

Residential Care Subsidy and Residential Care Loan

Financial assistance
for people in rest homes
or hospitals



Work and Income
Te Hiranga Tangata

A service of the Ministry of Social Development

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In this brochure if we say your partner we also mean your husband or wife.

Rates in this brochure are valid from 1 July 2015.

Introduction

If you need long-term residential care in a rest home or hospital, you may be able to get a Residential Care Subsidy from the Ministry of Health.

This subsidy helps with the cost of care and is paid directly to the rest home or hospital.

Work and Income is responsible for assessing the assets and income of those who apply for the Residential Care Subsidy. This is called a financial means assessment.

The Ministry of Health assesses all other aspects of eligibility, including the start date of the subsidy payments.

Can I get the Residential Care Subsidy?

You may be able to get the Residential Care Subsidy if you:

- have had an assessment of your individual needs that confirms you need long-term residential care in a rest home or hospital *and*
- need this care for an indefinite length of time *and*
- are aged 50–64 years, are single and have no dependent children (for you, there is no asset test) *or*
- are aged 65 years or over and your assets are within certain limits *and*
- are receiving contracted care services.

You won't qualify for Residential Care Subsidy and will need to contact your District Health Board for assistance if you're aged:

- under 50 years and single, *or*
- under 65 years and have a partner or dependent children.

> **Important**

If you're aged 65 years or over, your eligibility for the Residential Care Subsidy can be backdated up to 90 days before the date your application for a financial means assessment is received by Work and Income.

If you're aged 50–64 years, single with no dependent children, your eligibility for the subsidy can be backdated to one of the following, whichever is later:

- the date you were assessed as requiring care
- the date you entered care.

How do I apply?

You'll need to get in touch with a needs assessor in your area. For contact details:

- visit **www.health.govt.nz** and search on key words "long term residential care"
- call the health Seniorline on **0800 725 463**.

The process

Contact your local District Health Board or Needs Assessment Service Co-ordination agency to arrange a needs assessment.



An assessor will determine what level of care you require, and complete the Needs Assessment Certificate.



If you require long term residential care, and you need help to pay the rest home or hospital fees, you can request the Residential Care Subsidy Application for Financial Means Assessment form from the needs assessor.

Aged 50–64

Aged 65 years or over



If you're aged 65 years or over you need to return the signed application form to Work and Income within 90 days of the date you want the Residential Care Subsidy to start.



Work and Income will notify you, the Ministry of Health, the funder (DHB) and your rest home or hospital of the outcome of the financial means assessment.



Work and Income then completes a financial means assessment of your income. This is to determine the amount that you'll need to contribute to the cost of your care.



If you're aged 50–64 years, single and have no dependent child then you need to return the form to Work and Income. You automatically meet the asset test for the Residential Care Subsidy.

If your assets are above the threshold because you own your own home then you may apply for the Residential Care Loan to assist with the cost of your care. There is an additional form for this.



Work and Income completes a financial means assessment of your assets to see if you're within the threshold.

Assets

If you're 65 years or over, to qualify for the Residential Care Subsidy the value of your assets must be equal to or below the threshold for your circumstances.

People who:

- don't have a partner *or*
- have a partner who is also in long-term residential care
 - must have combined total assets valued at \$218,973 or less to qualify for Residential Care Subsidy.

People who:

- have a partner who is not in care, can choose a threshold of:
 - combined total assets of \$119,915 not including the value of their house* and car *or*
 - combined total assets of \$218,973 which will include the value of their house and car.

If you meet the asset threshold, Work and Income will also complete an income assessment (more information about income is on page 12).

Please note that asset thresholds are adjusted at 1 July each year.

* The house is only exempt from the financial means assessment when it is the principal place of residence of the partner who is not in care, or a dependent child.

> Assets we count include:

- cash or savings
- Bonus Bonds
- investments or shares
- life insurance policies
- loans made to other people (including family trusts)
- boats, caravans and campervans
- investment properties
- your house and car.

> Assets we don't count include:

- pre-paid funeral expenses for you and your partner of up to \$10,000 each*
- personal belongings such as clothing and jewellery
- household furniture and effects.

* The funeral expenses can only be exempt if they are held in a recognised funeral plan.

