	4,719
Superannuation Pension	150,000	150,000	12,295	Nil
Comsuper			12,000	12,000
Age Pension			13,259	
Personal	10,000	10,000		
Total	**900,000**	**280,000**	**43,554**	**16,719**

Assessable income	Assessed income is $29,978 pa or $1,153.00 per fortnight
Free area	$875.10 per fortnight
Excess	$277.90 per fortnight
Daily income Tested Fee	($277.90 x 5/12)/14 = $8.27 per day
Fees:	
Accommodation Charge	As Georgina's assets exceeded $108,266.40 at time of entry, she will have to pay the maximum Accommodation Charge of $32.58 per day
Basic Daily Fee	$42.21
Daily income Tested Fee	$8.27
Total	**$83.06 per day or $30,317 pa**

After two years Georgina's home will become an assessable asset and her age pension will cease. Suppose she sells her home and invests the proceeds in a bank account paying interest at 5%? Her situation would look like this:

	Actual assets $	Centrelink assessable assets $	Actual income $	Centrelink assessable income $
Term Deposit	120,000	120,000	6,000	4,719
Cash from sale of home/interest	620,000	620,000	31,000	27,900
Superannuation pension	150,000	150,000	12,295	Nil
Comsuper			12,000	12,000
Age Pension				
Personal	10,000	10,000		
Total	**900,000**	**900,000**	**61,295**	**44,619**

Assessable income	Assessed income is $44,619 pa or $1,716.12 per fortnight
Free area	$875.10 per fortnight
Excess	$841.02 per fortnight
Daily income Tested Fee	($841.02 x 5/12)/14 = $25.03 per day
Fees:	
Accommodation Charge	As Georgina's assets exceeded $108,266.40 at time of entry, she would continue to pay the maximum Accommodation Charge of $32.58 per day
Basic Daily Fee	$42.21
Daily income Tested Fee	$25.03
Total	**$99.82 per day or $36,434 pa**

If Georgina were to rent out her home (within two years of her vacating it) for $325 per week, her situation would look like this:

	Actual assets $	Centrelink assessable assets $	Actual income $	Centrelink assessable income $
Term Deposit	120,000	120,000	6,000	4,719
Property/rent	620,000		16,900	Nil
Superannuation pension	150,000	150,000	12,295	Nil
Comsuper			12,000	12,000
Age Pension			13,259	
Personal	10,000	10,000		
Total	**900,000**	**280,000**	**60,454**	**16,719**

Assessable income	Assessed income is $29,978 pa or $1,153.00 per fortnight
Free area	$875.10 per fortnight
Excess	$277.90 per fortnight
Daily income Tested Fee	($277.90 x 5/12)/14 = $8.27 per day
Fees:	
Accommodation Charge	As Georgina's assets exceeded $108,266.40 at time of entry, she would continue to pay the maximum Accommodation Charge of $32.58 per day
Basic Daily Fee	$42.21
Daily income Tested Fee	$8.27
Total	**$83.06 per day or $30,317 pa**

As she is paying the Accommodation Charge, the rental income is not assessable. In this case her home will not become an assessable asset after two years.

TREATMENT OF THE HOME

Centrelink assessment of the home

	Income	Assets
Home sale proceeds held as cash*	Deemed immediately	Assessable immediately
Retained home partner residing	Not assessable	Not assessable
Retained home vacated	Not assessable	Assessable after 2 years
Retained home rented**	Assessable as if an investment property	Assessable after 2 years

* the assessment will depend on how the proceeds are invested

** unless an Accommodation Charge is paid or an Accommodation Bond is paid periodically

Renting the home

- Where a person is paying the Accommodation Charge or the Accommodation Bond periodically and within two years of entering aged care renting their home (their principal residence immediately before entering aged care): the home is not assessable under the pension assets test
- rental income is not assessable under the pension income test or the daily income tested fee.

Selling the home

Whether or not to sell the home of a client entering aged care to pay the bond is an important financial decision that will depend on the client's circumstances. If they decide not to sell, it may be possible to fund the bond by borrowing against the home or making periodic payments. The table lists some of the arguments for and against selling.

Reasons for selling the home	Reasons for keeping the home
Rental return may not cover periodic payment interest charges to fund the bond	The emotional issue – you can never go back
Simpler administration	Centrelink won't assess for two years and may never assess the home or rent received from it (if you meet the required criteria)
No rates or maintenance costs	Centrelink will assess the proceeds from the sale home, less the amount spent on the Accommodation Bond, immediately, with a probable loss or reduction in pension
Centrelink may assess the home after two years	Daily income tested fee may apply if the home is sold
A good market for selling	Possible increase daily income tested fee if home is sold
Land tax thresholds are usually reduced immediately a resident vacates the home	If moving from a hostel to a nursing home within two years the assessment may change
	It is a CGT exempt asset and will remain exempt for six years if rented (indefinitely if not rented)
	A bad market for selling
	If the home is rented (within 2 years of being vacated) and a periodic Accommodation Bond or Accommodation Charge paid: • the value of the home will not be counted as an asset for Social Security • rental income will not count as income under the Social Security income test • rental income will not count as income for the daily income tested fee

DAILY INCOME TESTED FEE STRATEGIES

The daily income tested fee is assessed in exactly the same way as the Centrelink income test and so a number of strategies can be adopted to reduce this fee.

