

# ADVENTIST RETIREMENT VILLAGE - VICTORIA POINT

## LOW CARE (Hostel)

### Fees & Charges

(Fees & Charges Subject to Change)

## A Simple Guide for New Low Care Residents (Effective 01 January 2008)

## **Fees & Charges as at 01 January 2008**

Welcome to ADVENTIST RETIREMENT VILLAGE - VICTORIA POINT Low Care. We hope you'll take the time to review our fees and charges policy. With all the changes in recent times, policies have become more complex and we hope this will help you understand the new system better.

Please don't hesitate to speak directly to our Administration Manager for any further assistance. It is important to us that you understand all your financial rights and responsibilities **before** deciding to make ADVENTIST RETIREMENT VILLAGE - VICTORIA POINT your new home.

### **An important note to low-income persons.**

If you have low income - or even no income other than the pension – you are totally welcome at ADVENTIST RETIREMENT VILLAGE - VICTORIA POINT. We specifically maintain a fixed minimum number of places for low-income residents. **IF YOU ARE A FULL PENSIONER, YOU WILL BE CHARGED A FLAT FEE ONLY. IF YOU HAVE ASSETS AT OR BELOW \$33,500, YOU WILL NOT BE CHARGED AN ACCOMMODATION BOND OR PERIODIC PAYMENT.**

## **A. Applicability**

This guide is for new **Low Care** residents. "Low Care" is the term the Australian Government now uses for persons assessed as eligible to enter "hostel-type" accommodation. If you are assessed as "High Care", please see the ADVENTIST RETIREMENT VILLAGE - VICTORIA POINT **High Care** Guide.

## **B. Why Do Some New Residents Pay Higher Fees & Charges?**

### **1. Fees**

The Australian Government introduced means-tested fees from 1 March 1998. Residents with non-pension income above \$184 per fortnight have Australian Government subsidy **reduced**. ADVENTIST RETIREMENT VILLAGE - VICTORIA POINT charges back to residents this lost subsidy. ADVENTIST RETIREMENT VILLAGE - VICTORIA POINT gains **nothing** from this "user-pays" initiative. Each extra dollar charged to you in income-tested fees is to offset a dollar reduction in Australian Government subsidy.

If you receive **no** pension, or pay more than \$135,000 as an Accommodation Bond, you are normally ineligible for Pensioner Supplement (previously Rent Assistance). An additional amount will be charged to you. Again, we receive no additional income from recharging to you an unavailable Australian Government subsidy.

### **2. Accommodation Bonds & Periodic Payments**

In addition to fees, residents with sufficient assets may be asked to pay an Accommodation Bond, Periodic Payment or a choice of both. The Australian Government expects that hostels will charge residents Bonds and Periodic Payments to create sufficient capital to rebuild/renew/replace our buildings.

Residents with low assets (at or below \$33,500) may be assessed by the Australian Government as 'concessional'. No Bond or Periodic Payment is chargeable and ADVENTIST RETIREMENT VILLAGE - VICTORIA POINT receives extra daily subsidy for these persons.

### C. How are fees calculated?

- 1. Respite Care Residents** pay only \$31.52/day.
- 2. Full Pensioners** pay only \$31.52/day plus an Accommodation Bond/Periodic Payment if you have sufficient assets. If you pay a Bond above \$135,000, the non-pensioner fee of \$39.28/day is applicable in lieu of the \$31.52 base fee.

- 3. Part-Pensioners** pay \$31.52/day plus an Accommodation Bond/Periodic Payment if you have sufficient assets plus an extra 25% of your non-pension income over \$132 per fortnight up to Australian Government-determined maximums for your care level. (This extra fee is not levied if it would result in an extra fee of less than \$1/day). If you pay a Bond above \$135,000, the non-pensioner fee of \$39.28/day is applicable in lieu of the \$31.52 base fee. Your non-pension income is determined using the same Centrelink "income deeming" rules used for pension calculations.

Examples:

- If you have income in addition to your pension of \$8,000 p.a., you will pay an extra \$3.12/day.
- If you have income in addition to your pension of \$16,000 p.a., you will pay an extra \$8.63/day.
- If you have non-pension income of \$35,000 p.a., you will pay an extra \$21.61/day.

The **maximum** additional income tested charges are calculated having regard to your assessed care level, as follows:

Category	Max. Additional Means-Tested Fee/day
1	\$55.28
2	\$55.28
3	\$55.28
4	\$55.28
5	\$45.07
6	\$37.74
7	\$28.68
8	Nil

(Note: **Maximum fees affect only a very small number of people.** You would need to receive an income over \$83920 p.a. to pay an extra \$53.28/day.)

- 4. Non-Pensioners** (ie. Self-Funded Retirees) **or persons paying bonds above \$135,000** pay \$31.52/day plus an extra \$7.76/day to a total of \$39.28/day plus the applicable additional income-tested fee. In addition, non-pensioners pay an Accommodation Bond/Periodic Payment if you have sufficient assets.

