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Planning Ahead for Aged Care: Why Early Conversations Matter

As we grow older, many of us find ourselves reflecting on the care and support we received in our early years – and for some, this brings a natural desire to offer that same care in return. While it isn't a topic most families enjoy discussing, aged care is becoming an increasingly important issue that we need to prepare for, both financially and emotionally.

Thanks to better healthcare and healthier lifestyles, Australians are living longer and enjoying retirement more. As people age, many will eventually need some level of support. Understandably, most prefer to stay in their own homes for as long as possible. This is not only a personal choice, it's also influenced by how complex and varied the costs can be in residential aged care, which depend on both a person's financial situation and the level of care they need.

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With more Australians expected to need aged care in the coming decades, the system is being updated to better meet future needs. From 1 November 2025, the Federal Government will introduce a new Support at Home Program and make changes to how residential aged care is funded. These updates are based on recommendations from the Royal Commission, which found that the current system can be confusing, lacks transparency, and is financially challenging for many aged care providers.

Residential Aged Care Costs Today

Residential aged care is when someone moves into a care facility to receive daily support and medical help. The costs can vary depending on the location, quality of the facility, and level of care needed. Generally, there are three types of fees:

- **Basic Daily Fee:** covers everyday services like meals, cleaning, and utilities.
- **Means-Tested Fee**: an extra fee based on your income and assets, helping cover personal and nursing care.
- **Accommodation Payment**: the cost of your room, which can be paid as a lump sum fully refundable deposit (RAD), a daily fee (DAP), or a mix of both.

The accommodation payment is usually the biggest cost, but there are flexible options for how it can be paid.

Major Changes to Residential Aged Care (from 1 November 2025)

The Government is making big changes to aged care to improve quality and long-term sustainability. While these updates are positive, they may mean higher costs for new residents. Key changes include:

- **Higher room price cap:** The maximum cost of a room without special approval will rise from $550,000 to $750,000 from 1 January 2025, and will increase over time.
- **Retention on lump-sum payments:** Facilities will keep 2% per year (up to 5 years) of lump-sum accommodation payments.
- **Daily fees will increase:** Daily Accommodation Payments (DAPs) will go up twice a year with inflation, instead of staying fixed.
- **RADs being phased out:** Refundable Accommodation Deposits will gradually be removed by 2035. This means facilities will stop offering RADs as a payment option over time and switch to other funding models.
- **New ongoing fees:**
  - **Hotelling Contribution:** covers services like meals and laundry; based on income and assets.
  - **Non-Clinical Care Contribution:** covers personal care and lifestyle support; also means-tested.
  - **Higher Everyday Living Fee:** only applies if residents choose higher-quality services.

GOOD TO KNOW

If you're already living in aged care before 1 November 2025, you'll stay on the current fee structure and won't be affected by the new changes - unless you choose to switch to the new system.

Upcoming Changes to Home Care (from 1 November 2025)

Home care allows older Australians to stay in their own homes while receiving support and medical help. From 1 November 2025, the Government will introduce a new **Support at Home Program,** replacing the current Home Care Packages. The **Commonwealth Home Support Program** will also be updated from 1 July 2027 or later.

Here's what's changing:

- **One easy-to-understand program:** combining existing services into a single national system to reduce confusion.
- **Tailored budgets:** each person will receive funding based on their needs, with more flexibility in how it's used.
- **More choice and control:** people can choose and adjust services like cleaning, personal care, transport, or equipment.

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- **Clearer pricing:** fees will be easier to understand, helping families know what they're paying for.
- **Better coordination:** the new system will make it easier to move from home care to residential aged care if needed.

The goal is to help older Australians stay independent for longer, while making sure care providers can continue offering quality services.

Why Planning Ahead Matters

With big changes coming to aged care, it's important for families to start thinking early about things like cashflow, estate planning, and Centrelink impacts. For example:

- Should a parent sell or keep their home?
- Is it better to pay for aged care with a lump-sum (RAD), daily payments (DAP), or a mix?
- How will new rules affect what's left in the estate?

These are best discussed before any urgent decisions need to be made.

Starting the Conversation

Talking about aged care can be tough, but starting early helps everyone get comfortable with the idea, have their say, and avoid stress later. In our experience, these conversations are often started by adult children.

Here are some gentle ways to begin:

- Where do you see yourself living as you get older?
- Will your current home still suit you in your 80s or 90s?
- Would you prefer to stay at home with support, or move into a care community?
- If you did move into care, what would you want to happen with your home?

Next Steps

Every family's financial situation is different, and with aged care costs set to rise from 1 November 2025, it's a good idea to start planning early. Speaking with a financial adviser can help you understand your options, estimate future costs, and create a plan that works for you and your loved ones.

If you'd like to talk about how these changes might affect your family, feel free to get in touch to arrange a time.

BEYOND THE BACKYARD:

How EFTs Are Powering Aussie Portfolios

Australians love to travel and explore the world — but when it comes to investing, we often stay close to home. Many investors prefer local shares, especially those that pay dividends, and feel more comfortable with familiar brands. Concerns about currency risks have also played a role in this home-focused approach.

Going Global: How ETFs Are Expanding Aussie Portfolios

Only 16% of Australian investors currently hold international shares, compared to 58% who invest domestically[1]. But that started to change in 2024, as strong global markets, especially in the US – led to a significant increase in Australian assets invested overseas[2]. However, in 2025, uncertainty around trade policies has led many investors to shift back to Australian stocks[3].

