

**Retirement
Living**
A WISE MOVE™



The Book of Wise Moves

A guide for planning your move
to retirement village life

Who is the Retirement Living Council?

The Retirement Living Council is a specialist division of the Property Council of Australia. Together, both entities represent a large number of retirement community owners, operators and developers, plus associate members with a direct interest in the retirement living sector.

The lead members of the Retirement Living Council are building Australia's future communities dedicated to the accommodation and care of senior Australians and are diverse in profile and mission. They include Australian Stock Exchange-listed companies, private equity companies, mutuals, church-based entities, returned services associations, not-for-profit organisations and small operators.

For more information on the Retirement Living Council's activities visit www.retirementliving.org.au

What is this book about?

The *Book of Wise Moves* has been produced by the Retirement Living Council to help retirees, people intending to retire, their families and friends to explore the opportunities in retirement village life.

While the book contains information about all housing options available to senior Australians, including information on Home Care support within your existing home, the primary focus of the *Book of Wise Moves* is retirement villages.

Retirement villages, as explored in this book, are those communities regulated under specific state and territory-based retirement village legislation in Australia.

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1. It's time to make that Wise Move

Ahhhh, retirement. The very word has most of us dreaming wistfully of a life less hurried, of time spent doing the things that just had to wait during years which were busy with work and family. Perhaps you have been waiting for a holiday abroad or a road trip as a Grey Nomad, more time with family and friends, or completion of that long-desired art or woodwork project. Maybe you want to keep working but want a bit more flexibility in how you go about it.

Whatever your vision, retirement is a time for new beginnings. It could be the right time for your very own wise move.

More and more Australians of retirement age and pre-retirement age are now choosing to embrace this time and choose a new life or new lifestyle. Some people choose a 'sea change' or 'tree change' and move to that beautiful spot where they've always dreamed of living. Some choose to stay in the family home.

Yet others choose to downsize their home responsibilities, hand over some of the day-to-day chores to someone else and move into a retirement village.

Moving into a retirement village is an exciting time, bringing new freedoms, new friends and new possibilities. But there are also a lot of decisions to be made and that can be daunting.

There's just so much to think about...What does retirement look like for me? When should I retire? Should I move after I retire or before? Where should I move? What will it cost? What will happen if I want to move out one day? What if I start a new relationship? What if I need help with housework or to manage my health needs? How old do I need to be to live in a retirement village?

There is a mountain of information out there about retirement villages and it can be time consuming to sort through it all. It's hard to know what to look for and what questions to ask.

The Retirement Living Council has created this *Book of Wise Moves* to (hopefully) make things just a little bit easier. It'll be helpful if you're looking for information for yourself, for a friend or for a family member.

In this *Book of Wise Moves*, we will cover:

- Different types of retirement villages in Australia
- The difference between retirement villages and residential aged care
- The legal and financial practicalities of securing a home in a retirement village
- Types of support available in retirement villages for your property, your lifestyle and your health and wellbeing

As well as these 'facts and figures', we also cover the things that are really important to people making decisions about their future lifestyle, including:

- Can I take my pet to my new home?
- How should I sort my belongings after a lifetime in one home?
- Will I be able to have guests visit in my retirement village home?

We will also look at some of the specific questions you may like to ask when you're considering a particular retirement village so that you can decide if it's 'the one' for you.



What is a Retirement Village?

There are many misconceptions about what a 'retirement home' actually is. In fact, the first one is right there. It isn't 'a home'. It's ***your home*** which is located alongside other private homes that sit together as a village on land owned and/or managed by a specialist retirement village operator.

Retirement villages are communities like any other in the sense that people are simply going about their lives as they choose. The main difference is a retirement village community comprises people at a similar stage in life who are all seeking the kind of lifestyle that a retirement village offers.

Some people think that by moving to a retirement village they lose something – whether that's independence, status or familiar social connections. The reality is actually very different.

Some people head off to work as usual each day, while others enjoy a relaxed morning with the paper. Some people pop to the shops to prepare for a visit from family or friends, while others venture out to a fitness class, lunch or a movie, just as they did before moving to the village. The really lucky ones are busy packing for a holiday, while others are getting their hands dirty in the garden, the shed, or the studio.

The only thing that's really changed is their address, and perhaps the amount of yard work and home maintenance they need to do. And they've gained

something as well – a community.

Retirement villages can be vibrant and active places, but they can also be restful and relaxing places. It's entirely up to you. The one thing that every village has in common is that they are focused on supporting residents to live their best life, however they choose. Retirement villages are lifestyle-focused communities, but many also offer support services and care if residents need or want it. You simply choose what you need when you need it.

It is important to note that while there are many housing options available to you in retirement, retirement villages are those communities regulated under retirement village legislation in each state and territory. It is these communities that this book primarily addresses.

Retirement Village or Aged Care?

It's a simple fact that retirement villages and residential aged care are just not the same thing. Retirement villages and residential aged care facilities are designed for people at different stages of life and with very different needs.

They both provide accommodation for older Australians but that's where the similarities end.

RETIREMENT VILLAGES

Retirement villages are made up of private homes and usually offer a range of shared facilities for recreation and relaxation, including pools, community centres, gymnasiums and sports facilities such as bowling greens or tennis courts. They often also have spaces for doctors, physiotherapists, hairdressers and other 'come to you' services.

Retirement villages are specifically designed to cater for the needs of older Australians. But each Australian state and territory, and even individual villages, has rules about the actual age of entry so it's always a wise move to check this early.