### 5. 28-Day Rule Delay for Means-Tested Fees

Income-tested fees do not apply for the first 28 days. This is to enable time for the income assessment process to be completed.

**6. Transfer from Another Facility**

Means-tested fees do not apply if you have continuously been a permanent resident in any High Care or Low Care service since before 1 March 1998.

**7. Periodic Payments**

Some residents may elect to pay a Periodic Payment in lieu of, or in part-payment of, an Accommodation Bond lump sum.

**D. How are Accommodation Bonds Calculated?**

Bonds are calculated on an asset-tested basis.

If your spouse remains in your home, the home is excluded from the assets test.

If you have had a carer living with you for two years or more and also on an Australian Government benefit or pension, your home is excluded from the assets test.

If you have had a close relative living with you for five years or more, and who is on an Australian Government benefit or pension, your home is excluded from the assets test.

For persons with assets **below** \$165,500, your bond is calculated as follows: (Note: The calculation of your assets normally includes \$5,000 for your furnishings and personal effects.)

<b>Assets</b>	<b>Bond</b>	<b>Annual Retention</b>
\$168,000	\$135,000	\$3,282
\$160,000	\$127,00	\$3,282
\$155,000	\$122,000	\$3,282
\$150,000	\$117,000	\$3,282
\$145,000	\$112,000	\$3,282
\$140,000	\$107,000	\$3,282
\$135,000	\$102,000	\$3,282
\$130,000	\$97,000	\$3,282
\$125,000	\$92,000	\$3,282
\$120,000	\$87,000	\$3,282
\$115,000	\$82,000	\$3,282
\$110,000	\$77,000	\$3,282
\$100,000	\$67,000	\$3,282
\$95,000	\$62,000	\$3,282
\$90,000	\$57,000	\$3,282
\$85,000	\$52,000	\$3,282
\$80,000	\$47,000	\$3,282
\$75,000	\$42,000	\$3,282
\$70,000	\$37,000	\$3,282
\$65,000	\$32,000	\$3,150
\$60,000	\$27,000	\$2,650
\$55,000	\$22,000	\$2,150
\$50,000	\$17,000	\$1,700
\$45,000	\$12,000	\$1,698
\$40,000	\$7,000	\$1,698
\$35,000	\$2,000	\$1,698
\$33,500	NIL	NIL

Annual retentions are for a maximum of five (5) years. Your full bond, less any retention or any other amount owing in accordance with your agreement, is repaid to you or your estate following departure.

Any money placed in Accommodation Bonds is **not** subject to the Centrelink / DVA **income** test. Accordingly, in many instances, you can continue to receive the full pension (or your maximum pension entitlements) after paying an Accommodation Bond. You will also reduce or eliminate any income-tested fee. Accommodation Bonds are also not subject to the Centrelink / DVA **assets** test.

It is a requirement of the Provider that no repayment of any part of the Bond will be made to any representative of any deceased resident before a copy of a Grant of Probate, Letters of Administration or a Transfer Indemnity Guarantee from a major insurance underwriter in respect of the resident's estate is received by the Provider.

### **E. What are Periodic Payments?**

Any new resident can **choose** to pay an extra fee – called a Periodic Payment – **in lieu of a bond lump sum**. You are very welcome to do so. This allows you to retain ownership and control of your assets and use income from those assets to pay the extra fee.

Some residents may choose to pay part-lump sum and part-periodic payment. We encourage you to check with your financial advisers as to what option may be best for you.

As an example, if you would otherwise have the assets available to pay a bond of \$200,000, you could have the following choices:

1. Pay the full \$200,000 bond with retentions, or
2. Pay only \$140,412 as a lump sum with full retentions and pay an extra fee of \$17.13/day #, or
3. Pay **no** lump sum and an extra fee of \$68.10/day # (This includes a "retention" component of \$8.99/day).

*# Using the Oct – Dec 2007 Maximum Permissible Interest Rate of 11.15%*

A lower interest rate can be used in some circumstances. Please ask the service for details.

### **F. Tax Rebateability**

The Australian Tax Office advises that the medical expenditure rebate is normally available on all expenditure above \$1,500 p.a. on basic fees, income-tested fees, extra services amounts, accommodation charges, bond "retentions" and periodic payments for RCS Category 1 to 7 residents (not Category 8).

In many cases, this will mean that any tax liability you have could be substantially reduced (please check with your taxation or financial advisers) and may make periodic payments a more attractive option for tax-paying residents.

### **G. Hardship**

If paying any determined fees and charges would cause you financial hardship, we can assist you to make an application to the Australian Government for relief.

### **H. Ex-Prisoners of War**

The value of your assets is reduced by any "Japanese Internment" compensation payment you received.

Thank you for taking the time to read this advice.