Commencing an income stream

Purchasing an income stream generally provides better outcome under the income test when compared to financial investments (for example bank account, managed fund or share portfolio) that are subject to deeming.

The concessional treatment of income streams arises from the calculation of a deductible amount for Centrelink purposes which reduces the assessable income under the income test.

Deeming rates do not generally apply to income streams (apart from some short-term non-complying income streams with a term of less than five years).

When assessing the merits of this strategy for ordinary money fixed term annuities, consideration should be given to the attractiveness of prevailing interest rates and the term of the income stream.

Purchasing land or a holiday home as an investment

If the land/holiday home is not producing any income they are simply treated as lifestyle assets from Centrelink's perspective, as opposed to financial investments.

Although included in the assets test they are not subject to the income test, hence no assessable income.

Gifting

By gifting an asset a pensioner can reduce the effect of the assets and income test, and thus decrease their income tested fees.

The gifting rules carried out by Centrelink and DVA involve two concurrent tests for individuals and couples alike.

1. Maximum of $10,000 per financial year; and
2. $30,000 over a five-year rolling period.

Any amount gifted which falls outside either of the concurrent tests will be treated as a financial asset for Centrelink purposes for five years from the date of disposal.

Create a family trust and buy an insurance bond

The client can consider gifting to a family trust. Deprivation does not apply if the trust is 100% attributed to client. Therefore, from the assets test point of view, there is no change.

Income test wise, when a private trust is involved, Centrelink/DVA only assesses the actual distributions from the trust.

As insurance bonds do not distribute income, there is no income generated by the trust to distribute to the beneficiaries. If there is no income distributed by the trust, there is no assessable income. However, care needs to be taken if the insurance bond is withdrawn when it becomes assessable income.

Also, insurance bonds are taxed internally at 30% which maybe higher than the client's marginal tax rate. Lastly, additional costs need to be taken into account to have the new trust set up for this purpose.

ADDITIONAL INFORMATION

Other Centrelink issues

When one or both members of a couple are in aged care, they qualify as an 'illness separated' couple for Centrelink purposes. They are assessed under the joint means test, but payment is made based on the single rate of pension. This is because all the charges for aged care are made to individuals.

Even if a couple share a room in a hostel, they will each have to pay an Accommodation Bond and each be subject to the daily fee and daily income tested fee.

Taxation

Payments made under the Aged Care Act 1997 qualify as 'medical expenses' for the purpose of claiming the Medical Expenses Tax Offset.

Aged care fees which may qualify as medical expenses for the Medical Expenses Tax Offset include:

- daily fees (basic daily fees plus income tested fees)
- extra service fees
- the Accommodation Charge
- periodic payments of Accommodation Bonds (but not lump sum payments of Accommodation Bonds)
- the retention amount deducted from a lump sum Accommodation Bond.

Other aged care solutions

Ageing in place facilities

These facilities offer both low care (hostel) and high care (nursing home) levels of accommodation (subject to availability) with two great advantages:

- A client can progress from low to high-level care without the disruption of a completely new environment.
- If the partner needs a different level of care, you are not completely separated.

There are two possible treatments of the Accommodation Bond when transferring from low-level care to high-level care within an ageing in place facility. These are subject to negotiation between the resident and the facility:

1. The facility would repay the Accommodation Bond and the client would start paying Accommodation Charge. This is what would happen if moving to a new facility.
2. The Accommodation Bond continues in place. No Accommodation Charge is made.

This can impact upon the assessment of the previous principal residence (see 'Nursing Home').

Extended aged care at home

Providers can provide aged care in the person's own home, but this option is not universally available.

For a care recipient receiving the aged pension, the maximum fee which can be charged is 17.5% of the basic rate of single pension. People on higher incomes may be asked to pay additional fees (limited to 50% of any income above the basic rate of single pension).

For more information about this service and the costs involved see 'Extended Aged Care at Home Packages' on the Department of Health and Aging website at www.health.gov.au.

Private care

These arrangements (usually for the wealthy or people who have received substantial compensation payments) can be extremely expensive and are beyond the scope of this publication.

