

Challenger Tech

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How long can the former home be exempt after moving into aged care?

If you're thinking, 'that's a simple one – two years!', then that's only part of the answer. The cause for confusion with this question stems from the fact that the assessment of the former principal home differs for social security and aged care purposes. If the assessment is for a social security payment, for example Age Pension, then it is at least two years and depending on the person's circumstances. However, that may not be the case for the aged care assessment.

For social security purposes, where a person enters residential aged care and keeps the former home, they are considered a homeowner and the home is exempt under the assets test for two years from the date they vacate the home. After the two year exemption period, the person is considered a non-homeowner and the value of the home is assessed as an asset.

In the case of couples, the former home will be exempt for as long as one member of the couple continues to live in it. However, if the second member of the couple vacates the home, it will be exempt under the assets test for two years from the date the second member of the couple vacates it.

For aged care purposes, the former home is exempt if a protected person occupies the home. This assessment applies both at the time of entry and while the person resides in aged care. If a protected person does not occupy the home, then the home will be assessed at the lower of:

- the capped value (currently \$178,839.20); and
- the market value of the home (half of the market value for each a member of a couple).

The assessment of the former principal home differs for social security and aged care purposes.

A protected person includes:

- a partner – can be a spouse or a de facto (same sex or different sex);
- a dependent child¹ – cannot be in full-time employment or receive a social security pension or benefit;
- a carer – who had occupied the home for the past two years and was eligible to receive an income support payment² (ISP) at the time; or
- a close relation (a parent, sibling, child or grandchild) – who had occupied the home for the past five years and was eligible to receive an ISP at the time.

Rental income from the former home will be assessed for social security as well as for aged care purposes.

Note that the assessment of the former home can differ for some residents who entered aged care before 1 January 2017. For further information on the assessment of the former home, see [Challenger Aged Care Guide](#).

1 *Aged Care Act 1997 s44-26B (1)*.

2 Full of list of income support payments are listed in the *Social Security Act 1991 s 23(1)* – Some of the common ones include Age Pension, Service Pension, Income Support Supplement, Disability Support Pension, Carer Payment and Jobseeker Payment. Note that Carer Allowance is not included in the list.

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