



AUGUST 2025

For adviser use only

How does the new Higher Everyday Living Fee offer better consumer protection measures?

By Mansi Desai, Technical Services Manager

From 1 November 2025, the Higher Everyday Living Fee (HELFF) will replace the Extra Service Fee (ESF) and Additional Service Fee (ASF) as part of the new Aged Care Act. This change aims to address the lack of clarity and transparency in the existing fee structure and provide consumer protection to residents purchasing additional services. These fees will only be applied:

- for voluntarily opting into specific services
- to those who genuinely want and can make use of it, and
- for as long as residents wish to continue using those services.

The HELFF can be charged for services that are offered as an opportunity for residents to purchase additional goods and services that are above and beyond the required standards provided under the Aged Care Rules 2024 and the Residential Care Service List. The amount of fees levied will be purely based on goods and services offered regardless of the type of room being occupied by the resident. For example – A HELFF being charged for providing pay television services (including streaming services), as opposed to access to television in a communal lounge.

Consumer protection measures

The new consumer protection arrangements governing HELFF includes the following:

- A HELFF can only be entered into after an individual enters into a service agreement.
- A written and signed HELFF agreement must be in place which will be separate from the aged care accommodation agreement. This means that, unlike in some current cases, residents will not be forced to agree to HELFF for any extra services as a part of condition of entry to secure a desired room.
- The agreement must outline the cost of each higher service to be delivered, the standards and frequency at which they will be delivered, and how they will be charged. The price of HELFF services will be set by providers in line with market conditions and can only be increased in line with increases in the consumer price index.
- Although these services can be provided as a bundle or package, they must also be available separately, and a resident cannot be worse off than if they separately paid for the services that they can use.

- Residents will have the ability to cancel or vary their HELF charges within a 28-day cooling-off period after entering care, without incurring a cancellation fee.
- The provider must acknowledge receipt of the resident's request to vary or cancel a service, including the effective date of change, and will be required to review the agreement at least on an annual basis.
- After the initial 28-day cooling off period, if a person chooses not to use the service, or is no longer able to use the service, it can be cancelled with 28 days' notice.
- If the resident initiates cancellation, the provider can pass on expenses incurred beyond the 28-day period if they are unavoidable (for example, subscription fees) for up to 90 days. Providers must be able to demonstrate this and cannot pass on an amount greater than what they have incurred.

HELF example

Joe has an approved ACAT assessment and selects a residential aged care facility for the necessary care he needs and partly for the range of higher everyday living goods and services the facility has to offer. John signs an accommodation agreement and enters the preferred facility. After moving in, he subscribes to the daily newspaper service delivery to his room each morning, Netflix subscription and a weekly yoga class.

Although he enters into a HELF agreement offering these services, he has 28 days to amend or cancel any service from the date of signing the agreement. Joe is happy with the services he has subscribed for and decides to continue with them even after the 28-day cooling-off period. However, 10 months later, he had a fall and as a result he can no longer attend the yoga class due to his declining mobility. Joe approaches his provider and discusses his inability to use the service. His provider is required to allow him to cancel with 28 days' notice.

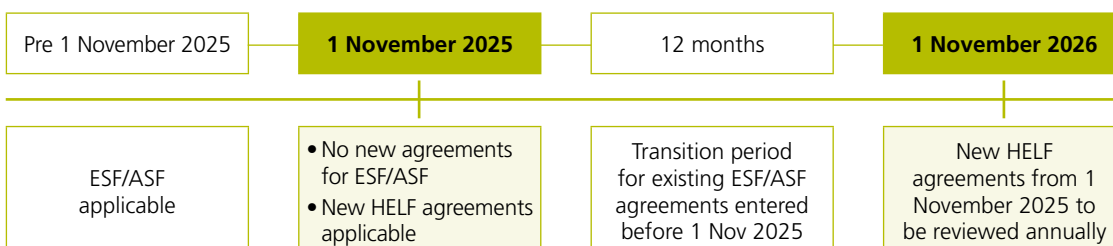
After 12 months, Joe reviews the agreement with the provider. He has the option to either:

- continue receiving the current good and service and roll his agreement over to another year,
- add new goods and services that are being offered to his existing agreement
- remove some goods and services from his existing agreement, or
- cancel the agreement entirely if he no longer wishes to use any goods and services.

