Aged Care in New Zealand Is Facing a Major Shake-Up

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New Zealand’s population is ageing rapidly, and a newly released government report recommends significant changes to ensure aged-care services remain sustainable and accessible in the future. Read the report here: A Place to Grow Old: Securing the future of aged care | Ministry of Health NZ

The report identifies that the current aged care system is already under pressure due to rapid population ageing, increasing care complexity, and long-standing system fragmentation.   There is a real concern about the ongoing ability to provide safe and equitable aged care in New Zealand.

The report acknowledges that:

- More than 70,000 people already receiving in home care.
- Around 35,000 people are in aged residential care, and about 60% of them receive a residential care subsidy (RCS),
- The population over 75 is expected to almost double by 2047, and
- Government funded aged care costs are projected to increase substantially.

Major reforms are recommended to our aged care system; the overall direction is to help people stay at home longer, improve coordination of services, and to significantly change the aged care funding model.

One of the most significant proposed changes relates to the RCS rules. The report recommends lowering the asset threshold at which people may be required to contribute more towards the cost of their residential care from approximately $300,000 currently to $100,000, and introducing a stepped contribution regime based on asset levels rather than the current “all or nothing” approach. The report also recommends:

- New limits on the extent to which the family home can be excluded from asset testing.
- A review of trust and gifting rules used in means testing.
- A lifetime cap on certain residential care contributions, designed to protect people who require care for extended periods. As a result of the suggested changes, intergenerational housing may become more common. It will be essential to carefully consider the legal structure of these arrangements, including how aged care may affect them.

The proposed timeframe for the reform is split into three phases commencing in 2026 and aiming to be completed by 2032. Phase one focuses on availability of beds and aged care workers, phase two will look to support living at home longer, and phase three will implement the new funding and coordinated care model.

As the aged care system changes, it is a good time to review your estate planning documents, enduring powers of attorney, trust arrangements, and property ownership structures to ensure they all reflect your wishes and circumstances.

Please get in touch with us if you would like to discuss your arrangements or understand how the above changes may affect you.