

Aged Care Guide



Aged Care Guide (Updated for 1 November 2025 Reforms)

This guide looks at some of the financial complexities of aged care to discuss with your financial adviser. From 1 November 2025, a new Aged Care Act and updated fee structure apply to new entrants.

Existing residents remain on their prior arrangements unless they opt in. This guide provides information on the fees and charges that apply to people who first entered residential aged care on or after 1 November, 2025.

However, there are some situations where the new rules apply to people who entered residential aged care before 1 November 2025, or where people who entered residential aged care on or after 1 November 2025 are under old rules. Seeking advice to assess any grandfathering situation is very important.



This guide discusses proposed aged care reforms expected to apply from 1 November 2025, noting that legislative details may change and should be confirmed at the time decisions are made.

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This information is general advice. We have not considered your objectives, personal or financial circumstances. You should consider the appropriateness of the advice for your circumstances before making any decision. While every effort has been made to ensure the accuracy of the information, it is not guaranteed. It is based on our understanding of regulations and laws as at the publication date. As these are subject to change you should talk to a professional adviser for the most up-to-date information.

Aged care: what you need to know

Whether you are considering aged care for yourself, a family member, a friend or loved one it can be a complicated and emotional process. With this guide, and the advice of one of our Aged Care Accredited Financial Advisers, you will be better placed to make the best decisions about aged care to ensure both physical and financial wellbeing.

Some major decisions are faced by those considering aged care and seeking advice helps to understand the complex financial implications. Decisions like keeping and renting or selling the family home can have an impact on pension entitlement, tax and aged care costs. Uninformed financial decisions can cost thousands of dollars, and in some cases restrict the options of care available to you.

Each financial decision should be given careful consideration to ensure entitlements, fees and charges and your assessable assets are all working in the best way possible for your individual circumstances.

This guide simplifies some of the complicated elements of aged care – such as accommodation options, fees and charges – this information is not a substitute for professional advice. As you will discover, there are many options in terms of care and the way in which it can be funded. Choosing the right financial option will depend on your own personal financial situation.



There are typically three steps you need to take before entering residential aged care.

STEP 1 : APPROVAL

Before entering residential aged care, your health must be assessed to determine your eligibility for care. You will need to register with My Aged Care and have an aged care assessment. You can visit myagedcare.gov.au to request an assessment.

ACAT assessment

STEP 2 : FIND AN AGED CARE FACILITY

To make sure you find an aged care facility that you are comfortable in and that will suit your needs, you may like to visit a few different places. You can apply to as many facilities as you like. The accommodation costs for all Government-funded aged care facilities are published on myagedcare.gov.au. This website also provides a description of the rooms and services available at the facility.

Find an aged care facility
Consider what is important to you in an aged care facility. You may like to visit a few.

STEP 3 : ORGANISE YOUR FINANCES

On entry to an aged care facility, you may be required to pay an accommodation contribution or accommodation payment. Some people will have their accommodation costs met in full or part by the Government, while others will need to pay the accommodation price agreed with the facility. Services Australia will advise which applies to you determined by your level of assets and income at entry. There will also be a basic daily fee to pay and there may be a hotelling contribution and non-clinical care contribution which is determined by your level of assets and income reassessed monthly. Some aged care facilities offer you a higher level of services for a higher everyday living fee.

Accommodation contribution
You pay part of the cost of your accommodation and the Government will pay the rest.

Accommodation payment
You pay for the full cost of your accommodation.

Basic daily fee **Hotelling contribution**
Non-clinical care contribution
Higher everyday living fee

Your financial adviser can help with the decisions you need to make and which strategies are best suited to your circumstances. They can also help you keep your plan on track with an annual review, in case your circumstances, or external factors such as legislation, change.

Part 1: Approval

Aged care can be a tricky area to navigate, and requires careful thought. To help you or your loved one obtain the best outcomes, this three-part guide will take you through the process of applying for, receiving, and paying for suitable aged care services.

This first part of the series will look at how Government subsidised aged care services can be accessed. You will understand the assessments required to determine whether you, or your loved one, is eligible to receive aged care.

Approval

More Australians are using aged care services each year. Whilst it may seem daunting at first, the aged care system has improved significantly over the last few years, with a strong focus on ensuring help and resources are available to help you every step of the way. You can access aged care services through a non-government subsidised provider of aged care anytime. However, if you wish to access government subsidised aged care, the first step involves an assessment. This assessment will help identify the type of services you may be eligible for.

The assessment process

An aged care assessment will be completed to work out your care needs and identify the type of support you may be eligible for. You can apply for assessment online or by phone through My Aged Care or in person by making an appointment with an Aged Care Specialist Officer at Services Australia.

