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What are my options if I'm asset rich and cash poor?

How to have a conversation about aged care



What are my options if I'm asset rich and cash poor?

Rising living costs have made it tricky for many Australians to make ends meet. If you own your own home, you've benefited from rising property prices – but only on paper. If you want more money to live on, we step through five ways to boost your bank account.

1. Borrow against your home

If you want to stay in your home, a [reverse mortgage](#) lets you use your home equity as security to borrow money. Like the name says, its like a regular mortgage, but in reverse.

Here's how it works according to Moneysmart. Loans generally start at \$10,000, and if you're 60 years old, you can borrow roughly 15% to 20% of your home's value from a commercial lender. For each year over age 60, you can borrow 1% more, so by age 65, this becomes around 20% to 25%.¹

Depending on your age and the lender's policies, you can take the money as a regular income stream, lump sum, line of credit or a combination of these.

2. The Australian Government's Home Equity Access Scheme

The Australian Government enables retirees to access equity in their homes through the [Home Equity Access Scheme](#) – a non-taxable loan available to Australians of pension age or older – regardless of whether they receive a pension.

You can get paid fortnightly, as a lump sum, or a combination of both.

The loan is secured against your home and interest compounds fortnightly at concessional 3.95% per annum² – notably lower than the Reserve Bank of Australia's cash rate of 4.35% and commercial reverse mortgage lenders that charge market rates of interest.³ The scheme includes a 'no negative equity guarantee', ensuring that the debt will not exceed the value of the property.⁴

3. Rent out a room

It's estimated that Australia has about 13 million spare bedrooms, with most of these in homes owned by older Australians.⁵

Given Australia is experiencing a housing crisis, if you have a spare room, you may be able to earn a reliable income from renting it out. There are community schemes that match older Australians with suitable young people or older peers who need housing.⁶



4. Rent out your home for part of the year

If your home is in a desirable location, you may be able to make money by renting out your home on [AirBnB](#) or [Stayz](#) for part of the year. While your home is earning you income, you could house sit or take an extended stay in a low cost location, such as parts of Asia. Even short rentals over peak times like Christmas and Easter may be all you need to make life more financially comfortable.

If this is something you want to consider, research the amount you could earn, investigate [limits](#) on the number of days each year that your home could be rented out,⁷ your local council regulations, any strata rules and insurance.

5. Earn an income from your spare space

If you have some space in or around your home, here are ways it can earn an income for you:

- Platforms like [Spacer](#) allow you to rent out space, such as a garage, attic or shed for storage. Earn passive income by helping others store their belongings securely.
- If you have a driveway or garage, you can rent it out for parking. Websites like [Parkhound](#) connect you with people looking for parking options, especially in busy urban areas.
- Let your yard or driveway be used for storing boats, caravans or trailers.
- If you have a swimming pool, you can rent it out for private use by the hour through [Swimply](#).
- Rent out your garage to people who need space for hobbies like woodworking.



How your Count Financial adviser can help

If you need more money to live on, talk to your Count Financial adviser about your options. They'll be able to help you move towards your goals with confidence.

¹ Moneysmart, [Reverse mortgage and home equity release](#), accessed 23 December 2024

² Services Australia, [Home Equity Access Scheme](#), accessed 23 December 2024

³ AFR, [Inflation Australia: what to do if you're asset rich but cash poor](#), 24 May 2024, accessed 23 December 2024

⁴ Australian Government, [Social Security Guide](#), 9 December 2024, accessed 24 December 2024

⁵ ABC News, [About 13 million spare bedrooms belonging to older Australians could help ease housing crisis](#), 12 October 2024, accessed 23 December 2024

⁶ Ibid

⁷ NSW Government, [Short-term rental accommodation \(STRA\) framework](#), accessed 23 December 2024

How to have a conversation about aged care

Transitioning into aged care is a significant milestone in the lives of older Australians. It's a positive step that ensures they receive the care and support they need to live comfortably and safely. It's also a difficult and often emotional conversation to have, and if handled improperly can make the process more painful than it needs to be.

