

STRATEGIES FOR AGEING WELL

A Positive Ageing forum presented by
Older Persons' Mental Health Service (Prince of Wales Hospital)
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Strategies for Finance



Financial strategies as we age or How do I pay the bills when...

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October 2019

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How do I pay the bills when...

People 65+



Chance of
needing care

68%



Chance of
needing care

48%

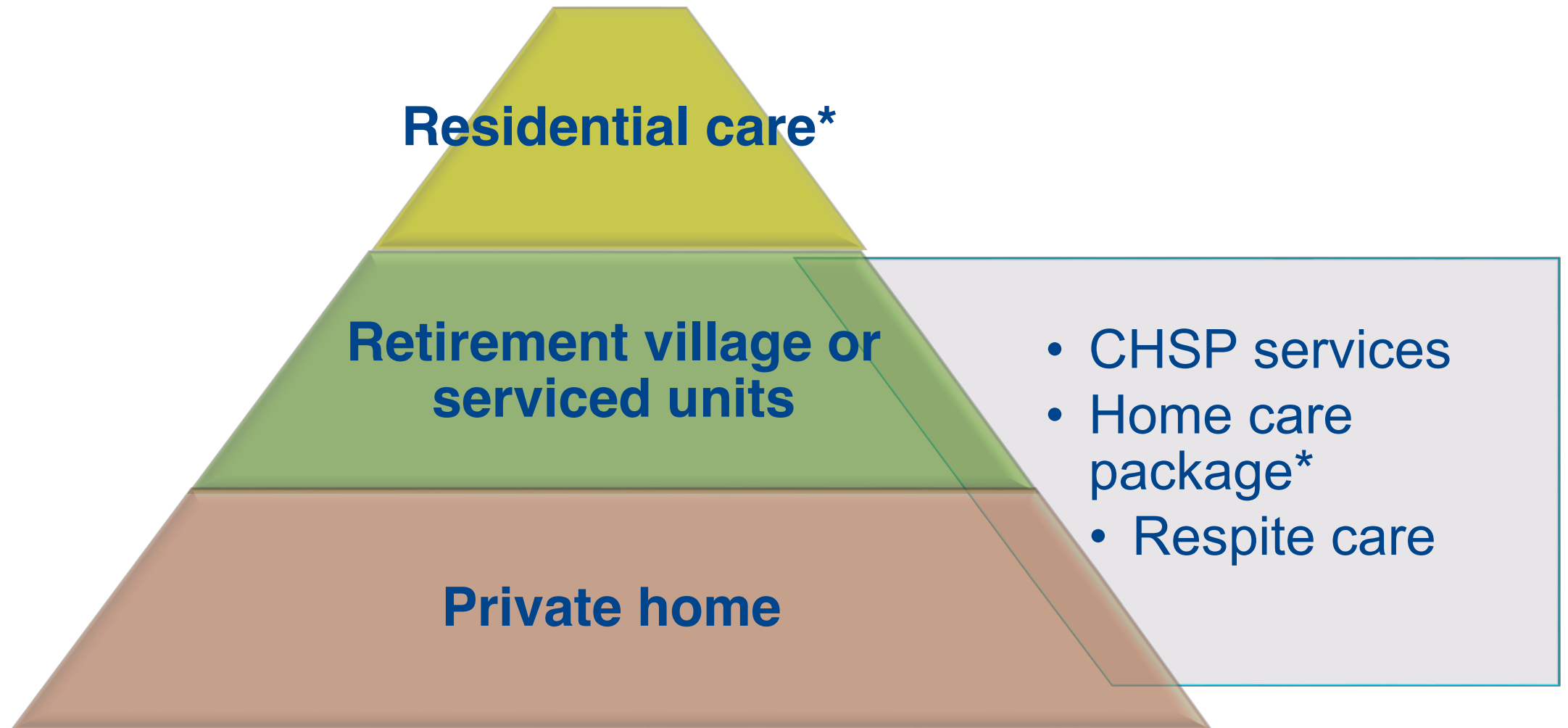


Living alone

44%

- Living longer
- Fewer informal carers

How do I pay the bills when I need care?



