

AFA Webinar Thurs 27 Aug

In-practice series

11.00am to 12.00pm

Aged Care advice opportunities
1hr CPD



Q&A for AFA Webinar – Aged Care Advice Opportunities

27 August 2020

Administration questions

Can we get copies of the slides please?

Yes. On the AFA website will shortly be loaded a recording of the presentation, a copy of the slides and some additional information. You can download the slides from there.

Technical questions

Does carer allowance meet the income support payment?

To determine whether the home is exempt when calculating aged care fees (the means-test amount), it is important to check if there is a protected person living in the home.

A current spouse is automatically a protected person. A carer who has lived in the home for at least two years or close family member who has lived in the home for at least five years, may also be a protected person if that person qualifies for an income-support payment. An income support payment includes age pension, disability support pension, carer payment or DVA service pension but DOES NOT include the carer allowance.

What is the impact of renting the family home once entering aged care?

It depends on the full situation, including when the person entered care. And the rules are different whether you are looking at the impact on aged care fees or the impact on age pension entitlements.

For age pension purposes the home continues to be exempt while a spouse lives there or for two years after the last member of a couple, or a single person, moves out of the home. At the end of two years the home becomes assessable at full net market value and the non-homeowner asset test thresholds apply.

For aged care fee purposes, assuming the person renting the home is not a protected person, the home will be assessed at the capped value (currently \$171,535.20).



For someone moving into care today, the net rental income is assessable for both age pension and aged care fee purposes. Assessable is the gross rent less tax-deductible expenses, but no deduction for depreciation. The rules were different and more complex if a person moved into care before 1 January 2017.

If someone moves into Aged Care for 20 months and moves back to their home. In the future if they move to Aged Care again, does the 2-year clock start again for age pension purposes?

The 2-year home exemption does not recommence if the move back home is only a temporary move. If the client genuinely leaves aged care and moves back home with the expectation of a long-term move this may reset the 2-year period if the circumstances change and they need to move back into care at a future point in time.

Pricing and fee questions

It would be good to understand how different financial planners charge for aged care advice. What is “charging enough”, is there a magic figure? What have you found a typical (Average, Median, Mode) aged care SOA costs?

Unfortunately, there is no magic figure for what is the right price to charge for aged care advice. It depends on what services you provide and what value the client obtains from the advice. Client value is not just measurable in financial outcomes as value may come from providing peace of mind, and guiding clients through the maze with confidence.

Most advisers have learnt from a bit of trial and error to work out the best pricing structure and level. Aged Care Steps put together an Adviser Insights video series with advisers working in this area to help others benefit from their experiences and lessons learnt. Take a look at:

<https://agedcaresteps.com.au/how-we-help-your-business/introducing-aged-care-steps-adviser-insights/>

You might set your fees as a project fee, or an hourly rate, or a project fee with add-on fixed price components, or a combination of options.

When pricing your aged care services, set the scope of your advice with clear measurables to avoid blowouts. Work out how long it might take you to deliver the advice and what hourly rate you need to make it viable for your business model. But remember, pricing is not just based on hourly fees. Also consider the expertise you bring and the complexity of the problem. And importantly what value the client receives.

At Aged Care Steps, from many of the discussions we have had with our clients (who are the advisers giving aged care advice), it seems that advisers are charging from \$1,500 to \$8,000 for aged care advice. The wide range may be due to differences in service offering but is also often due to a lack of confidence with charging for the advice. Advisers need to build confidence that providing aged care advice is a valuable service that clients are willing to pay for. Most advisers tell us that if they could



go back in time, the one thing they would do differently is have more confidence in their abilities and the value they provide to charge a more appropriate fee.

I get that it depends on my costs. My hourly rate is \$300/hr. I'm not sure if this is too high, or low for Aged Care Advice.

If this is what your business needs to charge to be viable and your clients see value at this price, it is likely to be an appropriate fee. But with aged care advice (as many other areas of advice), an hourly fee model is not the only pricing option. See the discussion above on pricing as well.

How much do you charge Karen? Amanda you said you charge a minimum of \$2000 and then an hourly rate. If you're happy to share, what's a fair hourly rate?

Response from Karen:

It is up to you how much you wish to use but this is how I charge. The majority of my time at present is spent on general meetings.

General aged care meeting – factual information completion of Centrelink / DVA forms. This includes Retirement Village discussions as well as Homecare and Residential Care (based on current Legislation). If travel is required, this is charged at half the hourly rate. \$440 to \$550

Client Specific Illustration and meeting (may be considered a strategy paper) - factual information and the provision of an illustration based on client specific information provided. Up to 3 Options modelled against the current situation \$1,950

Client specific statement of advice (strategies) with recommendations and projections – all of the above plus a detailed cashflow statement, recommendations with respect to the investment of funds, strategies around the reduction of fees, Centrelink / DVA considerations and any client specific goals and objectives will be addressed. This is a complete statement of advice and includes product recommendations and implementation if required. Fee is based on the level of complexity required. From \$3,630

What is an average or medium number of hours spent on Aged Care advice?

This can vary depending on the scope of the project, efficiencies in your processes and the complexity of the client situation. As very rough average expect to take at least 5-8 hours.

Some examples of situations where it might take longer include:

- Low-means clients
- Couples who both need to access aged care services
- Clients with trusts or private companies or other complex family arrangements
- Where multiple family members are involved and have conflicting views.

