

Aged Care Loan

The La Trobe Financial Difference

What differentiates La Trobe Financial from other lenders is our experience in this niche market.

- Loans of up to 50% of the property value available
- No principal repayments required during the term of loan
- No interest payments required until the total loan balance increases to 140% of the initial amount borrowed
- Available for a term of up to 7 years
- Can be set up under an Enduring Power of Attorney
- Flexibility to rent or sell the property without time pressure

Moving a loved one into an aged care facility can often be a traumatic experience. The financial side of this can add even more stress with pressure to find significant funding in a short space of time. Often a Refundable Accommodation Deposit is required and this can commonly exceed \$500,000.

How to fund this payment is a complex problem for many families. La Trobe Financial offers a loan that can be used specifically to make this payment, reducing the stress for families at a very emotional time.

Our experienced team has developed a product that is easy for the client and their family to set up, making the transition to aged care less complicated.

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The Costs of Aged Care

When moving into aged care, a resident is required to pay either a Refundable Accommodation Deposit (RAD), which is a lump sum, a Daily Accommodation Payment (DAP) or a combination of both. The amount payable is published on the aged care facility's website, with RADs commonly in excess of \$500,000.

As the name suggests, the RAD is refunded when the resident leaves the facility, whereas the DAP payments are not. The facility will invest the RAD, but only the initial capital amount is returned (less any outstanding fees). The Federal Government provides a guarantee for repayment of the RAD.

In addition to this, a resident will need to pay a Basic Daily Fee, a Means Tested Care Fee and sometimes an Additional Services Fee.

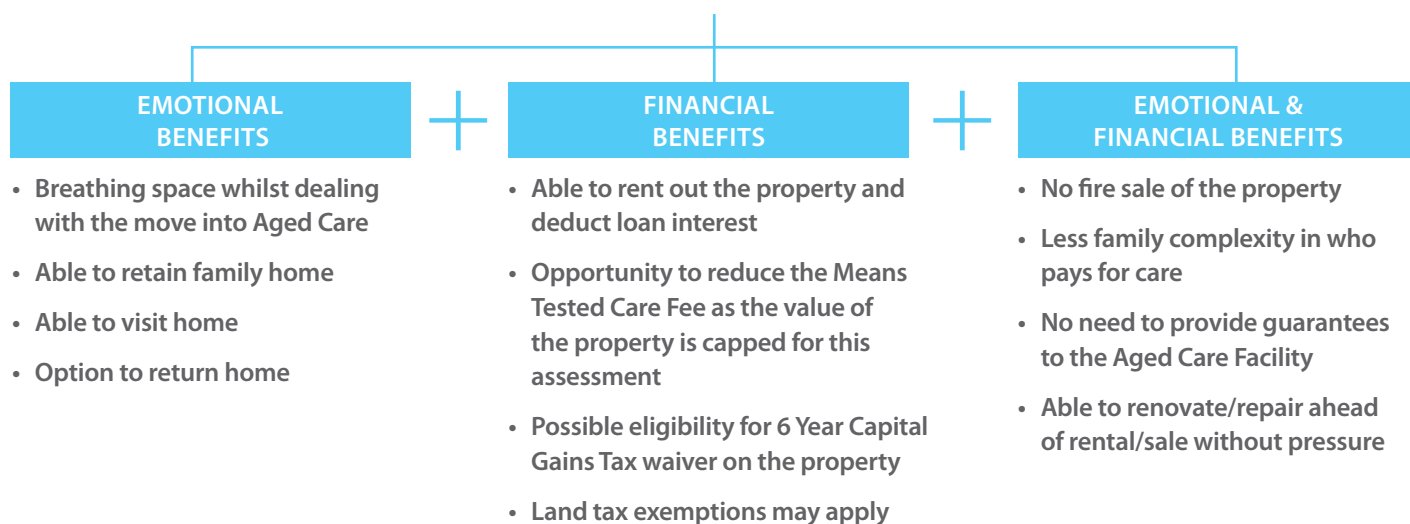
Rather than just relying upon a property sale to fund a RAD, the Aged Care Loan provides a number of significant emotional and financial benefits for the borrower and their family.



