



# Making Aged Care Affordable and Less Overwhelming

## Background

An elderly client and her family sought advice when it became clear that moving into Residential Aged Care was necessary due to age and health concerns. While the decision was emotionally difficult, they needed clarity and confidence around the financial implications, costs and funding options involved.

## A Look at the Situation

Our client was an elderly woman whose declining health and increasing care needs meant that moving into Residential Aged Care had become necessary. She owned her home outright, had a modest level of savings, no debt, and was receiving the Age Pension.

While the decision to move into care was emotionally difficult, the bigger challenge for both the client and her family was the financial uncertainty surrounding the process. They were unsure how aged care worked, what costs applied, how those costs were assessed, and how her move into care could be funded sustainably over the long term.

They needed clear advice, explained in plain language, and reassurance that the move into care was both affordable and financially secure.

## Understanding Aged Care Costs and Choices

Entering aged care is often overwhelming — particularly when families are faced with unfamiliar rules, complex fee structures and conflicting information.

In this case, the client and her family were struggling to understand:

- The overall aged care entry process
- The difference between upfront and ongoing fees
- How the family home would be treated

- How Centrelink and aged care assessments would affect costs
- How to ensure ongoing care costs could be afforded long term

Without guidance, there was a real risk of making costly decisions that could permanently reduce the client's assets or create unnecessary financial stress. Most importantly, the family gained clarity and confidence through a structured strategy that preserved assets and supported long-term affordability.

## Clarity, Structure and a Clear Funding Strategy

We started by simplifying the aged care process step-by-step, including how assessments work, how rooms are allocated, and how costs are calculated — removing confusion and anxiety early on.

From there, we analysed the client's financial position under both aged care legislation and Centrelink rules to understand the full implications of each available option.

We then presented the family with several funding strategies, outlining:

- How each option would work
- The pros and cons of each approach
- The impact on cash flow, assets and benefits

Based on the client's circumstances at the time, we recommended funding the accommodation cost by paying a **fully refundable lump sum accommodation deposit of \$750,000**, using the proceeds from the sale of her home.

Following the sale, surplus funds increased the client's assessable assets, which reduced her Age Pension and cashflow. To address this, we assisted in investing the excess proceeds in a low-risk structure, designed to generate income while maintaining liquidity and capital security.

Throughout the process, we worked closely with the aged care facility — with the client's permission — to ensure fees were correctly calculated and applied immediately, avoiding delays or overcharging while Centrelink assessments were pending.

## The Results That Matter

The advice provided clarity, structure and long-term financial security at a critical time.

As a result:

- The client secured a room in an aged care facility **close to her children**
- The accommodation deposit of **\$750,000 was fully preserved and remains refundable**
- Ongoing care costs were affordable and clearly understood
- Excess funds were invested conservatively to support long-term cashflow needs

Importantly, the advice removed the financial stress from what was already a significant emotional transition for both the client and her family.





## Financial Wins at a Glance

- Paying the accommodation cost as a refundable lump sum preserved the full \$750,000 asset
- Had the client chosen a daily accommodation payment instead, it would have cost \$58,350 per year, with no refund
- The chosen strategy saved the client a substantial ongoing annual cost while protecting her asset base
- The accommodation deposit remains fully exempt from Age Pension means testing and largely exempt from aged care means testing

## The Difference We Made

While financial advice cannot remove the emotional challenges of moving into aged care, it can provide certainty, reassurance and confidence.

In this case, the family gained:

- A clear understanding of the aged care system
- Confidence that their loved one's care was affordable
- Reassurance that assets were protected
- Peace of mind knowing the strategy was sustainable long term

By explaining the process clearly, addressing common myths, and managing the paperwork and calculations on their behalf, we helped transform what felt overwhelming into something manageable and structured.

## In Their Own Words

*"From the outset, Paul took the time to meet with all members of our family to explain the entire Aged Care process to us and answer all our questions.*

*Paul took the work away from us by completing all the paperwork, dealing directly with the home and Centrelink, and providing detailed calculations to reassure us that mum would be able to afford her room and ongoing care.*

*Paul was an amazing help to us, and we are so thankful for the time he took to explain everything and give us peace of mind."*

— Client's daughter

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