Family home and personal vehicle

Your family home and personal vehicle are included as assets in the financial means assessment if:

- you don't have a partner *or*
- both you and your partner are in long-term residential care *or*
- your partner is **not** in long-term residential care but you have chosen to have your assets assessed against the \$218,973 asset threshold.

Gifting of assets

If you or your partner give away assets, they still may be counted as assets in your financial means assessment.

You can gift up to \$6,000 within a 12 month period in each of the five years before you apply. This applies to each application for the Residential Care Subsidy.

For example, if both you and your partner apply for the Residential Care Subsidy then gifts of \$6,000 each per year, can be excluded.

Gifts of more than \$27,000 per year, per application* made before the five year gifting period, may be added into the assessment.

Gifts in recognition of care

Gifts in recognition of care of up to \$6,000 for each year of care provided, can be made.

Gifts may also be excluded from the financial means assessment if they are made in the 12 months before the date of the assessment and meet other criteria.

Gifts made in recognition of care together with any other gifts must not exceed \$30,000 in the five year gifting period.

* For couples, gifting is \$27,000 in total – not per person.

Income contribution

Any income that you and your partner are able to receive will be used to determine the amount you contribute towards the cost of your care.

> *Income includes:*

- New Zealand Superannuation, Veteran's Pension or any other benefit
- 50% of private superannuation payments
- 50% of life insurance annuities
- overseas Government pensions
- contributions from relatives
- earnings from interest and bank accounts, investments, business or employment
- income or payments from a trust or estate.

> *Income doesn't include:*

- any money that your partner has earned through employment
- income from assets when the income is under:
 - \$963 a year for single people
 - \$1,925 a year for a couple when both have been assessed as requiring care
 - \$2,887 a year for a couple where one partner has been assessed as requiring care
- a War Disablement Pension from New Zealand or any other Commonwealth country.

Payments

The Residential Care Subsidy is paid directly to the rest home or hospital by the Ministry of Health. The amount of subsidy paid is the difference between the cost of your care and your assessed income contribution. Please talk with your rest home or hospital if you're unsure what is included in the cost of your care. Generally, your income contribution is calculated using your annual income at the date you applied for a financial means assessment.

If you receive New Zealand Superannuation, Veteran's Pension or any other benefit, most of this will go towards your care. You're able to keep a personal allowance of \$43.45 a week. You'll also receive a clothing allowance of \$272.50 a year.

You must continue to pay for your care until it's established that you're financially eligible for the Residential Care Subsidy.

If you have a partner living at home:

- they may get the Special Disability Allowance of \$38.48 a week to help with extra costs
- they will receive an increase in their payments if they receive a benefit or pension
- they may qualify for a single rate of payment if they receive New Zealand Superannuation or Veteran's Pension
- they may qualify for income support after you go into care if they aren't currently receiving any payments from us.

Trusts/Estates

We will need more information if you or your partner have ever:

- transferred assets to a trust
- been the settlor, trustee or beneficiary of a trust or estate.

Outstanding debts

Please pay your outstanding debts before you apply. If you're unable to do this, they may be able to be deducted from your assets when the financial means assessment is completed.

Residential Care Loan

If your assets are above the threshold because you own your own home, and you have limited cash or other assets (excluding your home), you may be able to get an interest-free loan to help pay for your care.

Generally the asset limits for a loan are \$15,000 if you're single or \$30,000 if you're a couple both in care.

The loan is repayable when you sell your home, or 12 months after your death, whichever is the earlier.

If you want to apply for an interest-free loan there is an additional form to be completed – this is included in the Residential Care Subsidy Application form.



For more information visit:

www.seniors.msd.govt.nz
www.workandincome.govt.nz

Ministry of Health website
www.health.govt.nz/olderpeople



If you have any questions:

Call the Residential Subsidy Unit on
0800 999 727 from 8am to 5pm
Monday to Friday, or you can fax
us on **0800 999 199**, or email us at
msd_rcs@msd.govt.nz.



*If you're deaf, hearing-impaired or
find it hard to communicate by phone,
you can contact us on:*

Deaf Link free-fax 0800 621 621

Telephone typewriter (TTY) 0800 111 113

Text 029 286 7170

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