When you apply, you will be asked about your health, how you are managing at home, any support you are currently receiving and what could help you live well.



My Aged Care will keep a record of your application so you won't have to provide the same information again at your assessment. Openness and honesty will ensure they can fully understand your care needs.

Preparing for the assessment

If you have been referred for an assessment, an assessor will contact you to arrange a time that suits you best to come and visit you in your home.

To make sure the assessment is effective, there are a few things to prepare before the visit:

- your Medicare number
- a copy of any referrals from your doctor
- any information you already have about aged care services that you may want to discuss with the assessor
- your GP or other health professional's contact details
- information on any support you currently receive.

If you would like a family member, carer, or friend to be with you during the assessment, just let them know the time and date you have agreed with the assessor.

What happens during the assessment?

The assessor will have a record of all the information you provided during your application, and will look to increase their understanding of your needs by asking some more questions about:

- what support you already have and if that will continue
- your health and lifestyle, and any health concerns
- if you have problems with your memory



- how you are going with daily tasks and activities around the home
- any issues with home and personal safety.
- family, community and cultural activities

You can ask questions of your own, such as what services are available and whether there are any service providers in your area.

Working together, you will develop a support plan that includes your strengths, difficulties, goals, what you would like to achieve and preferences for your aged care services.

After the assessment

After your assessment, you will receive a Notice of Decision which outlines your eligibility to access services and a copy of the support plan from your assessment.



Part 2: Types of aged care available

Aged care can be a tricky area to navigate, and requires careful thought. To help you or your loved one obtain the best outcomes, this three-part guide will take you through the process of applying for, receiving, and paying for suitable aged care services.

This second part of the series will look at the types of aged care available, depending on the outcome of your assessment. From entry-level care at home, to 24-hour support in a residential aged care facility, each stage of support is designed to give you the help and care that you need.

Types of aged care available

After your aged care assessment (read more about this in our first Aged Care flyer, Part 1: approval), a Notice of Decision will be provided which will identify the type of aged care services you are eligible for.

Commonwealth Home Support Program

You may have been approved for the Commonwealth Home Support Program (CHSP). It is an entry level program for older people who need basic assistance with daily tasks to live independently at home.

You are expected to contribute to the cost of your care if you can afford to. The amount you contribute will depend on your income and the type of services you need. You will need to discuss and agree to any fees with relevant service providers before you receive services.

Types of CHSP services available

- The types of services you can receive under a CHSP include:
- Domestic assistance including laundry, cleaning and shopping.
- Home maintenance and modifications.



- Transport to appointments and community activities.
- Nursing and allied health services.
- Day/overnight respite to give you or your carer a break.

Finding a CHSP provider

Visit the Government's My Aged Care website (www.myagedcare.gov.au) or phone 1800 200 422 to find CHSP service providers in your area. You can access a list of provider contact details to find out whether a particular provider can suit your needs, how much they cost, and how they provide their services.

Support at Home

You may have been approved for Support at Home. There are eight ongoing service classifications available, from providing basic care needs (classification 1) to providing high level care needs (classification 8). Whilst there will be a subsidy that the government will pay towards Support at Home (increasing with each classification level), you will be expected to contribute to the cost of your care if you can afford to.

Visit the Government's My Aged Care website (www.myagedcare.gov.au) for information on how much you could be expected to pay.



Types of home care services available

The types of services you can receive under Support at Home include:

- Domestic assistance including laundry, cleaning and shopping.
- Home maintenance and repairs
- Personal care including showering, toileting and dressing
- Meals and food preparation
- Nursing and allied health services including podiatry and physiotherapy.

Finding a home care service provider

Visit the Government's My Aged Care website (www.myagedcare.gov.au) or phone 1800 200 422 to find home care providers in your area, based on the home care services you have been approved for. You can access a list of provider contact details to find out whether a particular provider can suit your needs, how much they cost, and how they provide their services.

Residential aged care

You may have been approved for services in an aged care home. If you decide this is right for you, it will be helpful to visit these homes so you can see for yourself whether it will provide you with the support you want.

As you visit each aged care home, you may want to make a note of what you liked, didn't like, and whether you would be happy to live there.

This will help you decide which home would be most suitable. There may be different fees associated with each home, and these are explained in more detail in our next guide, Part 3: fees and funding.



Types of residential aged care services available

- Aged care homes can help you with:
- Accommodation including furnishing, bedding and toiletries.
- Day to day needs including meals, laundry and social activities.
- Personal care including showering, toileting, dressing and mobility.
- Clinical care including nursing, therapy and health management.

Finding an aged care home

Visit the Government's My Aged Care website (www.myagedcare.gov.au) or phone 1800 200 422 to help you find aged care homes in your area.