Some retirement villages are built on the same or adjacent land to residential aged care facilities (these are called *co-located villages* or *integrated communities*), but the two cater to very different needs and operate completely separately.

Generally, when retirement village residents arrive they live reasonably independently and are not frail or dependent upon high level support from carers. Retirement villages are designed for you to 'age in place', so while you may come to need more support down the track, when you first move in this is not necessarily the case.

This means that a two-bedroom home in a retirement village can look much the same as a two-bedroom home anywhere else, but possibly with a few subtle and handy differences. The grounds will feature gentle slopes rather than stairs, doorways may be wider to accommodate wheelchairs, and you'll find emergency call buttons for peace of mind. You might not need them now, or ever, but it's nice to know they are there if you do.

If you need assistance it can often be provided, whether it's just a little help with the housework or support to manage a health condition that, while not affecting your ability to live independently, might need a little monitoring. This is generally provided via a home care provider.

For the most part though, you just go about your usual day according to no one's schedule but your own.

Some people choose to move into a retirement village before they've actually retired. It's absolutely true that you can be still working, highly active and extremely independent and live in a retirement village.

RESIDENTIAL AGED CARE (RAC)

Unlike retirement villages where you may or may not require additional care or support, residential aged care provides accommodation, health care and support services to seniors requiring round-the-clock supervision and assistance.

People generally do not choose to go into residential aged care. This transition usually occurs when the person needs a high level of care and support services, and residential aged care is determined to be the best option to provide these services. Care options available include those tailored to specific needs, for example, residents with dementia.

Entry to residential aged care is based upon need and this is determined through an assessment by the Aged Care Assessment Team (ACAT). An ACAT assessment considers your ability to independently undertake everyday living activities and continuing health care needs, in order to determine the level of care and support services required to meet these assessed needs.

In addition, prospective residential aged care residents are required to undergo an income and assets test to determine eligibility for government-subsidised residential aged care services.

Retirement villages vs Residential Aged Care

A QUICK COMPARISON

	RETIREMENT VILLAGE	RESIDENTIAL AGED CARE
DRIVERS TO ENTRY	Lifestyle driven	Needs driven
HOW TO ENTER	Enter into a private agreement/ contract with village	Eligibility determined via assessment by Aged Care Assessment Team (ACAT). Prospective residents enter into agreement with aged care provider
RESIDENTS	Enter living relatively independently	Enter needing accommodation, health care and support services to meet ongoing needs
REGULATION	State Government legislation	Commonwealth legislation
INITIAL PAYMENT	Entry payment or regular rental payments, depending on agreement with the retirement village provider	Accommodation fee, paid either through refundable accommodation deposit, daily accommodation payment, or may be Government subsidised
PAYMENT/S UPON LEAVING	Residents may pay a deferred payment fee on departure, as well as any other contractual payments owed	Refundable accommodation deposits are 100% refunded when resident leaves the aged care facility
COST/S WHILE IN RESIDENCE	Regular service charge to cover general management and maintenance of the village and use of the facilities	Basic daily care fee and for some a means tested daily care fee
FUNDING	Generally self-funded through personal funds, superannuation and/ or Age Pension	Care and accommodation charges may be Government subsidised
RENT ASSISTANCE	Rent assistance may be available (if you meet rent assistance eligibility requirements)	Not applicable
CARE AND SERVICES	Additional services vary depending on village (may incl. meals, cleaning)	Specified care and support services
ACCREDITATION	Accredited providers	Accredited providers (accredited by Aged Care Quality Agency)

Australia's Retirement Living Industry



A LARGE AND GROWING INDUSTRY WITH A SPECIAL FOCUS

There are currently more than 180,000 people living in more than 2,300 retirement villages across Australia.

With 22 per cent of Australians expected to be over the age of 65 by 2054, the need for comfortable, affordable and supportive retirement living options is ever-increasing.

The challenge this presents to the retirement village sector is to work with residents – and potential residents – to ‘reimagine’ retirement. To find solutions that continue to deliver better services, higher standards and innovative ways of creating great communities for people to enjoy their best life in retirement.

Retirees are increasingly more discerning about what they want and need from their retirement life. Today’s retirees are also more tech savvy than previous generations. While many are still reliant on the pension to fund their retirement, others have more disposable income than their parents and grandparents did in retirement, and all are looking for options that suit their individual needs and wants.

The mix of retirees is also changing, with single people increasingly represented – the majority of these being single women.

Through a combination of age-appropriate design, a focus on lifestyle benefits and the availability of on-site or visiting support and care for those who need it, retirement villages are contributing to improved physical and mental health for many older Australians.⁶



RESPECTED, RESPONSIBLE AND RESPONSIVE

The retirement village sector is one of Australia’s highest rated industries by its customers.

If you ask those currently living in retirement villages, they are certainly very happy with their decision to choose village life. In fact, research shows that 81% of residents say that their expectations regarding life in a retirement village had been met or exceeded.⁷

Also, 86% of those surveyed said moving into a retirement village had also met or exceeded their expectations in relation to their sense of financial independence in retirement.⁸ With many older Australians concerned about having sufficient funds to enjoy the life they want in retirement, it’s reassuring that these residents generally feel that they made a good financial move.

ACCREDITATION

Moving into a retirement village is a huge decision, not only for the future resident, but the entire family. It’s important that you have peace of mind about the community that you choose. For some, this peace of mind may include whether their village has been through a formal accreditation process.