When talking about aged care, we can experience a mix of emotions – from apprehension and sadness to guilt. This article provides you with a guide to broaching this sensitive subject gently and productively, so your loved ones feel heard and respected rather than upset or overwhelmed.

Three tips for productive conversations

Starting a conversation about aged care with elderly relatives can feel daunting, but with the right approach, it can be fruitful and sensitive. Here are three pieces of advice to guide you:

- 1. Choose the right time and place:** Moving into aged care can be an intimidating and stressful prospect. To make the conversation easier, try to make sure your family are comfortable and relaxed, and – ideally – have enough time to genuinely consider their options. This will help them to focus on their needs and make informed, level-headed decisions about their future.
- 2. Be empathetic and patient:** To have an open and honest dialogue with someone about aged care, it's crucial that you acknowledge their feelings, concerns and fears. Even if you're worried about their wellbeing if left to their own devices, your family members may feel differently about their prospects outside of aged care. This is a big change, and it's natural to have mixed emotions about it. You need to support them through this, and that starts by understanding exactly how they feel about the change.
- 3. Involve them in the decision-making process:** Moving into aged care is a significant milestone, and it's crucial that your family members be given as much control over their aged care arrangements as possible. Involve them in the decision-making process at every available opportunity and work with them to find a solution that they're happy and comfortable with. Encourage them to voice their preferences and concerns. This can help them feel more in control and less anxious about the transition.

Remember, this conversation is unlikely to be resolved in one sitting. It's a process that requires ongoing dialogue, understanding and support. But with these strategies, you can help your loved ones to navigate this transition with dignity and confidence.

And your Count Financial adviser is ready and able to help, including [navigating the aged care system](#), maximising your family's social security entitlements and managing tax considerations.



How to choose an aged care provider

When considering aged care options, it's important to ask the right questions. The following are key questions to ask aged care providers, as suggested by the Australian government's [My Aged Care resource](#)⁸:

1. How will you provide the care and support services my family need?
2. What training do the care staff have?
3. How do you manage clinical care needs, such as taking medication or wound care?
4. How many staff provide overnight care?
5. Do you help with medical appointments?
6. How big are your rooms? Can they be personalised with things from home?
7. How do you cater for special dietary requirements like allergies, cultural foods, etc.?
8. What sort of social activities do you provide? Do you organise outings?
9. How do you ensure the safety and security of the residents? What measures do you have in place for emergencies?

Remember, your goal should be to make sure your loved ones are safe, comfortable and happy in their later years.



How your Count Financial adviser can help

If you're planning to transition to aged care or help family members to do so, we're here to help. Over the years, our team has helped countless Australians navigate these difficult conversations. Talk to your Count Financial adviser about how to put in place the right plans for you and your family.

⁸ My Aged Care, 'Questions to ask aged care homes', N.D., accessed 20 December 2024

The numbers

Reference period: **September 2024**

Total residential mortgages fell \$2.5b (-1.8%) to **138.7b⁹**

Over the twelve months to the September 2024 quarter, the CPI (Consumer Price Index) rose

2.8%¹⁰

Goods debits (imports) rose

\$35m

(0.1%) driven by Processed industrial supplies n.e.s.¹¹

Household saving to income ratio rose to

3.2%

from 2.4%¹²

The seasonally adjusted WPI (Wage Price Index) rose

0.8%

this quarter and 3.5% over the year¹³

Goods credits (exports) rose

\$1,456m

(3.6%) driven by Other mineral fuels¹⁴

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⁹ Australian Bureau of Statistics

¹⁰ Australian Bureau of Statistics

¹¹ Australian Bureau of Statistics

¹² Australian Bureau of Statistics

¹³ Australian Bureau of Statistics

¹⁴ Australian Bureau of Statistics