If you can set up a process that is efficient with the right tools and support, this can help to reduce the time taken and either improve your business profitability or allow you to reduce pricing or both.

Training workshops



Could you please give some info about aged care learning courses that are available?

Aged Care Steps offers an *Accredited Aged Care Professional*™ program. We have run this program for just over eight years and over 2,000 advisers have attended the workshops.

We are currently offering the program online as three 4-hour webinars with pre-reading modules and a one-hour individual business-building discussion. The webinars are run in small groups to allow interaction with the trainer. We hope to be able to resume as two-day face-to-face workshops in each state in the coming months (as soon as borders open again).

This program covers:

- The rules for aged care and how to calculate fees
- A 9-step aged care advice process to guide client discussions and help build the aged care strategy and advice document
- Tips for effective client conversations
- Understanding aged care providers and the range of care options
- Ethics and compliance considerations
- Ideas for building your business.

The trainers all have a long history in aged care advice and have been aged care advisers.

Upcoming dates and registration forms are available at www.agedcaresteps.com.au/training

CPD hours across the full range of FASEA categories are available and upon successful completion of the program and assessments, an *Aged Care Accredited Professional* logo and certificate will be provided to help with marketing your services to clients.

The price for the full program is \$2,285 (including GST) but as a special offer AFA members can receive a 10% discount if they register before 15 September 2020 for one of the upcoming programs and write “**AFA member**” on their registration form.

Aged Care Steps also run monthly 1-hour strategy webinars on aged care topics. Add your name to our Free Newsletter at <https://agedcaresteps.com.au/contact/> or send an email to info@agedcaresteps.com.au for updates.

For Amanda - what is the course that you did?

Amanda, Karen and Mark all completed the Aged Care Steps *Accredited Aged Care Professional*™ program as well as many other ongoing aged care workshops, webinars and training opportunities.

Could you provide a link to register for the accreditation training please?

Head to the Aged Care Steps website at www.agedcaresteps.com.au/training

Building business & compliance

What happens if the client doesn't need to move into residential care, do they work with advocates to find homecare for a client or only work with clients for residential aged care?

It is important to scope your advice and know what services you will provide and what services you won't provide. If clients need help with tasks like finding an aged care provider (either home care or residential care) or choosing what type of care services would work best, and this is not within your service offering, you may wish to:

- Refer the client to the MyAgedCare.gov.au website to search for providers in their area, or
- Create a relationship with a specialist home care advocate service or residential aged care placement service, so you can refer clients to get the help they need.

I have picked up several clients via advertising in The Senior magazine, however cannot get a foot in the door of any facilities. Are there any suggestions from Karen and Amanda on how you can get in front of facility management?

Many advisers who want to be active in aged care advice pick up good referrals from aged care providers. It will take time to build the relationships and you need to be persistent and patient.

Aged care providers are under a lot of stress at the moment and they having limited time to spend with financial planners looking for business, so think about the following tips:

- Understand the pressures that aged care providers are facing and be willing to work with them
- Look for ways to show aged care providers how working with you can help them – ie. save admissions team time, have better informed clients/families who understand their fee obligations and a plan for how to meet their payments, a source of support to answer questions they need help with.
- Know your stuff. If you have not had much experience with aged care advice this is not the place to start, but might be an opportunity to explore in the future.

Response from Karen: The best I can get is permission to leave business cards and maybe a brochure. The referrals I get are from the family of the people in residential care and not the facility. Some of the retirement village sales staff are happy to sit down and have a chat and again take cards but that is all.

Which modelling software do you recommend?

There are a few software options in the market but most are not built to cater for the specific needs of aged care advice, so it depends on how much flexibility you need and how often you give advice.

Aged Care Steps purpose-built the *ACS Advice Generator™* to help advisers produce aged care advice documents quickly and effectively. It is quick and easy to use to produce the strategy modelling and populated SOA/strategy paper text. You can model up to five scenarios across a wide range of client scenarios and strategy options, with 5 or 10 year projections.



Access to the Generator is available in the Aged Care Steps membership packages. Contact Aged Care Steps on 1300 226816 for information.

Another modelling software that can be used is the ChallengerAged Care Calculator. This can be accessed through Challenger Adviser Online. For more information, advisers can contact their Challenger BDM or call the Adviser Line on 1800 621 009.

Will strategy papers still be allowable going forward?

Aged Care Advice is generally personal advice, so you need to ensure all compliance aspects are met, including providing this advice under an AFSL authorisation.

An SOA is needed if your personal advice includes financial product advice. This might include situations where you take money out of a financial product to meet aged care fees or invest surplus funds from the sale of a house into a financial produce or restructure the client's investments to gain a better outcome.

If the only financial product is a basic deposit product (such as cash or a bank account) you may not need to produce an SOA but the advice should still be in an appropriate written format. This means you may be able to provide your advice in the form of a strategy paper.

Whether you produce an SOA or a strategy paper, you should ensure it includes:

- Details of the client's current situation
- The client's objectives, needs and preferences
- The nature of the problem and what issues arise
- The strategy advice and recommendations
- The specific benefits for the client and why the advice is appropriate
- Discussion on the advantages and disadvantages and what clients need to understand to make an effective decision
- Fees and charges
- Any other compliance obligations.

But above all, whether you are able to produce a Strategy Paper or whether it needs to be an SOA will depend on the compliance rules and processes set by your licensee.

WEBINAR PRESENTERS

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