Blind pensioners

Blind pensioners (those that meet any one of the following criteria) can receive an age, service or disability pension without having to meet any means test:

- visual acuity on the Snellen Scale after correction by suitable lenses of less than 6/60 in both eyes
- constriction to within 10 degrees of fixation in the better eye irrespective of corrected visual acuity
- a combination of visual defects resulting in the same degree of visual impairment as that occurring in the two points above.

The standard rate of basic daily fee applies for clients receiving a pension under these circumstances, although they would be subject to a means test under the Aged Care Act.

DVA pensions

Generally, individuals in receipt of DVA income support pensions are assessed in a similar manner to that of Centrelink pension recipients.

War Widow's/Widower's pension and DVA Disability Pension are classed as compensation rather than income support and are not subject to a means test, although payments will be included (after discount) as income when calculating the income tested fees.

Your clients should contact the DVA aged care team on (02) 9213 7034 to find out more about how the fees are calculated.

You can contact the Asgard Wealth Solutions Technical Hotline for more information about DVA pensions and aged care.

Enduring guardianship and power of attorney

An enduring power of attorney will permit a trusted friend or relative to take care of a client's financial matters if he or she is unable to. But what about lifestyle decisions?

An enduring power of attorney doesn't allow the attorney to decide where a person will live or what medical treatment they will receive. Only an enduring guardian has the authority to make these decisions.

The laws relating to enduring guardianship and medical powers of attorney are different in every state and territory as outlined in the table.

State	Provisions
New South Wales **Tasmania** **South Australia**	A person (the principal) can appoint an enduring guardian should they lose the capacity to make their own decisions. An enduring guardian will have authority over a range of health and lifestyle decisions concerning the principal.
Queensland	A person can make an advance health directive that outlines what treatment they should receive and what health decisions any appointed agent may make.
Australian Capital Territory	A person can sign a medical power of attorney.
Victoria	A person can sign an enduring power of attorney (medical treatment).
South Australia	A person can appoint an enduring guardian and sign a medical power of attorney that will overrule an enduring guardian in relation to medical matters.
Western Australia **Northern Territory**	No legislation in place for the appointment of an enduring guardian or medical power of attorney.

GLOSSARY

'ACAS': (Victoria) Aged Care Assessment Service

'ACAT': Aged Care Assessment Team. The team of medical professionals that assess a persons need for a level of aged care

'Accommodation Bond': A lump sum payable on entry to an aged care facility offering a low level of aged care, and some extra service facilities offering a high level of care, based on an asset test at entry

'Accommodation Charge': A daily fee payable by residents of an aged care facility offering a high level of care, (except some extra service facilities), based on an asset test upon entry

'Aged Care Act': The Age Care Act 1997 under which aged care facilities operate

'Aged care facilities': Nursing homes or hostels operated under the Aged Care Act 1997

'Aged Care Assessment Team': See ACAT

'Ageing in place facility': Aged care facility which provides both low level and high level care

'Blind pensioner': A person who meets the definition of being permanently blind and is in receipt of an age, service or disability pension paid means test-free

'Daily fee': Basic daily fee charged by all aged care facilities – based on approximately 84% of the single basic age pension amount, for the majority of residents

'Daily income tested fee': An extra fee charged by all aged care facilities based on an income test

'Extended aged care at home': A system where people are offered aged care in their own home

'Extra service facility': An aged care facility offering a higher level of service as opposed to care

'Hostel': An aged care facility offering a low level of aged care, certified or accredited under the Aged Care Act 1997

'Illness separated couple': A pension paid to a married or de facto couple who are living apart due to ill health

'Nursing home': An aged care facility offering a high level of aged care, certified or accredited under the Age Care Act 1997

'Principal residence': The home previously occupied by a person who enters an aged care facility

'Private care': Care organised on a private basis with no government subsidy. (Almost all aged care facilities are owned and run privately or by a charity but receive subsidy under the Aged Care Act)

'Supported resident': Post 20 March 2008 resident being provided with residential care (other than respite care) through a residential care service who's assets are below a threshold amount ($108,266.40 as at 1 July 2012)

USEFUL CONTACTS

	Telephone	Web site
Aged & Community Care info line	1800 500 853	
Commonwealth Carelink Centre – for local aged care homes	1800 052 222	
List of aged care homes & services		www.agedcareaustralia.gov.au/internet/agedcare/publishing.nsf/Content/Aged+Care+Home+Finder
Centrelink Retirement Service	13 23 00	
State Based Advocacy Service:		
NSW	02 9281 3600	
ACT	02 6242 5060	
NT	1800 700 600	
VIC	03 9602 3066	
QLD	1800 818 338	
SA	1800 700 600	
WA	1800 655 566	
TAS	1800 700 600	
Department of Veterans Affairs aged care team	02 9213 7034	
Asgard Wealth Solutions Technical services	1800 655 901	Tech_services@asgardwealthsolutions.com.au

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