There are two industry accreditation schemes currently in operation, Lifemark and IRCAS, and many villages are accredited under one of these two schemes.

Work is currently underway to merge these two schemes into one united accreditation scheme for the sector. All villages currently accredited under the existing schemes will continue to hold their accreditation until the end of its current term, at which time it is expected they will be re-assessed under the new scheme.

¹ *Older Australia at a Glance Report, 2017*, AIHW; www.aihw.gov.au/reports/older-people/older-australia-at-a-glance/contents/demographics-of-older-australians/australia-s-changing-age-and-gender-profile

^{2,3,4} *2018 overview of the Australian Retirement Sector*, Grant Thornton

^{5,6,7,8} *villages.com.au National Resident Survey 2018 – The Independent Study of Today’s Retirement Village Residents, 2018*, Australian Online Research



2. Home sweet home

For most Australians, our home is a huge emotional commitment. It is the centre of our personal universe. It's where we raise our children, where we accumulate the treasures of toil and travel, and where we make a lifetime of memories with family and friends. Many hours are spent decorating, tidying and improving so that we can live happily and comfortably.

These things don't become any less important when we consider how we want to live in retirement. We may choose to leave behind the upkeep and expenses of an older, larger, no-longer-suitable house, but our new house has to be just right. It has to be home.

If you are contemplating or have made the decision to pull up stumps and move into a new home, you'll be wanting to know what the options are and whether it really is a wise move.

On the financial front, you'll probably be pleased to know that the investment you made in the 'old' house over the last 40, 50 or even 60 years will probably have set you up very well to purchase a new home in a retirement village. And you may even be able to tip some spare change in to your retirement savings or 'spendings'. For those not quite in the same position, there are also rental options available within retirement villages.

Based on current data, retirement villages compare very favourably with the price of comparable housing in Australian capital cities. The average cost of a two-bedroom home in a retirement village starts at \$424,000⁹. This is below the median Australian dwelling price at \$568,972 for houses and \$513,468 for units¹⁰. Moving into a retirement village could give you an opportunity to release equity tied up in your existing property, all while you settle into a new or 'new-to-you' home in a safe, supportive, social community.

As the oldest and most established form of specialist housing for older Australians, retirement villages are also the most popular, with more than 180,000¹¹ people living in villages across Australia.

More and more older Australians are deciding that a retirement village lifestyle is the best decision for their life *right now* and also *into the future*. So, let's explore what sort of housing options are available.

All shapes and sizes

Housing options for seniors come in many different forms to suit different budgets, lifestyles and needs.

Retirement villages alone can differ in size, location, home type, facilities, suitability for different ages and needs, and of course cost. Some villages consist of detached homes, others have townhouses. Low-maintenance home designs make daily living easier, and for those who want to travel, you can simply lock up and leave.

Homes on the ground level will usually have their own private courtyard or garden so if you're a bit of a green thumb there is still space to tinker or just quietly enjoy your own little sanctuary. There are also car parking options ranging from car spaces to lock up garages, and some provide the option to store your caravan or boat.

These days, some retirement villages are vertical, like apartment blocks in inner city locations, but still with everything you would need at the press of an elevator button.

Ownership options vary as well. You can own your home and land, you can own your home and rent/lease your land or you can rent/lease it all. There are brick and tile, timber and tin, mobile home-style communities...just about every option under the sun. (For more information on the types of tenure available, see *Legal things matter* on page 44.)

All retirement villages have an 'operator' but these vary greatly too. Operators can be large national companies, small private village managers or not-for-profit (or 'for purpose') organisations.

Each state and territory in Australia has its own legislation which governs the operation of retirement villages (more on this later), so some things will vary depending on where you are going to live. It really helps to do your homework and know what types of retirement living are out there when making your decision.

Not all accommodation options for seniors are retirement villages. Only those administered under retirement villages legislation are considered to be 'retirement villages'. Other housing options fall under the administration of different legislation and while they may be homes to groups of retirees, they aren't technically retirement villages.

However, just so you know what your various housing options are, in this section we'll look at both retirement village and 'non-retirement village' options. A summary of these is on the next page, and then we'll take a look at each in more detail.

⁹ 2017 PwC/Property Council Retirement Census; www.pwc.com.au/deals/assets/property-council-retirement-census-nov17.pdf

¹⁰ Australian median housing prices at 31 August 2018, Corelogic Value Index ¹¹ 2018 overview of the Australian Retirement Sector, Grant Thornton

Accommodation options for seniors

ACCOMMODATION TYPE	TYPICAL FEATURES	RETIREMENT VILLAGE ¹²
INDEPENDENT LIVING UNITS (ILUs)	<ul style="list-style-type: none"> › Buy/lease/license your own home › Individual responsibility for utilities › Regular services fee to cover community maintenance & facilities › 1-4 bedrooms › Private outdoor space › Fully independent living › Care and support may be available through home care provider › Communal facilities › May be entitled to rent assistance 	Yes
SERVICED APARTMENTS	<ul style="list-style-type: none"> › Buy/lease/license under a variety of tenure/contract options › 1-2 bedrooms › Weekly/monthly fee payable › Some level of support is included in supported living package (e.g. linen, meals, cleaning) › Care and support may be available through home care provider › Communal facilities 	Yes
RENTAL VILLAGES	<p>Within a retirement village:</p> <ul style="list-style-type: none"> › Single bedroom or studio › May be entitled to rent assistance › Other features similar to above <p>Non-retirement village:</p> <ul style="list-style-type: none"> › Single bedroom/studio › Basic furnishings › Cleaning & linen provided › Care and support may be available through home care provider › May be entitled to rent assistance 	Yes and No ¹³
LAND LEASE COMMUNITIES	<ul style="list-style-type: none"> › Own your own home (usually relocatable) › Pay weekly site fee/'rent' › Care and support may be available through home care provider › May be entitled to rent assistance 	No

¹² Refers to retirement villages as applies under specific retirement village legislation in each state and territory. ¹³ Depending on the type of rental village they may be administered under different legislation – retirement villages legislation (making them a retirement village) or residential parks or residential tenancy legislation (meaning they are not a retirement village).

