



Understanding fees for aged care homes – 1 November 2025 fee arrangements

If you move into an aged care home for permanent care, you will pay fees under one of 2 arrangements:

- 1 July 2014 fee arrangements
- 1 November 2025 fee arrangements.

This fact sheet explains the **1 November 2025 fee arrangements**. These may apply to you if you first enter residential care on or after 1 November 2025.

However, if you were approved for or accessing a Home Care Package on or before 12 September 2024, you are protected by the 'no worse off principle' and will pay fees under the 1 July 2014 arrangements. If this applies to you, see the fact sheet on [1 July 2014 fee arrangements](#).

Fees and contributions you may pay

Before you enter permanent residential care, you should have your means assessed to see if you're eligible for Australian Government assistance with fees and accommodation costs. The fees you pay will depend on the outcome of your means assessment and what you agree on with your aged care provider.

All your fees must be clearly written in your service agreement, accommodation agreement and the optional higher everyday living agreement.

You may need to pay some or all of these fees:

- basic daily fee
- hotelling contribution
- non-clinical care contribution
- accommodation costs
- higher everyday living fee.

Basic daily fee

All residents pay this fee for daily living services, including meals, cleaning, laundry and utilities.

The maximum fee is set at 85% of the single basic age pension. This fee increases in March and September each year in line with the age pension.

Hotelling contribution

People who can afford to will contribute more towards their daily living costs through a hotelling contribution.

Services Australia will tell you if you need to pay a hotelling contribution and if so, how much you need to pay. This is based on your means assessment. The maximum amount changes with indexation in March and September.

Non-clinical care contribution

People who need to pay the maximum hotelling contribution may also need to pay a non-clinical care contribution. This fee contributes to personal care costs such as bathing and mobility assistance.

Services Australia will tell you if you need to pay a non-clinical care contribution and if so, how much you need to pay. This is based on your means assessment. The maximum amount changes with indexation in March and September. Daily and lifetime caps apply.

Visit myagedcare.gov.au for current fee rates. You can also get an estimate of your aged care fees using the [aged care home fee estimator](#).

Accommodation costs

Agreeing on a room price

You must agree on a room price with your provider and enter into an accommodation agreement before moving into an aged care home. How much you pay will also depend on your means assessment.

Aged care homes must publish their maximum room prices in the [Find a provider](#) tool. You can negotiate a lower price.

If you are eligible for assistance, the government will pay some or all of your accommodation costs to your provider. If not, you will need to pay the price that you agreed with your provider.

Payment options

You can choose to pay your accommodation costs as:

- a **lump sum** refundable deposit that is refunded when you leave care, less any retention amounts and any fees that you agree to draw down from it, or
- a **daily payment** that is not refunded when you leave care, or
- any **combination** of lump sum and daily payment.

Until you pay a lump sum, you will pay by daily payment. You can pay a lump sum at any time after you enter care.

A lump sum payment is considered an asset for aged care purposes. This means it is counted in your means assessment and may affect your hotelling contribution and non-clinical care contribution.

If you choose a combination payment, you can choose to draw your daily payment from your paid lump sum. Over time, this will increase your daily payment unless you top up the lump sum. Your provider may also agree to draw other fees from the lump sum, like your basic daily fee.

New accommodation arrangements

If you first enter permanent residential aged care on or after 1 November 2025, the new accommodation arrangements will apply. These include:

- **Refundable deposit retention** – if you pay a lump sum, your provider keeps 2% of your lump sum per year. This amount is not refunded when you leave care. After 5 years in care, no further retention amounts will be deducted.
- **Daily accommodation payment (DAP) indexing** – if you pay by DAP, this amount will increase due to indexation on 20 March and 20 September each year. Indexation does not apply to daily accommodation contributions (DAC) paid by residents eligible for government assistance with their accommodation costs.

Higher everyday living fee

This is an optional fee for people who choose to receive higher standard everyday living services. It can be charged for services (other than accommodation related services) that are of a higher standard or in addition to those your aged care home must provide. The specific services, and the fees for each, are agreed between you and your provider after you enter care. You can't be asked to pay for a service you're unable to use.

After agreeing, you have 28 days to change your mind and cancel your higher everyday living agreement. You can also vary or cancel the agreement at any time after this, simply by giving your provider 28 days' notice. The agreement is reviewed by you and your provider at least once a year to ensure you still want and can still make use of the services. Find out more at [health.gov.au](https://www.health.gov.au).

Confirm your fees with a means assessment

To confirm your aged care fees you will need a means assessment. This is where Services Australia or the Department of Veterans' Affairs (DVA) assesses your income and assets. If you are a member of a couple, they will assess half of your combined income and assets, regardless of who earns the income or owns the assets.

If you choose not to have your means assessed, you will not be eligible for assistance with your accommodation and your provider can ask you to pay:

- the full hotelling contribution and non-clinical care contribution, and
- the accommodation price you agreed on before you entered care.

To complete a means assessment, fill in the [Residential Aged Care Calculation of your cost of care form \(SA457\)](#) or the [Residential Aged Care Property details for Services Australia and DVA customers form \(SA485\)](#). If Services Australia or DVA already have your financial details, you may not need to complete a form to have your means assessed. Check if you should complete an [Aged care calculation of your cost of care](#) form at [ServicesAustralia.gov.au](https://www.ServicesAustralia.gov.au)

Once your assessment is complete, Services Australia will send you a fee advice letter.

You should lodge your request for a means assessment as early as possible – even before you enter an aged care home. If your assessment is finished before you enter, the results are valid for 120 days unless there is a significant change in your circumstances.

Changes to fees after entering care

Your aged care fees and contributions do not stay the same for your time in care. They will change over time because of:

- changes to your financial circumstances
- indexation of aged care fees and thresholds
- reaching lifetime caps on certain fees.

Keep your financial details up to date

Once you've had your means assessed, you need to keep your income and assets up to date with Services Australia or DVA. You are legally required to report changes to your (and your partner's) personal or financial circumstances within 28 days. This will help keep your aged care fees correct.

You can call Services Australia on 1800 227 475 or [update your details](#) online through MyGov.

Department of Veterans' Affairs (DVA) recipients

If you are an eligible former Prisoner of War (POW) or Victoria Cross (VC) recipient, DVA may pay your basic daily fee. You may also be exempt from paying some of the contributions based on your means assessment.

You can find more information at dva.gov.au.

Seek financial advice and education

You should seek independent financial advice before deciding how to pay for aged care. Some payment methods can affect your pension and aged care fees. If both you and your partner need to access care, each of your payment methods may affect the other's aged care fees.

In addition, Services Australia's [Financial Information Service](#) (FIS) provides free, independent and confidential information and education. This can help you make informed decisions about your financial needs and understand how aged care costs may affect your finances. FIS Officers can also inform you about the Home Equity Access Scheme, a government loan scheme similar to a reverse mortgage. FIS Officers aren't financial counsellors or planners. They don't give advice, deal with other agencies on your behalf, or make decisions about your government payments.

To find out more about FIS, or to make an appointment, phone 132 300 and say 'Financial Information Service' when asked why you're calling.

Financial hardship assistance

If you can't afford your aged care fees for reasons beyond your control, you can apply for financial hardship assistance. You must meet certain eligibility criteria and will be assessed on your specific circumstances. If you're approved for hardship assistance, the government will pay some (or all) of your aged care fees.

To find out more about the topics on this fact sheet visit myagedcare.gov.au.