Joe decides to discontinue the newspaper service, add a weekly delivery of his desired bottle of wine and continue with the Netflix subscription.

How will the transition to HELF from the current ESF/ASF arrangements take place for the existing aged care residents?

Existing residents having an ESF or ASF agreement in place before 1 November 2025 will have 12 months to work with their provider to progressively transition to the new HELF agreement, with protections to ensure they will not be paying more than before. These arrangements can continue until 31 October 2026 for residents who agreed to these fees prior to 1 November 2025. No new ESF or ASF arrangements can be entered from 1 November 2025 onwards. Residents entering into a new agreement from 1 November 2025 will have the HELF rules applicable to them. Providers will need to ensure they do not unreasonably refuse a resident's request to exit an existing ASF/ESF arrangement and are expected to have discussions with each ESF/ASF resident prior to 1 November 2026.



Contact details



Visit
challenger.com.au



Email
challengertech@challenger.com.au



Call Challenger Tech team
1800 176 486
(during Sydney business hours)

The information in this article is current as at 1 August 2025 unless otherwise specified and is provided by Challenger Life Company Limited ABN 44 072 486 938, AFSL 234670 (Challenger, our, we), the issuer of the Challenger annuities (Annuity(ies)) and Challenger Retirement and Investment Services Limited ABN 80 115 534 453, AFSL 295642 (CRISL). The information in this article is general information and is intended solely for licensed financial advisers or authorised representatives of licensed financial advisers, and is provided to them on a confidential basis. It is not intended to constitute financial product advice. This information must not be distributed, delivered, disclosed or otherwise disseminated to any investor, without our express prior approval. Investors should consider the applicable Annuity Target Market Determination (TMD) and Product Disclosure Statement (PDS) available at challenger.com.au and the appropriateness of the applicable product to their circumstances before making an investment decision. This information has been prepared without taking into account any person's objectives, financial situation or needs. Neither Challenger and/or CRISL, nor any of its officers or employees, are a registered tax agent or a registered tax (financial) adviser under the *Tax Agent Services Act 2009* (Cth) and none of them is licensed or authorised to provide tax or social security advice. Before acting, we strongly recommend that prospective investors obtain financial product advice, as well as taxation and applicable social security advice, from qualified professional advisers who are able to take into account the investor's individual circumstances. Each person should, therefore, consider its appropriateness having regard to these matters and the information in the TMD and PDS for the applicable Annuity before deciding whether to acquire or continue to hold the product. A copy of the TMD and PDS is available at challenger.com.au or by contacting our Adviser Services Team on 13 35 66. Any examples shown in this article are for illustrative purposes only and are not a prediction or guarantee of any particular outcome. Age Pension benefits described in this article will not apply to all individuals. Age Pension outcomes depend on an individual (or couple's) personal circumstances and may change over time. This article may include statements of opinion, forward looking statements, forecasts or predictions based on current expectations about future events and results. Actual results may be materially different from those shown. This is because outcomes reflect the assumptions made and may be affected by known or unknown risks and uncertainties that are not able to be presently identified. Challenger and CRISL relied on publicly available information and sources believed to be reliable, however, the information has not been independently verified by Challenger and CRISL. While due care and attention has been exercised in the preparation of this information, Challenger and CRISL gives no representation or warranty (express or implied) as to its accuracy, completeness or reliability. The information presented in this article is not intended to be a complete statement or summary of the matters to which reference is made in this article. To the maximum extent permissible under law, neither Challenger, CRISL, nor its related entities, nor any of their directors, employees or agents, accept any liability for any loss or damage in connection with the use of or reliance on all or part of, or any omission inadequacy or inaccuracy in, the information in this article.