Why global diversification matters

While markets can go up and down in the short term, investing globally is still a smart long term strategy. The Australian share market makes up only about 2% of the global market and is heavily focused on sectors like banking and mining[4]. This means investors may be missing out on growth in areas like technology, which have delivered strong returns in places like the US and China.

Global Growth Opportunities

Big tech companies have played a major role in recent market gains, and exciting developments in artificial intelligence have boosted performance in parts of Asia[5]. Meanwhile, government support in Europe has helped deliver one of the strongest quarters in years[6], showing that global markets beyond the US also offer great potential.

Why More Australians Are Investing Globally

Investing globally gives access to a wider range of industries and countries, helping reduce risk and build stronger portfolios[7]. Exchange Traded Funds (ETFs) make this easy and affordable, offering a simple way to invest in international markets. Between 2023 and 2024, ETF investing in Australia grew by 11%, with many people choosing them to diversify. Financial advisers are also increasingly recommending global investments[8] for long-term growth.

Managing Currency Risk When Investing Globally

If you're concerned about exchange rate changes, currency-hedged investment options can help. They offer added flexibility and can be especially useful during times of uncertainty – like shifts in the US dollar or rising government debt.

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ETFs Are Growing Fast in Australia

The Australian ETF market has grown quickly, reaching over $270 billion in assets by mid-2025. While that's impressive, it's still small compared to the global ETF market, which is now over US$13 trillion[9]. As more Australians turn to ETFs, there are more opportunities than ever to diversify and invest in global growth.

Looking Beyond Local: The Power of Global Investing

Expanding your investments beyond Australia can open up more opportunities and help build a stronger, more balanced portfolio — without adding complexity or high costs.

Want to explore how global investing could work for you?

Speak with your financial adviser to find the right approach for your goals.

[1] Source: 2023 ASX Investor Study (note: study is conducted every 3 years)
[2] Source: Department of Foreign Affairs and Trade, as of 31 December 2024
[3] Source: BlackRock data as of 28 July 2025
[4] Source: S&P Dow Jones data as of 30 June 2025
[5] Source: BlackRock data as of 30 June 2025
[6] Source: Bloomberg data as of 31 March 2025
[7] Diversification and asset allocation may not fully protect you from market risk.
[8] Source: Investment Trends 2024 ETF Report
[9] Source: State Street Investment Management as of 9 July 2025

Five things to consider when getting ready for retirement

If life is what happens when you're making other plans, retirement is no exception. If you are in a position to put your plans for retirement into action – health, wealth and happiness are all up there as things to think about. From finances to feelings about leaving work, this article is all about the things to keep in mind when planning for life beyond the 9 to 5.

1 Are you ready for change?

A job can be more than a way to get paid. When colleagues and career mean more to you than the money, moving on can be tough. If you're expecting retirement to leave a big gap in your life, planning new routines, rewards and friendships will boost your sense of optimism and wellbeing. By thinking about this ahead of time, and even taking steps to explore options, you can feel like you're swapping a positive experience of working life for something even better.

2 Is it the right choice for your health?

Whether you love your job or can't wait to retire, your health could force the issue. Depending on the type of work you do, retiring early may become the only option when health problems are in the picture. The same may be true if you need more time to care for a partner in poor health. So it's no wonder the Australian Bureau of Statistics (ABS) reports personal health as the second most common reason for retiring*.

3 Consider how much money you'll need for retirement

The same ABS figures show that for people intending to retire, the main factor that will influence their decision about when to retire was financial security. Knowing what you'll spend in retirement and where that money will come from can give you confidence that you're financially ready to make the change.

4 Is part-time work still an option?

Continuing with paid work on a part-time basis as you transition into retirement can be a way to stick with a routine you're comfortable with and make your retirement savings last longer. If you're eligible for the government Age Pension, it's good to know you can still earn some income without your payments being affected up to a certain level (this is called the income test threshold).

Five things to consider when getting ready for retirement

There is also the Work Bonus that allows you to earn income up to a certain threshold without reducing your Age Pension. And if you take a break, you can build up your Work Bonus balance and earn more when you start working again.

Visit the Department of Human Services website for more on the Work Bonus and the latest on eligibility, thresholds and balance limits.

The 2020 Retirement Income Review found that those aged 55-64 underestimated their life expectancy by almost five years.

5 How long will you spend in retirement?

Freedom from working life can be a positive, even if it happens sooner than expected. But it can create problems for your finances when your time in retirement stretches into several decades. Australians are living longer due to improvements in medical care and living standards. The average life expectancy has risen in recent years and continues to increase, particularly for people over the age of 65. And unless living longer runs in the family, most people tend to underestimate just how long they'll live.

How many more years are you likely to need to plan for? Challenger estimates that an Australian male aged 65 could expect to live to 88, while a female aged 65 could expect to live to 90.

Current Age	Male (50% chance)^	Female (50% chance)^
60	28 years	30 years
65	23 years	25 years
70	18 years	20 years
75	14 years	16 years

*Australian Bureau of Statistics, Retirement and Retirement Intention, Australia, 2020-21.

^Estimates calculated using Australian Life Tables 2020-2022 with 25-year mortality improvements as provided by the Australian Government Actuary. There is a 50% chance of living for this number of years at these ages.

Important Information:
Source: Challenger. Any advice is general in nature only and has been prepared without considering your needs, objectives or financial situation. Before acting on it, you should consider its appropriateness for you, having regard to those factors. Before making any decision about whether to acquire a financial product, you should obtain the Product Disclosure Statement.

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