

UNDERSTANDING WHAT YOU PAY IN AGED CARE



What will my costs be?

It's important to understand the different fees and charges before signing up to any aged care services. Australia's aged care system contains a few different fees, and not all fees necessarily apply to everyone.

A resident's fees and charges can be made up of the following components:



Basic Daily Fee

This covers essential day-to-day living expenses, including meals, cleaning services, laundry, and household utilities such as heating and cooling.



Means Tested Fee

For permanent care, the Means Tested Care Fee is replaced by Hoteling & Non-Clinical Care Contributions based on income and asset assessments.



Accommodation Cost

Covers accommodation costs such as your room, bathroom, and access to communal areas, which may be government-subsidised or paid by the resident.

Overview of Residential Aged Care Costs



Basic Daily Fee

Everyone who moves into an aged care home is asked to pay a basic daily fee. This fee is set by the Australian Government and helps cover everyday living costs such as meals, cleaning, laundry, and utilities.

The amount is reviewed in March and September each year and may change in line with updates to the Age Pension. At present, the fee is **85% of the basic single Age Pension**.

Means-tested Fee

From January 2026, residents entering permanent care will no longer pay a Means-tested Fee.

Some residents may contribute through a Hoteling Contribution and a Non-Clinical Care Contribution, depending on their individual income and assets. These contributions help support the cost of care and services for those who are able to contribute.

The amounts are worked out by **Services Australia**, based on the income and assets information provided. If this information is not provided, the maximum aged care fees will apply.

Hotelling Contribution

This fee is means-tested and supports the costs associated with care, such as meals, cleaning, and laundry.

Non-Clinical Care Contribution

You only pay this fee if you're paying the full hotelling contribution. This fee covers personal care services like bathing and mobility assistance. It currently has a daily cap of **\$107.32** and a lifetime cap of **\$137,917.01** or **four years**, whichever comes first. The maximum amount changes with indexation in March and September.

Accommodation Cost

This payment covers the cost of your room and living spaces.

- If you are fully supported by the government, you don't need to pay this.
- If you are partially supported, you'll need to pay a contribution and
- If you're non-supported you will need to pay the full amount.

There are three ways accommodation payments can be paid; either as a lump sum, daily payment or a combination of both.

Lump Sum Payments

- For non-supported residents, this payment is known as a **Refundable Accommodation Deposit (RAD)**.
- For partially supported residents, this payment is known as a **Refundable Accommodation Contribution (RAC)**.

The remaining RAD is refunded to you when you leave. The residential care provider retains **2% of your RAD or RAC each year, limited to five years**. This amount is not refundable, and no further retention is deducted after 5 years.

- Please refer to [Refundable accommodation deposit and contribution \(RAD and RAC\) retention | Australian Government Department of Health, Disability and Ageing](#) for Retention Calculation.

Daily Payments

- For non-supported residents, the daily payments are known as **Daily Accommodation Payments (DAP)**.
- For partially supported residents, they are known as a **Daily Accommodation Contribution (DAC)**.

The DAP is indexed twice a year, in March and September. The DAC is not indexed. The DAP and DAC are not refundable.

Combination of both: You can also choose to pay your accommodation as a combination of both RAD and DAP or both RAC and DAC to best suit your financial situation.

Frequently Asked Questions



Do I have to sell my home when I move into aged care?

No, the full value of your former family home will not be included in the assessment of your assets if you keep it. Instead, a capped amount of \$214,884 (as at 20 March 2026) is included or the net market value of your house, if lower.

It will not be counted as an asset if there are eligible people still living in your home.

Will I still receive the aged care pension after moving into care?

Generally, most people continue to receive the same amount of pension after moving into aged care. What you decide to do with your family home can have a big impact on your aged pension. The family home will not count in the pension asset test for two years after moving into aged care unless you sell it or start renting it out.

Are there flexible payment options? Do I have to pay the full costs upfront?

The full cost is not required upfront. Care fees are paid fortnightly in advance. Accommodation costs can be paid on a fortnightly basis or as a lump sum. Any fees

or payments can also be deducted from your lump sum payment if you choose.

What if I can't afford it?

The Government will review your financial situation and determine if you will be asked to contribute to the cost of your care. You will never be denied care because you can't afford it. If your circumstances change you can request an updated income and asset assessment be completed.

Can I seek financial advice?

Yes, you can, we recommend it. Some payment methods may affect your pension and aged care fees. It's beneficial to seek independent financial advice before deciding how to pay for your aged care.

Services Australia's Financial Information Service (FIS) is a free service available to everyone. FIS officers can show you how to make informed financial decisions. They can also help you to understand the financial implications of your aged care costs.

To find out more about FIS, or to make an appointment, call the Centrelink Older Australians line on 132 300.