INDEPENDENT LIVING UNITS (ILU)

The most common retirement village style in Australia consists of Independent Living Units (ILUs) or villas within a village setting.

These are private dwellings, commonly with between one and four bedrooms, developed for those who wish, and are able, to live relatively independently. The house and land are bought, leased or licensed by individuals but the communal property – gardens, parks, roadways and community centres – are generally owned, managed and maintained by the village operator.

Homes can be built as either stand-alone houses, townhouses, terrace houses or apartments in medium or high-rise developments. Most are similar to regular homes, with garages and private outdoor spaces.

This option is popular with people who want to live independently and require little or no assistance with daily activities, but who also want to enjoy the social environment and support of a village community.

Should you require some additional assistance as you age, this can be provided to you through access to visiting services such as home care support.

SERVICED APARTMENTS

Serviced apartments are also a popular model and generally comprise apartment-style or semi-detached homes with one to two bedrooms.

This living style offers the safety and security of 24-hour support and access to living assistance. Apartments can be part of a low density, suburban village or a medium to higher density apartment-style complex.

Some support services will be included in your standard supported living package, such as meals, linen, laundry service and apartment cleaning. Others services may be available as fee for service. How much or how little support you receive is entirely up to your needs, however a minimum amount can apply.

It is important to speak with individual operators about what is and isn't included as part of their service apartment offering.

RENTAL VILLAGES

Renting within a retirement village can be a good option if you are looking for the benefits of village living without the upfront cost.

People choose this option for a range of reasons. Some want to 'try before they buy'. Others prefer not to tie up their retirement savings in housing. Some are simply just not in a financial position to buy.

Rental availability in retirement villages may be limited so it could take some time to find what you need if you are choosy about your location or housing type.

There are two types of rental villages in Australia:

- Traditional retirement village (administered under retirement villages legislation) where the operator makes a number of units available for rent
- Seniors rental accommodation covered by state residential tenancy legislation rather than retirement village legislation. This type of accommodation is not a retirement village but may offer similar facilities and services.

While prices vary, rental communities are specifically geared to seniors on an Age Pension, providing single bedroom or studio units with basic furnishings. They may also offer support such as meals and laundry service.

While a village manager usually provides support by keeping an eye on your welfare, and rental villages are generally laid out to be 'ageing friendly', they usually do not agree to deliver any services beyond accommodation. Some do assist in the organisation of home care services or other activities, but you should check with specific operators as to what is, and isn't, provided.

As you are in a rental arrangement, you may also be eligible for Commonwealth Rent Assistance.

LAND LEASE COMMUNITIES

Land Lease Communities (or LLCs) can also be known as 'manufactured home estates', 'mobile home communities' or 'resort communities'.

The concept of a land lease community grew out of the caravan park industry, which has always had a mix of temporary and permanent residents and is becoming a popular and affordable option for retirees – particularly those who might not want to tie themselves to one location.

There are several major factors which differentiate land lease communities from other seniors housing options:

1. LLCs are not retirement villages. They are regulated under residential parks or residential tenancy legislation, not retirement village legislation.

LLC residents usually pay a weekly site fee (or rent) to the land owner/operator of the community. This fee commonly covers management and maintenance of the community and associated facilities.

Because LLCs are governed by different legislation, the rights and responsibilities of both the residents and the village operator can vary from those of retirement villages.

2. In a land lease community, you own your home, but you lease (or rent) the land on which it sits. In theory, you could pack up your home and relocate it elsewhere, although people rarely do.

3 Residents of LLCs may be entitled to Commonwealth Rent Assistance.

4. It is the individual home owners' decision how much age-supportive design they wish to include in their home.

Outside of the land ownership structure, LLCs do have many similarities to those communities which are legally considered to be retirement villages, including:

- communal facilities including community centres, games rooms, swimming pools and other leisure opportunities
- community activities and social programs
- ability to access Federal Government

KEY THINGS TO KNOW:

- Some LLC operators are partnering with providers to offer residential aged care facilities on adjacent land to support ageing residents.
- While some LLCs may be more affordable, residents in an LLC may also have a lower security of tenure.
- Because they are administered under different legislation, the agreement or contract you have with your LLC will be very different to that of a retirement village. Similarly, any ongoing fees and charges – including exit fees on departure from the LLC – may also differ.



CULTURAL AND RELIGIOUS DIVERSITY

Retirement villages are diverse, open and welcoming communities to any prospective resident. For some retirees however, specific aspects of culture or faith may be a factor when looking for their home in retirement.

If this is important for you, there are certainly a number of church-owned and operated retirement villages available around the country.

