

Refundable Accommodation Deposits (RADs) explained



Your questions answered

For many people entering residential aged care the issue of lump sum RADs raises the most concern.

In this guide we answer your questions about RADs to help you make well-informed decisions about your future.



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Is my money at risk if a RAD is paid?

No. There are strict regulations concerning RADs and safeguards are in place. RADs are also government guaranteed (if the service is subsidised by the Federal Government). In the unfortunate event that your service goes into liquidation and is unable to return your RAD, the government will step in and pay it to you. This has already occurred on several occasions.

When is my RAD refunded?

If you leave care, the RAD you paid (less any daily fees deducted) will be refunded to you or your estate. If you have passed away, once your executor shows probate to the aged care provider they have 14 days to refund the RAD. The service will pay interest from the date you leave care or pass away until the date it is refunded at the lowest deeming rate plus 2%. If they are late with the payment rate a higher penalty interest applies.

Can someone else pay my RAD?

Be careful. The RAD will be considered your money and can increase other fees. It will also go back to your estate. Always seek advice first.



Can a RAD improve my age pension?

RADs are considered exempt assets by Centrelink and Veterans' Affairs. This means that the money tied up as a RAD will not affect the amount of your age pension. However, it does count as an assessable asset when the calculation of your means-tested daily care fee is done. It is important to make sure that you have enough cashflow without access to the amount paid as a RAD to cover your fees and other personal expenses.

