



## Do you need a means-test assessment?

***When moving into aged care you may be asked to disclose your financial details so that a means-tested fee can be calculated. But do you need to disclose?***

Your contribution towards residential aged care costs is based on a means-test conducted by Services Australia. This assesses both assets and income to determine a measure of affordability, called a means-test amount (MTA).

If you receive a means-tested payment from Centrelink or Veterans' Affairs they already hold most of the information needed on file. You just need to check that those details are correct and provide additional details on your home. Ensuring this is done will reduce your fees otherwise payable.

If you are self-funded (or only receive a non-means tested payment), Services Australia won't know your financial situation so you will be asked to fill in the more complex SA457 – Residential Aged Care Calculation of your cost of care form to disclose all personal and financial details. But what if you don't want to disclose your finances, or it is complex and time consuming to provide the details required?

Filling in the SA457 form is not mandatory, it is your choice. If you choose not to provide details, Services Australia can't calculate what you can afford. Instead, you will be asked to pay your daily cost of care – currently up to \$259 per day (plus accommodation, basic daily and additional fees). Non-disclosure may see you pay more on a daily basis.

But whether you fill in the form or not, your means-tested fee will not exceed the annual cap of \$29,399, with an overall lifetime cap of \$70,559. For a self-funded retiree, the decision whether to disclose or not might impact how much you have to pay.



**Example:**






Alain, a single self-funded retiree, owns a home plus \$900,000 in financial assets. If finances are disclosed, his means-tested fee is calculated as \$42.51 per day (\$15,516 per year).

If Alain chooses to not fill in the SA457 form, his affordability can't be calculated and his daily means-tested fee is based on his care needs. If we assume Alain is at the very high end of care needs, he could pay a means-tested fee of \$259 per day. But he will reach the annual cap in approximately 113 days and stop paying this fee for the rest of the year. This means he will pay \$29,399 for the year.

Filling in the forms to disclose finances may save Alain up to \$13,883 per year.

In some cases, whether to disclose or not may not be a matter of saving money, but more a matter of cashflow timing, to reduce the amount payable each day. When deciding on the best strategy for you, it is always wise to seek advice to review your full situation. We are here and ready to help.

**For more information or if you have any questions, please contact us at:**

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