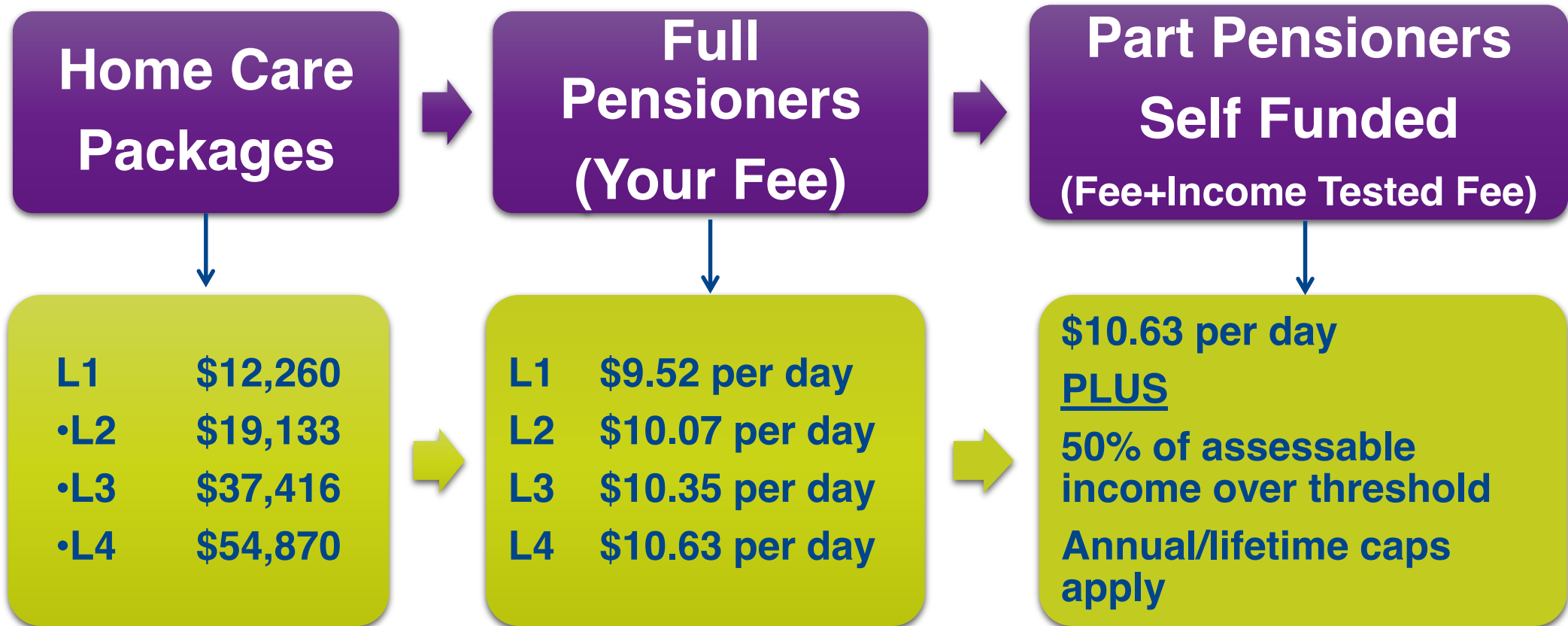
How do I pay for help around the home?

Commonwealth Home Support Program (CHSP)

- Support with meals, cleaning, transport
 - to help you remain living independently
- Subsidized fees
- Often first step before home care packages or residential care

► How do I pay for help to stay in my home?

> Home care packages may defer move residential care, but often also need family/spouse support as well



What to do with your home in home care years?

Sell & buy
cheaper home



Sell & rent
new home

Equity
release

Release equity to:

- Increase income
- Pay for renovations, personal items
- Pay for home care (longer-term or while waiting for package)
- Fund spouse's move into residential care

How to release equity in your home?

Sell and move (rent or buy)

- Sell home, spend less on new home
- Access lump sum
 - invest to generate income
 - provide a cash reserve
- Factor in costs of transaction

Equity release

- Borrow (**Reverse Mortgage**)
 - Lump sum, regular income or line of credit
 - No repayments but interest compounds
- Borrow (**Pension Loan Scheme**)
 - Regular income
 - Up to 150% of Age Pension
 - No repayments, interest compounds
- **Partial sale options**
 - Sell part of home, stay living there
 - No interest, but give up part of growth and future sale price
 - Care with valuations/conditions

Build your super back up

Downsizer contributions if sell home

- Contribute up to \$300,000 into super (each owner) – subject to eligibility
- No age limit and no tax



What to do with your home in residential care years?

... to determine aged care fees?

- Exempt if spouse or protected person living there
- Otherwise capped value \$169,079
- Rental income (net) is assessable*