You can access the contact details of homes plus find a description of their services, costs, and any areas of care speciality they can help with.



Part 3: Funding and Fees

Fees and charges (residential care)

The fees and charges associated with aged care can be confusing – particularly as they are calculated on an individual basis according to assessable assets, private income and pension entitlement. This guide will help you begin to understand these fees and charges, however the amount you pay will be influenced by the decisions you make prior to and after entering aged care. Major reforms to the aged care system, including to the way fees and charges are calculated, apply to residents who first enter residential aged care on or after 1 November 2025 or move aged care facilities and choose to be assessed under the new rule.

Grandfathering – Who is assessed under pre or post 1 November 2025 rules?

From 1 November 2025, residents entering residential aged care on or after 1 November 2025 will be subject to new rules for the calculation of ongoing fees / means tested amount and accommodation payments.

Existing residents will be covered by a “no worse off” principle - designed to protect against adverse financial impacts as the new framework takes effect.

General rules:

- Residents who first permanently enter residential aged care between 1 July 2014 and 31 October 2025 remain under the 'pre-1 November 2025 rules' for both ongoing fees/means tested amount calculations and accommodation payments beyond 1 November 2025.
- Residents who first permanently enter residential aged care on or after 1 November 2025 are assessed under 'post 1 November 2025 rules' for both ongoing fees/means tested amount calculations and accommodation payments.



However, as with any new piece of legislation there are complexities to be aware of. For example, 'pre-1 November 2025 rules' apply for ongoing fees/means tested amount calculation where a person was approved for a Home Care package on 12 September 2024, and then subsequently permanently enters residential aged care on or after 1 November 2025. However, for people in this situation their accommodation payments will be assessed under post 1 November 2025 rules.

Separate rules for ongoing care fees and accommodation payments

To add to the complexity, the rules treat grandfathering for ongoing care fees/means tested amount calculations and accommodation payments separately. For example, a resident could have their ongoing care fees/means tested amount grandfathered ie. 'pre-1 November 2025 rules' apply, and their accommodation payments assessed under the 'post 1 November 2025 rules'. Seeking advice is critical

There are two main types of fees payable for aged care:

- Accommodation payments
- Ongoing fees

Accommodation payments

An accommodation payment is an entry fee payable for residential aged care. It is like an interest free loan to the aged care facility. The amount you pay as an accommodation payment will depend on the facility you choose to enter and is determined by a number of factors including quality of the facility, location and demand. Aged care facilities must advertise the maximum amount of accommodation payment payable on the government's My Aged Care website www.myagedcare.gov.au This website provides details of all available rooms in your area as well as the facilities key features.

An accommodation payment can be paid as a lump sum (known as a Refundable Accommodation Deposit or RAD), regular periodic payments (known as Daily Accommodation Payments or DAP) or a combination of both. RADs are government guaranteed and must be refunded to the resident or the estate when leaving the facility. Protections are in place for residents who do not have sufficient funds to pay an accommodation payment. At the time of entry to the aged care facility, the government measures your 'means tested amount' and if it is less than a specified threshold, you will not have to pay the advertised accommodation payment. You may however make a contribution towards the cost of your care known as an accommodation contribution.

Retention Amount

From 1 November 2025, residential aged care facilities are required to deduct a retention amount from lump sum accommodation payments (RADs and RACs) for residents under the 'post 1 November 2025 rules' for accommodation payments. Retention amounts are calculated daily at a rate of 2% p.a. for up to 5 years of a resident's stay in residential aged care. The retention amount cannot be deducted from the RAD any more frequently than once per month and no less frequently than every 3 months.

Daily Accommodation Payments

If a resident does not pay the accommodation payment in full, interest will be charged on the amount of the bond that is outstanding. These are referred to as Daily Accommodation Payments (DAP). These payments are not refunded to the resident when they leave, nor do they reduce the outstanding amount of the bond.



The rate of interest charged is capped by the government. Under new rules the DAP is also indexed by inflation every 6 months on the 20th March and 20th September.

Ongoing fees

Basic daily care fees: Paid by all residents. The basic daily care fee is equivalent to 85% of the maximum single age pension.

Means tested fees

Hotelling Contribution: Means-tested contribution toward everyday living services, such as meals, cleaning and utilities

Non-Clinical Care Contribution: Means-tested contribution toward personal care services, such as bathing and social activities.

Means tested fees are separate ongoing daily fees, charged in addition to the basic daily care fee. The amount you will pay is calculated based on your means tested amount. Under both pre and post 1 November 2025 rules the means tested amount is critical in the determination of both accommodation payments and ongoing fees. If you are considered a grandfathered resident in relation to means tested fees then your Means Tested fee will apply under pre 1 November 2025 rules and therefore have both an annual and a lifetime cap. Should you reach your annual cap, you stop paying this fee until the anniversary date of your entry into aged care. If you reach your lifetime cap the fee stops completely.

