

Residential Care Subsidy and Residential Care Loan

Financial assistance
for people in rest homes
or hospitals



Work and Income
Te Hirainga Tangata

A service of the Ministry of Social Development

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.

Important

If you are 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 are aged 50-64 years, single with no dependent child, your eligibility for the subsidy can be backdated to one of the following, whichever is later:

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

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 child (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 will not qualify for Residential Care Subsidy and will need to contact your District Health Board for assistance if you are aged:

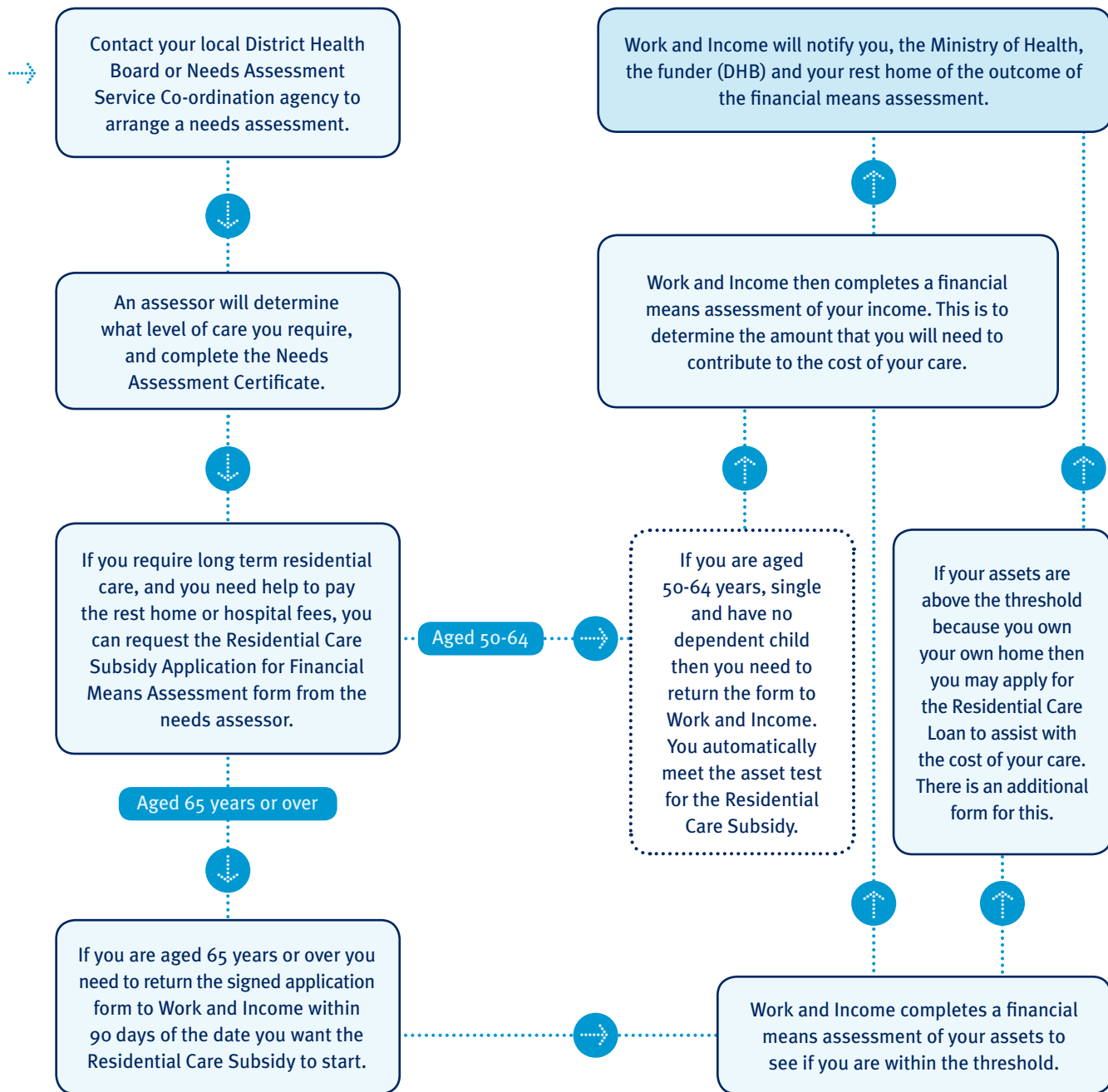
- under 50 years and single, or
- under 65 years and have a spouse/partner or dependent child.

How do I apply?

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

- visit www.moh.govt.nz/assettesting
- call the Ministry of Health's Information Line on **0800 737 777**.

The Process



Assets

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

From 1 July 2011, people who:

Do not have a spouse/partner

- must have assets valued at \$210,000 or less to qualify for Residential Care Subsidy

Have a spouse/partner who is also in long-term residential care

- must have combined total assets valued at \$210,000 or less to qualify for Residential Care Subsidy

Have a spouse/partner who is not in care, can choose a threshold of

- combined total assets of \$115,000 not including the value of their house* and car

OR

- combined total assets of \$210,000 which will include the value of their house and car

Both asset thresholds increase by \$10,000 on 1 July each year.

If you meet the asset threshold, Work and Income will also complete an income assessment (see page 9).

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

Assets we count include:

- cash or savings
- investments or shares
- loans made to other people (including family trusts)
- boats, caravans and campervans
- investment properties
- your house and car (under certain circumstances).

Assets we do **not** count include:

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

Family home and personal vehicle

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

- you do not have a spouse/partner *or*
- both you and your spouse/partner are in long-term residential care *or*
- your spouse/partner is **not** in long-term residential care but you have chosen to have your assets assessed against the **\$210,000** asset threshold.

Gifts of assets

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

Gifts of up to \$6,000 per year made in the five years before you apply can be excluded from the financial means assessment. This applies to each application for the Residential Care Subsidy.

For example, if both you and your spouse/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, made before the five year gifting period, may be added into the assessment.

Please note that the gifting limits for the Residential Care Subsidy are different from those used by Inland Revenue for tax purposes.

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.

Income contribution

Any income that you and your spouse/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 from a family trust, trust or estate.

Income does **not** include:

- any money that your spouse/partner has earned through employment
- income from assets when the income is under:
 - \$933 a year for single people
 - \$1,866 a year for a couple when both have been assessed as requiring care
 - \$2,798 a year for a couple where one spouse/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 that is 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 are 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 are able to keep a personal allowance of \$41.64 a week. You will also receive a clothing allowance of \$261.19 a year.

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

If you have a spouse/partner living at home:

- they may get the Special Disability Allowance of \$36.88 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 the **Living Alone Payment** if they receive New Zealand Superannuation or Veteran's pension
- they may qualify for income support after you go into care if they are not currently receiving any payments from us.

Trusts/Estates

We will need more information if you or your spouse/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 are 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 are single or \$30,000 if you are a couple both in care.

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

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.

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 are deaf or find it hard to
communicate by phone,** you can
send a message to our Deaf Link
free-fax on **0800 621 621** or email
MSD_Deaf_Services@msd.govt.nz

For more information visit:

www.seniors.msd.govt.nz

www.workandincome.govt.nz

Ministry of Health website

www.moh.govt.nz/olderpeople