Additionally, there are villages where a proportion of the residents share a particular cultural background (e.g. Dutch or German) or share the same faith (e.g. Jewish or Catholic). This can particularly be the case where the local area in which the village is located has a high proportion of people who share the same heritage or faith.

If this is an important consideration for you, speak with your prospective village/s operator.



Care and support

So, what happens if you make the move to a retirement village but need more support to manage your health and daily living in the future? Home care services can provide health care and support services into your home – whether in your current home or your retirement village home. Services might range from general help with cleaning or gardening to personal care, nursing and/or other health care.

IN-HOME CARE AND SUPPORT

It may be that you need health and ageing services on an ongoing basis – or for a shorter period – for example, after a medical procedure.

Regardless of whether you're living in a retirement village or your own home, you may be eligible for government-subsidised home care services. Some retirement villages are registered providers of home care services and can work with you to arrange the necessary support. Alternatively, you can source other registered providers who will come to you either in your existing home or the retirement village.

The purpose of these services is to provide the support and care that you need so that you can 'age in place' for longer.

There are different types of government-funded home care and support:

- › **Entry level support at home** – either ongoing or short-term support provided through the Commonwealth Home Support Programme. This might include support services like cleaning, transport, respite, or meal preparation.

- › **More intensive support at home** – available through the Home Care Packages Program. There are four levels of support ranging from basic to high-level care. The level of support provided will be dependent on your assessed needs. Again, the services can vary from basic support services to health care services or equipment.

The entry point for both the Commonwealth Home Support Programme and the Home Care Packages Program is the Federal Government's My Aged Care assessment service.

You can find out more about the various home care options by visiting www.myagedcare.gov.au

FEE-FOR-SERVICE

If you are not eligible for a home care support package and can afford to do so, you may choose to directly engage service providers in a fee-for-service arrangement.

Depending on the type of support you need, you may be able to access some of these services through your retirement village at an additional cost. Check with your village operator to find out more about available



3. Why making the move is a Wise Move

Most of us wouldn't simply wake up one morning and spontaneously decide to move into a retirement village. It's more likely that you'd start thinking about making some changes – large or small – to your living arrangements or lifestyle.

You might be tired of labouring to get the garden under control. Perhaps your old neighbours have moved elsewhere and you don't have much in common with the new ones.

It's not difficult to see how a community that offers a range of facilities and activities, takes many day-to-day chores off your hands, and provides an opportunity to mix with others at a similar stage of life might appeal.

There are any number of things that can start you thinking until eventually you decide that a change of scenery or a fresh adventure might be just what you need.

It's common for older Australians to say that they prefer to 'age in place' in their existing home. And while this is fine for some, it sees many older people living in homes that aren't really helping them to do this. As a result, day-to-day jobs can be just that little bit more difficult and things that used to be a pleasure become chores and sources of worry and anxiety.

You might say, that's just part of getting a bit older. But wouldn't it be wise to make things easier, if you can?

The decision about where you live in retirement should also be driven by what you want to do

Why is it hard to make the decision to move?

Sometimes things can make good sense but still be so hard to do. Why is that? It's because change challenges us, even when it's good.

Moving house and changing your lifestyle is a big change for sure. Most of us actually worry about the same things:

What will it cost to move? Will I be any better off?

Will it be hard to keep in touch with friends?

What will the kids say if I leave the family home?

What will I do with all of my belongings if I move to a smaller home?

There's a lot to think about, but this change could be much, much better than that proverbial holiday. Or maybe you could have that too!

A WISE FINANCIAL MOVE?

You might worry about the financial impacts of moving house but this could turn out to be a very wise move indeed.

For most of us, the family home is by far our biggest asset. But while this makes us asset rich, we may also be cash poor. It's certainly the case that some retirees are living in high value homes, but are scrimping and saving just to pay the bills. And as your home continues to age, the cost of upkeep can put further pressure on the finances.

It is definitely possible to sell a home, buy in a retirement village and retain an amount of cash from the sale which you can save or invest (or spend on that holiday you've been dreaming of).

If you can find a lovely home and community that suits your needs, and have the funds to enjoy more of the things you want to do, isn't that a wise move?

DOWNSIZING IS RIGHTSIZING, NOT DOWNGRADING

Many people fear that moving to a smaller home, even if it better suits their lifestyle, will be perceived as downgrading.

Perhaps it's better to think of it as 'rightsizing': making a change to the right home, of the right size, at the right time, for the type of retirement lifestyle that you want. This includes the opportunity to tap into a wide range of community facilities and

RIGHT SIZE BUT NOT THE RIGHT HOME?

Even if your current home is the right size for you, it may not be the right home for your needs, now or as you get older.

Most suburban homes weren't built with ageing in mind, so right size or not, you may still need to invest in modifications at some point to ensure your home continues to support your changing needs.

If your current three-bedroom home is the right size for when family or friends come to stay, then perhaps look at the three-bedroom options available in retirement villages. You can keep your space but gain a purpose-built low-maintenance home that works for you now, has room for visitors to stay, and has the support in place should you ever need it.

I'M TOO YOUNG TO LIVE IN A RETIREMENT VILLAGE

If you think you're too young to live in a retirement village, think again.

62 per cent of retirees and soon-to-be retirees are reluctant to move to a retirement village because they don't feel they need the additional care and services that villages provide¹⁴. In other words, you only move to a retirement village if you need help with day-to-day living.

And yet one of the main reasons people actually give for leaving the family home centre around freeing up their time – they want less maintenance, less cleaning, or just more time to do the things that they enjoy. So, it's not about age. It's about living the sort of life that you want.

