

Aim for a stress-free move

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Well played ... modern aged-care facilities are a far cry from their once-grim image. *Photo: Nicholas Walker*

Aged-care facilities and retirement villages are poorly understood so it pays to understand the difference.

As Bette Davis said, getting old isn't for sissies! Botox might deal with the wrinkles on the outside (if you want to take that route) but the worries inside stay the same.

Baby boomers tend to hog all the headlines in this category but it's their parents who are really doing it tough, many of them terrified of the need for aged care.

Use the expression "nursing home" and many people conjure Dickensian visions of a gloomy institution with harsh rules and the smell of cabbage.

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To add to the despair, there are rumours of huge accommodation bonds that soak up all your funds and leave nothing for your estate.

Wrong - and wrong again.

TWO MAIN OPTIONS

Aged-care facilities today are a world away from the institutionalised approach of the past.

Once they've taken the plunge, many residents' only regret is that they didn't do it sooner as many facilities have more in common with resorts or hotels than the "old-age home" of years ago.

Highly trained and helpful staff are on hand to provide the level of care required and, for a price, there are often delightful extra services, such as wine with meals, massages and hairdressing.

Of course, all the services have to be paid for but it's important not to get confused between retirement villages and aged-care facilities.

Retirement villages traditionally focus on lifestyle. The typical resident is socially and physically active and not expecting health-care support from the village operator. The average age of entry is the mid-70s and about 60 per cent of new entrants are couples.

Aged-care facilities, by contrast, tend to attract residents aged 83 and upwards who need continual care.

RETIREMENT VILLAGE COSTS

Retirement village residents pay an entry contribution that is set by the village operator. However, the usual bone of contention is not the cost of entry but the cost of departure when what is termed a deferred management fee is deducted when the resident leaves, usually to move to an aged-care facility.

These fees, often difficult to comprehend, may bear a relationship to the entry cost or eventual sale price and any capital gains on the residential unit.

They can vary widely between retirement villages, some as low as 3 per cent a year for a maximum of 10 years or as high as 10 per cent a year for four years.

AGED-CARE COSTS

The entry contribution paid to an aged-care facility is called an accommodation bond and cannot be compared directly with retirement village fees.

Aged-care facilities can only charge up to a maximum amount that is set by the government and, within that limit, the incoming resident is free to negotiate the amount of the accommodation bond to give them the best outcome.

In addition, accommodation bonds are exempted by Centrelink, so it is often a smart strategy to pay a higher bond in exchange for lower continuing fees.

Expert advice is essential here because factors such as the amount of age pension, the income that can be earned on remaining funds and the continuing fees all have to be considered when deciding what will deliver the best financial outcome in each case.

Bear in mind, too, that accommodation bonds paid to aged-care facilities are government guaranteed and the maximum amount that can be taken from the bond when the resident leaves is \$318 a month, with a maximum of \$19,080 over five years.

THE DIFFERENCE

Look at it this way: even if you pay a bond of \$300,000 or more, the most that can be deducted is \$19,080. Contrast this with the entry contribution paid to a retirement village, where deferred management fees could take \$150,000 or more on exit. Of course, only you can know which living arrangement will best meet your needs.

Aged-care decisions are not easy. They are further complicated by what is often a highly emotional and stressful period for all concerned.

In an effort to ease the process and point out the pitfalls, aged-care guru Rachel Lane and I have just launched a book called *Aged Care Who Cares?*.

It cannot do the work of a qualified personal adviser but it will certainly get you started. Full details are available at agedcarewhocares.com.au.

Consultation and preparation made transition to aged-care facility smooth

Six months ago, Cornelius O'Brien, a widower who turns 90 this month, was living in his own home with the support of family and community carers. Then he had a fall in the kitchen and broke his neck.

He was already using a walker but after eight weeks in hospital, his stability and mobility declined further so medical staff and his family agreed he should go into an aged-care facility.

"He would have preferred to go home but the aged-care assessment team couldn't support that," his daughter, Persia Wildwood, says.

"I live at Bellingen [on the NSW north coast] so my sister, who lives in Sydney, found an aged-care facility. [Thomas Holt Villages at Kirrawee in Sydney's south] was a good option because it offered staged care.

"They interviewed him and felt he would fit in. So then we had to decide whether to sell his house or rent it out. We opted to sell because we didn't want the responsibility of a rental property.

"The next decision was how to manage the payment of the accommodation bond once the house was sold [in a way] that would minimise the effect on his Veterans' Affairs pension. I rang Veterans' Affairs and Centrelink and we crunched a lot of numbers," Wildwood says.

At that point, the family sought professional advice from a financial planner with specialist knowledge in aged care to satisfy themselves that they were on the right track.

"He met us at my sister's house and negotiated with Thomas Holt on our behalf. He also provided projections of Dad's future income and expenditure. It was reassuring," Wildwood says.

"Dad now lives in a low-care hostel, where he has his own room with en suite and he goes to the dining room for meals. He's trying to make the best of it and never complains."

The village is not far from his old home so his family and neighbours can visit and he still goes out to bingo. And if his health deteriorates, he can move into the adjacent high-care facility.

"When Dad first moved in, he said it was a huge adjustment. But once he got to know them - he's been there for 3½ months now - he says, "They can't do enough for me," Wildwood says.

Barbara Drury

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