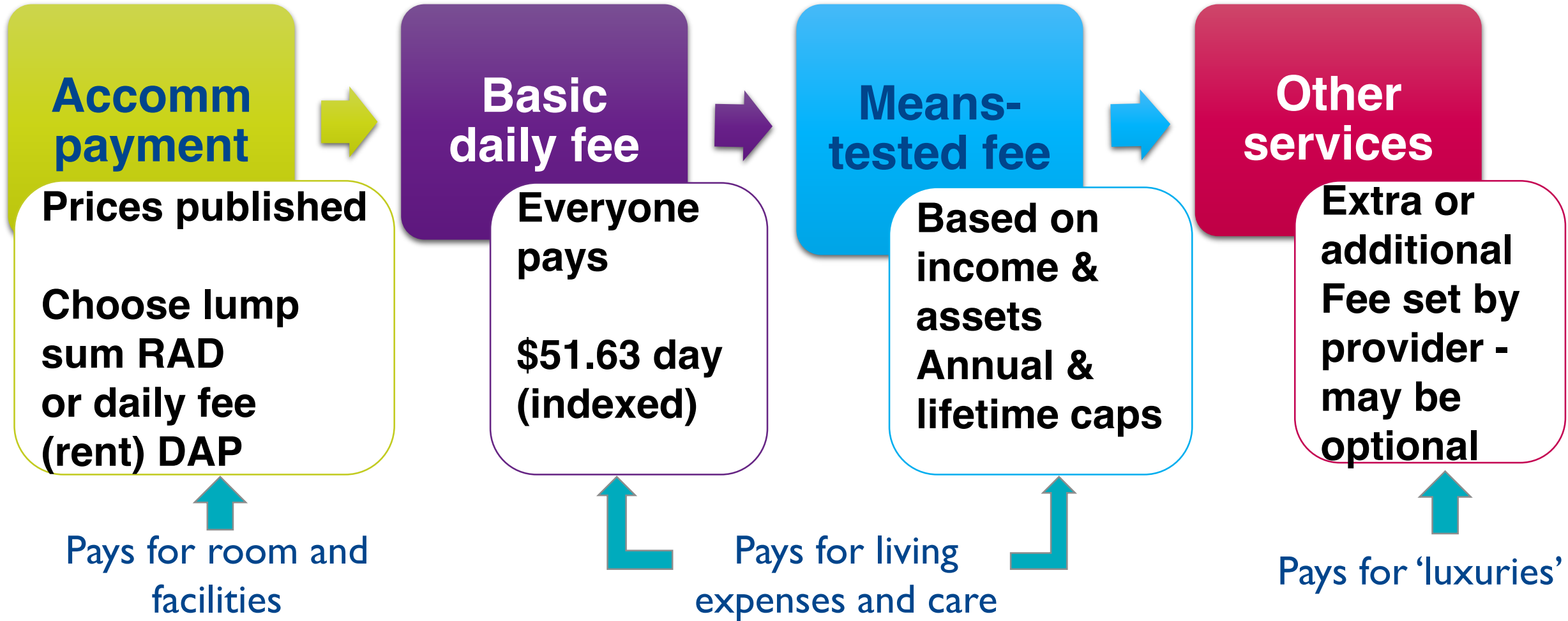


... to calculate age pension?

- Exempt if spouse lives there or first two years if no spouse
- After two years, net market value is assessed*
- Rental income (net) is assessable*

* Different rules may apply for residents who entered permanent care before 1 Jan 2017

What will you pay in residential care?



Who qualifies as a low means resident?

**Low
Means**

**Assessable Assets
Up to \$49,500**

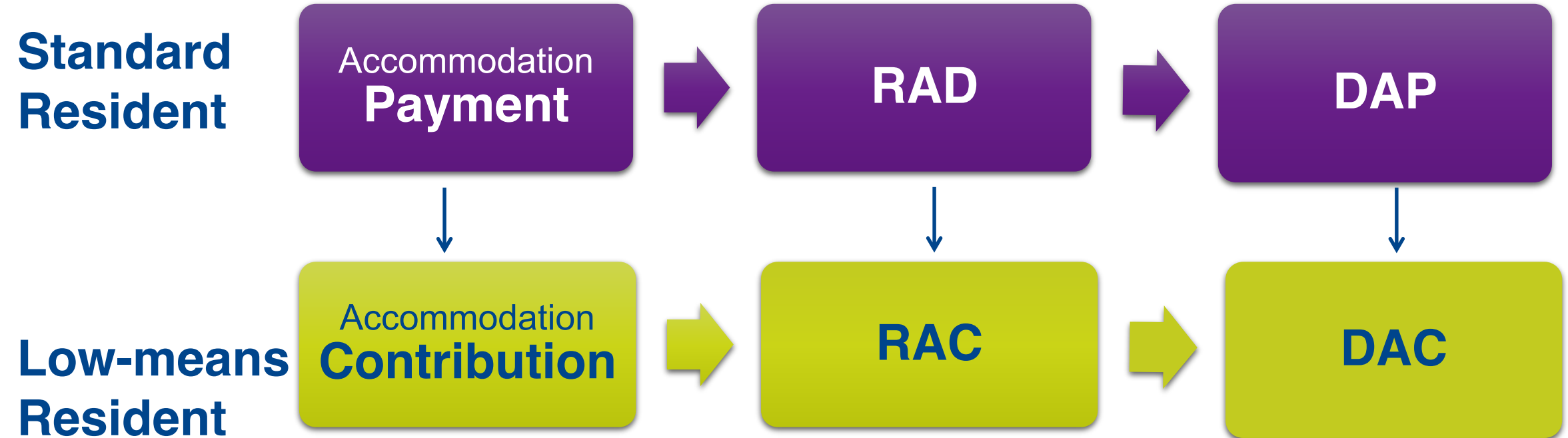
**Medium
Means**

**Assessable Assets
\$49,500 – \$169,079**

**High
Means**

**Assessable Assets
Over \$169,079**

How are low-means residents treated differently?



How do I pay the bills when...get advice early...

Review entire financial situation

How to pay for home/residential care

- Stay, rent or sell home
- Use reverse mortgage/PLS
- Downsize

Generate reliable cash flow for fees

- Annuities
- Investments/Super
- Age pension
- Rental income

Optimise financial position

Estate planning implications



Never
underestimate
the **power**
of a well-made decision

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