When they do move, are they happy they did? Overwhelmingly, yes!

¹⁴ realestate.com.au & Retirement Living, 2016, Property Council of Australia

What current retirement village residents say...



TOP FIVE REASONS THEY CHOSE TO LEAVE THEIR PREVIOUS HOME:

- › **Wanted to 'rightsized' while physically capable**
- › **Their home was becoming difficult to manage**
- › **Their health or their spouse's health**
- › **Wanted to move closer to family**
- › **Concern for their own safety in previous home**



TOP FIVE FACTORS IN CONSIDERING A RETIREMENT VILLAGE

- › **Ability to remain independent as they age**
- › **Freedom from house responsibilities/maintenance (depending on the village)**
- › **Community facilities and activities**
- › **Wanting to socialise with more people like themselves**
- › **Availability of home support/care services if needed**



TOP FIVE REASONS THEY CHOSE THEIR PARTICULAR VILLAGE

- › **Safe environment**
- › **Design of the home for easy ageing**
- › **Availability of on-site maintenance**
- › **Access to medical services**
- › **Village activities/facilities**

Village living is great, but it's not for everyone. You should do your own research, visit different villages, speak with village managers and residents, and seek professional financial and legal advice.



4. Village life

Everyone makes some adjustments to their lifestyle over the years. Let's face it, very few if any of us are living exactly as we did when we were in our 20s, 30s or even our 40s.

As a nation we're living longer, with the average life expectancy now at 80.4 years for men and 84.6 years for women¹⁵. In fact, according to the World Health Organisation¹⁶, Australia is fourth in the world for average life expectancy.

Lifestyle factors can have a significant impact on the health and wellbeing of older people. Sadly, the longer we live, the greater risk we have of experiencing things like loneliness and social isolation¹⁷, which can affect our relationships, connectedness, mental health and

more.

Creating an environment for a positive lifestyle is something that retirement villages – whatever their shape, size or location – take very seriously. It's why village life is seen by many as a natural and positive choice for older Australians.

Many retirement village residents say they have become more active, more confident and enjoy a greater social life since moving to a retirement village,

How did the move to a retirement village affect residents' lives?

27%

said that their physical health had improved (58% no change)

37%

said that their financial security had improved (47% no change)

39%

said that their mental wellbeing had improved (50% no change)

51%

said that overall life satisfaction and happiness had improved (34% no change)

Source: villages.com.au National Resident Survey

¹⁵ *Deaths in Australia Report, 2018, AIHW*; www.aihw.gov.au/reports/life-expectancy-death/deaths-in-australia/contents/life-expectancy

¹⁶ *Life expectancy at birth, 2016, World Health Organisation*; www.who.int/gho/mortality_burden_disease/life_tables/situation_trends/en/

¹⁷ *Generation Stuck: Exploring the reality of downsizing in later life*, Brian Beach & The International Longevity Centre - UK, 2016



So, what can you expect from life in a retirement village?



INDEPENDENCE WITHOUT THE EFFORT

A major appeal of retirement villages is that help is at hand if there is tough work to do or, heaven forbid, you need to call for assistance in an emergency.

Maintenance of communal areas and common gardens is usually taken care of, leaving you with less to do and more time to enjoy yourself. There are no expectations of you to be anywhere or do anything in particular. You can just come and go as you please.



HANDY SERVICES WHICH COME TO YOU

While many residents still choose to head out of the village to use local services, many take advantage of the ones which come to the village. These can include:

- Medical services such as doctors, podiatrists and physiotherapists
- Beauty services such as hairdressers or beauticians
- Banking and financial advisers



A SENSE OF COMMUNITY

Retirement village operators work hard to foster a great sense of community in their villages. As a resident you'll be invited to join activities and social events, but ultimately you can choose to be as social or as private as you like.

Most villages have active social calendars that include things like aerobics, card games, personal training, craft groups, Zumba classes, tai chi, walking groups, golf, as well as outings to galleries, movies, events and places of interest. How much, or how little, you participate is entirely up to you.



A SAY IN THE WAY THINGS ARE RUN

Many villages have a residents' committee, which means that you have the opportunity to have a say in the way the village is run, and a forum through which to provide feedback to village management on ways to make it even better.

A residents' committee has a number of consultative rights in relation to a village's annual budget, resolution of disputes and other matters, as well as the power to convene a formal meeting of residents.



COMMUNITY FACILITIES

Community facilities are common in retirement villages, offering residents a range of amenities and spaces. These can include:

- Community centres
- Barbeque areas, restaurants or cafés
- Games areas such as billiards, table tennis, indoor bowls, bowling greens and swimming pools

Many villages also have more spacious rooms for resident use for large gatherings and celebrations with family and friends.



KEEP YOUR 'OLD' LIFE

Your previous life doesn't end when you move into a retirement village. Quite the opposite. If you want to keep working, keep working.

And you can definitely keep your old regular appointments – your weekly coffee with friends, Sunday breakfast at the local café, trips to the movies with the grandkids, or your regular fitness classes, golf game, or external clubs. None of these things have to change unless you want them to.



MORE TIME FOR YOUR INTERESTS

Many residents find they have more time to spend on their interests and also to try out something new. New friendships are often formed through these common interests and shared activities.

There are often resident-led groups covering a range of interests – art, craft or music clubs, computer skills, gardening or sharing travel tips and stories. If your village doesn't have a group that caters to an interest you enjoy, you can always start one of your own.

