

Living Longer/Living better

The Federal Government's recent Aged Care Initiatives

The Australian Bureau of Statistics ("ABS") recently reported that the number of Australians aged more than 65 years had increased to 13.7% of the population in the 10 years to June 30th 2011. The actual numbers of people reaching 85 years has now increased to 415,400 and by 2050 there will be more than 1.8 million Australians over 85 years of age. In total, over 1,000,000 Australians currently access aged care services in some form or other and this figure will rise to 3.5 million by 2050.

Irrespective of which political party is in government these underlying demographic imperatives will require future governments to focus more carefully on Aged care policy formation - while at the same time increasing financial commitments to the sector.

The Australian Productivity Commissions report titled ***Caring for Older Australians*** issued in June 2011 stated in respect to Aged Care that "there is increasing diversity among older Australians in their preferences and expectations (which continue to increase) including the desire for independent living and culturally relevant care".

On 20th April 2012, the Federal government announced its ***Living Longer Living Better*** Aged care initiatives. These announcements propose significantly increased funding for nursing home places and an increase to aged care staff salaries where some of the lowest paid workers in Australia are employed. There will also be a greater focus on home care based services – incorporated with more stringent Pension testing and a greater imposts on an individual's retirement savings.

These recent moves by the Federal Government are reinforcing the notion of "user pays" with the outcome being that the next generation's inheritance is reduced substantially. Financial planning can play an important role now and in the future in determining your aged care requirements and in determining the various funding options using superannuation or non-superannuation retirement savings.

Pre-planning is the key, it is not uncommon that aged care accommodation and related issues are dealt with hastily (usually due to a sudden decline in physical wellbeing) instead of being incorporated into medium to long term financial strategies. Financial planning fundamentals that are explored in each client's personal situation may include some or all of the following:-

- Your options with the family home
- Alternatives in funding an Accommodation Bond
- The existence of means-testing exemptions, and
- The ability to objectively negotiate reduced fees with an Aged Care facility
- Using your retirement savings to fund aged care costs
- The use of Equity Release mortgage facilities

If you or a near relative you are assisting require further information contact your Banksia adviser.

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