



# Understanding fees for aged care homes – 1 July 2014 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 July 2014 fee arrangements**. These may apply to you if:

- you first enter permanent residential care before 1 November 2025
- you first enter permanent residential care on or after 1 November 2025 but were approved for or accessing a Home Care Package on 12 September 2024.

If these conditions don't apply to you, see the fact sheet on [1 November 2025 fee arrangements](#).

## Fees 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 resident or service agreement, your accommodation agreement and the optional higher everyday living agreement.

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

- basic daily fee
- means tested care fee
- accommodation costs
- fees for optional services.

## 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.

## Means tested care fee

People who can afford to will contribute towards their cost of care through a means tested care fee. This fee is based on your means assessment so it's different for everyone.

Services Australia will tell you if you need to pay a means tested care fee and if so, how much you need to pay. The maximum amount changes with indexation in March and September. Annual and lifetime caps apply.

Visit [MyAgedCare.gov.au](https://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 before moving into an aged care home, as part of your accommodation agreement. 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 and your means assessment has been finalised (or means not disclosed status set).

A lump sum payment is considered an asset for aged care purposes. This means it is counted in your aged care means assessment and may affect your means tested care fee.

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

The new arrangements for accommodation costs will apply if you enter permanent care on or after 1 November 2025, or if you exit care for more than 28 days and then re-enter care. This includes:

- **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.

## Fees for optional services

### Additional service fees and extra service fees

These fees pay for services some providers offer that are above what is required by legislation. From 1 November 2025, additional and extra service fees were replaced with the higher everyday living fee.

You cannot be offered an additional service agreement or extra services agreement after 31 October 2025. If you have an additional or extra services agreement, your provider has until 31 October 2026 to transition you to a new higher everyday living agreement if you wish to continue receiving higher standard services. All additional and extra services agreements will cease to have effect from 1 November 2026, whether or not you have chosen to transition to a higher everyday living agreement.

### Higher everyday living fee

This is an optional fee for people who choose to receive higher standard everyday living services. It can be charged from 1 November 2025 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 are 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 (non-pension) income and assets.

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

- the maximum means tested care fee for your cost of care, and
- the accommodation price you agreed on before you entered care.

To get your means assessed you may need to provide your financial details in a form. If Services Australia or DVA already have your financial details, you may not need to complete a form for the assessment. Visit [Aged care calculation of your cost of care](#) for more information, including how to apply for an assessment.

Once your means 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 do not stay the same for your time in care. They will change over time because of:

- changes to your care needs
- changes to your financial circumstances
- indexation of aged care fees and thresholds
- reaching annual or 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. From 1 November 2025, 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 for your circumstances.

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 a means tested care fee.

You can find more information at [dva.gov.au](http://dva.gov.au).

## Seek financial advice and education

You should seek independent financial advice or education 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.

For general information about aged care fees and contributions, visit a Services Australia service centre or book online for a free face-to-face appointment.

For in-depth support, you can talk to an Aged Care Specialist Officer in person (if there's one in your area) or using video chat. Visit [ServicesAustralia.gov.au/MyAgedCareFaceToFace](http://ServicesAustralia.gov.au/MyAgedCareFaceToFace) or freecall **1800 227 475**.

You can also get basic information about managing your finances from the Services Australia Financial Information Service. This free service can help you make informed decisions about investment and financial matters for your current and future needs. Visit [ServicesAustralia.gov.au/Financial-Information-Service](http://ServicesAustralia.gov.au/Financial-Information-Service).

## 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 assistance, the government will pay some (or all) of your fees.

To find out more about the topics on this fact sheet visit [MyAgedCare.gov.au](http://MyAgedCare.gov.au)