However if you are captured under new rules then both the Hotelling Contribution and Non-Clinical Care Contribution do not have annual caps, but rather a daily cap. Services Australia aims to regularly check if you are paying the correct fees and does so through a quarterly review process.



Higher Everyday Living Fee

This is a new fee introduced with the new reforms as of 1 November 2025. It applies to residents who entered care both pre and post the new reforms. HELF replaces the previous Extra Services and Additional Services Fee and is designed to have increased consumer protections. Generally this fee is charged for services that are of a higher quality or in addition to what is required under the Aged Care rules.

For example it may include:

- Premium Meals
- Personal Grooming
- Enhanced recreational activities
- On site café services

Residents can choose to continue with existing services until they expire, transition to HELF and can opt out altogether. Also for anyone in care before 31st October, 2024 they will transition to HELF by 31st October 2026.

How your advisor can help

MY QUESTION IS	WHAT DO I NEED TO DO?	HOW CAN MY ADVISER HELP?	WHO ELSE CAN HELP?
What upfront costs will I need to pay?	Understand if you have an accommodation payment and determine what assets you can use to meet the cost.	Your adviser can help you determine how to pay for your accommodation. This may involve a lump sum payment, periodic payments or a combination of both.	The myagedcare website (myagedcare.gov.au) publishes accommodation prices.
How much will I pay for ongoing care?	Determine which ongoing care costs apply to you. This could include the basic daily fee, a hotelling contribution, non-clinical care contribution and a higher everyday living fee.	There may be options to manage or influence ongoing care costs, depending on individual circumstances and legislative settings. Keeping or selling your former home often forms part of the strategy as does how you invest. A poorly executed plan can result in lower Age Pension entitlements and higher ongoing care costs.	Services Australia or the DVA determines your ongoing care costs based on your assets and income, but the aged care facility and your financial adviser can help estimate your costs.
Can I keep my home or is it better for me to sell it?	Understand the various options available to you regarding your former home.	Your adviser can explain what to consider if you are deciding to keep or sell your former home. If kept, they can discuss strategies to pay the agreed accommodation payment and explain how your home will be treated for Centrelink/DVA and aged care purposes. If sold, they can also help identify the best way to invest the proceeds and get the balance right between generating an income, maximising Age Pension entitlements and reducing ongoing care costs.	Your financial adviser is best placed to determine the implications of your decision.
How do I maximise my Centrelink/DVA benefits?	Determine how the Centrelink/DVA Assets and Income Tests apply to you.	Your financial adviser can recommend investments to maximise Age Pension entitlements.	Services Australia or the DVA determines your Age Pension entitlements based on your assets and income, but your financial adviser can help estimate your entitlements.
How can I afford to pay for ongoing care?	Discuss how different financial structures may impact your ability to meet ongoing aged care costs	Your financial adviser can explain how various investment options may affect cash flow and Age Pension eligibility, subject to your personal circumstances	Your financial adviser is best placed to recommend investments.
Will I have something to leave to my family?	Identify which assets you want to include in your estate and those you want to go directly to beneficiaries.	Your financial adviser can help implement strategies to ensure assets are left to your intended beneficiaries.	Your lawyer can ensure you have a valid will that reflects your wishes.
How much tax will I need to pay?	Identify which tax offsets apply to you. You also need to be aware of any issues that may arise if you sell your former home or change your investments.	An overall review of your situation will identify the various tax offsets that may be available to you, including the low income and seniors and pensioners tax offsets. A tax adviser can also flag issues concerning land tax and capital gains tax that may affect you.	Your tax adviser/accountant can advise on your tax position. You should seek the services of your accountant for specific tax outcomes.

Financial advice for your situation

There are many options when it comes to aged care and the financial decisions you make can have a major impact on the affordability of aged care in the long term. Financial arrangements can vary within a facility and from one facility to the next.

It is important to seek advice regarding your personal situation. Decisions such as whether or not to sell your family home should be looked at within the bigger picture to ensure you maximise your pension entitlements.

Our Aged Care Accredited Financial Advisers can help you understand the true cost of aged care by:

- explaining the financial impact of the relevant fees and charges and determining those that are applicable to you
- ensuring you maximise your entitlement to a Government pension, and claim everything you are entitled to receive
- developing a plan to ensure your money will last, allowing you to afford care in the long term
- presenting you with the options available so that you can make an informed decision.

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UPDATED FOR 1 NOVEMBER 2025 REFORMS



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