VILLAGE RULES

As with any community, each village will usually have a set of rules. These exist to ensure that the village community is a peaceful and pleasant experience for all residents.

Some of the things commonly addressed under village rules include keeping pets, parking, visitors, storage of caravans or boats, activities by individuals in common areas, use of gardens, renovations and general village management.

If you're keen on a particular village, it's a wise move to check that you can live with their rules before you leap in.



5. Healthy, happy and oh so wise

As we get older, it's only natural that we think more about our health and wellbeing. Whatever the situation, health considerations feature strongly in decisions about our retirement lifestyle.

With a strong focus on wellbeing, retirement villages are playing an increasing role in the good health of older Australians. Certainly, the Australian Government Productivity Commission reported that "age-friendly housing and neighbourhoods can have a positive effect on the health and quality of life of older Australians."¹⁸

In a survey of Australian retirement village residents, 27 per cent of residents said their physical health improved after moving to their retirement village.¹⁹

This improvement in physical health may be attributed to the focus on health and wellbeing in villages (through the amenities and activities on

offer), as well as the social interaction with new friends and neighbours.

You may not have been much for swimming or yoga before because you didn't have access to a pool or the extra funds for yoga classes or a gym membership. But when it's happening on your doorstep you really don't need to go out of your way to join in and reap the benefits.

YOUR DOCTOR OR OURS?

Retirement villages can have arrangements with a range of medical and allied health professionals and some will have purpose-built rooms for visiting providers so that residents don't have to go far to get the care they need.

On-site or visiting services can include:

- › General practitioners
- › Nurses
- › Physiotherapists
- › Podiatrists
- › Massage therapists
- › Pharmacists
- › Psychologists
- › Occupational therapists

You don't have to use these practitioners but many residents do.

It is okay to play favourites. You may want to keep seeing the same doctor and health practitioners that you always have. Remember, moving into a retirement village doesn't bind you to using on-site or visiting care and support services only. As with any other aspect of village life, it is your choice.

DON'T WORRY, BE HAPPY

It seems that many older Australians have a lot on their mind. Sadly, older people have nominated their top concerns as loneliness and social isolation, mobility and access to transport, lack of independence, and insufficient money.²⁰

So, beyond a desire to maintain good health as we age, we also appreciate the value of our positive general wellbeing.

This is why, no matter where you live in retirement, maintaining social connections and sustaining your personal community is essential to enjoying a happy, healthy retirement.

Retirement villages offer many opportunities for residents to make new friends and have regular social contact. In the *McCrimble Baynes Villages Census 2013*, only 3 per cent of those surveyed did not participate in activities organised by the village. This may go some way to explaining why the majority of residents felt that their health and wellbeing had improved since moving to their village. Many took advantage of the opportunity to participate in ways to keep connected with the community around them.

That doesn't mean you *have* to get involved. You can simply opt in or not. Village life simply provides a safe, supportive community environment where you can socialise, explore common interests and get involved in activities as much or as little as you want



¹⁸ *Caring for Older Australians Final Inquiry Report*, Australian Productivity Commission, 2011.

¹⁹ *villages.com.au National Resident Survey 2018 – The Independent Study of Today's Retirement Village Residents, 2018*, Australian Online Research

²⁰ *Loneliness leading concern of older people*, Australian Ageing Agenda, 2013 www.australianageingagenda.com.au/2013/09/12/loneliness-leading-concern-for-older-people/



6. We really, REALLY need to talk about money

Few things cause as much worry in life as our financial future. Money worries can become an even bigger concern when you're contemplating finishing paid work and heading into retirement.

Do I have enough superannuation? Will I get the pension? Will I have enough to live on? Will I be able to stay in my current home? Do I want to? How much should I budget for home improvements in case I need them? Should I sell up and move? How much will it cost? Can I afford to travel? What will I be able to leave the kids? These are just some of the questions that can keep us up at night.

Funding your retirement lifestyle

The simple fact is there are many ways to fund retirement but you need to make decisions armed with as much knowledge as you can find. Think about what you really want. Weigh up the options. Talk to your family. Take advice from your financial adviser. Develop a plan.

If you plan to stay in the family home then do just that, but plan for

You'll need to consider things like:

- › 'Running costs' for your home – electricity, heating/cooling, telephone/internet, rates, water etc.
- › Health and medical expenses – your personal 'running costs' which might increase as you age depending upon your health and activities
- › Home modifications and maintenance – can you manage the stairs long term? Will your bathroom need alterations?
- › Will you keep the car? Do you have access to transport if you are no longer driving?
- › How will you maintain contact with family and friends if you are no longer driving?
- › What will my new home cost?
- › Do I pay 100 per cent upfront or can I defer some of this cost?
- › Are there any weekly or monthly fees? What do these fees cover?
- › Do I pay any fee when I leave the village?
- › Will I make a profit if I sell my village home? Do I share any capital gain? What if I make a loss?
- › What happens if we move into the village as a couple and one of us passes away?
- › Can I leave my home in the village to my children?

These are just a few of the questions you'll need

HOW TO THINK ABOUT PRICE AND COSTS

One of the benefits of moving from the family home into a retirement village is that it can give you a new home suited to your lifestyle at a price that's affordable, while freeing up some extra dollars to enjoy a few of things you've always wanted to do. It also provides you with access to a range of community facilities and activities.