General Features

Primary Purpose	Fund RAD (Refundable Accommodation Deposit) payable on move to aged care.
Additional permitted purposes	Repairs to security property. Repayment of debts/mortgage. Payment of loan set up fees.
Borrower (or under an Enduring Power of Attorney)	Individuals aged over 80 considering a move into aged care or already a resident. (Younger borrowers considered on application).
Security	First charge over residential property; and Charge over the RAD.
Property options	Primary residence Investment property (Both can be rented out)
Maximum Term	7 years
LVR	Up to 50% of property value at settlement.
Maximum Loan	\$750,000 Higher considered on application.
Minimum Loan	\$100,000
Rate	5.60% Variable for the first 5 years (steps up 2% in years 6 and 7). Charged monthly, calculated using a simple interest methodology based on the outstanding loan balance. Comparison Rate 7.60%*
Repayment	Repayment due on: <ul style="list-style-type: none"> • Leaving the facility; • Death (9 months to repay); • Loan term expiry; or • Sale of property Interest repayments become due when the total loan balance increases to 140% of the settlement total.
Partial Repayments	Permitted
Redraw	Not available, but further advances considered subject to valuation.
Portability	The loan is portable at La Trobe Financial's discretion, subject to a processing fee and property revaluation. Portable to another Aged Care Facility.
Application Fee (can be paid from settlement proceeds)	\$2,500, ask about our Specials. Other fees applicable in set up – contact La Trobe Financial for details.
Ongoing Fees	\$25 six-monthly statement and account service fee (added to balance).

Benefits



How it works

- The application may be lodged by the borrower or more commonly under an Enduring Power of Attorney (EPoA).
- Valuation to be undertaken on the residential property.
- The borrower or their Attorney gives the Aged Care Facility a direction to refund the RAD to La Trobe Financial (or it can be included in their Aged Care Agreement).
- The Aged Care Facility acknowledges the direction to refund the RAD to La Trobe Financial.
- Repayments of interest are only required to be made when the total balance of the loan increases to 140% of the initial settlement amount, usually around 5 years.
- Repayment events include the borrower leaving aged care to return home, passing away, selling their property or the 7 year term being reached.
- Any amount above the RAD refunded would typically be repaid through the property sale. The borrower or their estate would have 9 months to make this payment to allow time for probate and an orderly sale.

See our website for Frequently Asked Questions (FAQs).



Case Study

AMOUNT BORROWED: \$250,000	
Property value:	\$500,000
Starting LVR:	50%
Maximum LVR limit:	70% (140% of the amount borrowed)
\$ limit when repayments are required:	\$350,000

AMOUNT BORROWED: \$150,000	
Property value:	\$500,000
Starting LVR:	30%
Maximum LVR limit:	42% (140% of the amount borrowed)
\$ limit when repayments are required:	\$210,000

La Trobe Financial Services Pty Limited ACN 006 479 527 Australian Credit Licence 392385 La Trobe Financial Asset Management Limited ACN 007 332 363 Australian Financial Services Licence 222213 Australian Credit Licence 222213

Disclaimer: This document does not constitute financial advice and should not be relied upon as such. It is only intended to provide a summary and general overview on matters of interest and it is not intended to be comprehensive. You should seek financial or other professional advice before acting or relying on any of the content. Terms, conditions, fees, charges and La Trobe Financial lending criteria apply. The comparison rate is based on secured credit of \$150,000 and a term of 25 years. WARNING Different amounts and terms will result in different comparison rates. Costs such as redraw fees or early repayment fees and cost savings such as fee waivers are not included in the comparison rate but may influence the cost of the loan.

*Depends on loan amount and risk grade of the borrower.

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