However, the biggest mistake you can make in assessing whether the move is affordable is simply comparing the sale price of your current home with the purchase price of your new one. This only considers one part of the financial reality of entering a retirement village – and you should consider them all.

Some quick tips:

1. **Seek financial advice**
2. **Involve your family in the process**
3. **Investigate all possible costs**
4. **Do a budget**
5. **Factor in cost of living increases over time**
6. **Ask a lot of questions**

SEEK INDEPENDENT FINANCIAL ADVICE

As with any significant investment in your life, it is important to seek the advice of an expert. If you already have a financial planner or adviser, you're one step ahead.

If you don't have an adviser or can't afford one, there are a few places you can go to help you get a sense of whether you are in good financial shape for retirement.

- › **ASIC's MoneySmart:** ASIC's consumer website, www.moneysmart.gov.au can help you work out how much money you will need for the life you want. The **budget planner** can help you take stock of your present and future spending, while their **retirement planner** estimates the income you are likely to get from your Super and the Age Pension.
- › **Department of Human Services (DHS):** A DHS Financial Information Service officer can estimate how much Age Pension you will get and help you make sense of your options. www.humanservices.gov.au

There are also a number of other calculators and resources available freely online.

89%

of residents sold their previous home in order to move to their village home

85%

of residents felt that their general service fees were acceptable to excellent value for money

73%

of recent village purchasers paid less than \$500,000 for their village home

\$113

national average weekly general service fees*

Source: villages.com.au National Resident Survey

*Figure is the national average. Actual fees will vary depending on the type and location of your village.

Costs

Just as there are a range of different home options, there are also a range of different cost structures and financial agreements depending upon which retirement village you choose.

It is important that you clearly understand the costs and structure of any agreement you are entering into. Getting your family or friends involved in the decision is also a good idea. You should also seek appropriate financial and legal advice.

The purchase price of your new village home is just one of three different types of costs attached to living in a retirement village. Generally, these are:

1. **The entry payment**
2. **The service charge**
3. **The deferred payment fee (also known as an exit fee or deferred management fee).**

It is important to note that buying into a retirement village is not the same as buying a home anywhere else. In most cases, you don't purchase the land title to your retirement village unit. Instead, you purchase a right to live in it and use the services and facilities that the village offers.

IMPORTANT THINGS TO CHECK BEFORE YOU SIGN

Before you sign anything, make sure you check on a few key things.

- What does your entry payment actually include? Does it just cover the cost of your home or does it include service charges?
- Ask what the weekly or monthly service charges actually are for your village. Check what services are included in this fee – and what services are not.
- If the village has a gardener or a bus, do you need to pay for these services as extras or are they included?
- What are you obliged to do if you want to sell your home and move out? Are there costs involved? If so, what are they?
- Are you required to replace carpets/floor coverings, curtains, heaters or kitchen or laundry appliances if you decide to leave the village? Or are these already covered?
- Do you need to pay out any fees or charges if you decide to leave the village earlier than you were expecting?
- If you leave the village, are you required to pay service charges for a period?

It's important to be entirely clear what is included and what is an additional charge. And remember – if you're eligible, you may be able to access funding for some services through the Commonwealth Government Home Care Packages Program.

When you do your budget, allow for increases each year at least in accordance with CPI, plus your own power, rates and water.

That should start to give you a reasonable picture of



DEFERRED PAYMENT FEE

This is an important fee with several names – deferred management fee (DMF), departure fee, exit fee, deferred fee, retention amount, or outgoing payment. Different terminology is used in different states and territories, and by different village operators.

KEY THINGS TO KNOW:

- › A deferred payment fee is payable when you leave the village, in most cases when your unit is resold or re-let. In the latter situation, the fee is generally deducted from the amount you receive from the sale.
- › The deferred payment fee is usually calculated as a percentage of either the entry payment you paid or the resale/re-let price the new resident pays. You will find this percentage, and which payment it is calculated upon, in your contract. Be sure to look for it specifically.
- › Generally, it is accrued throughout your tenure, meaning you pay more the longer you stay, but it is generally capped after a set period.
- › The calculation method varies between operators, and may even vary within a village, as different residents opt for different payment options.
- › The amount you agree to pay upfront (the entry payment) or upon leaving (the deferred payment fee) can also alter the share of capital gain you're entitled to. When entering your residence contract, you and your village operator will need to agree to a deferred payment fee that you both consider fair, and a reflection of the value of village life.

WHAT DOES IT LOOK LIKE? Here's how deferred payment fees might be applied:

Entry Price	\$400,000
Length of stay	10 years
Deferred payment fee - % per year of the sale price	3% (capped at 30% after 10 years)
Sale price	\$550,000
Deferred payment fee calculated on sale price	\$165,000
Return to resident	\$385,000 ²¹

²¹ This figure does not include other costs which may be payable upon exit e.g. advertising or estate agent costs, reinstatement costs. It also assumes that the resident's contract agrees that 100% of any capital gain will be paid to the resident, which can vary depending on your village operator.

CAN I GET A MORTGAGE?

You may be wondering if it's possible to take out a mortgage to fund your retirement village purchase.

The short answer is possibly, but highly unlikely. It can depend on several things – the type of property, your contract with the village operator, and how willing your bank is to provide the finance.

Anyone who purchases a village home under a lease or licence arrangement doesn't own the title to the land. On this basis alone, it's not possible for them to take out a mortgage with the land title as security.

A person who buys a strata title unit is (in theory) able to take out a mortgage to help fund the purchase price. However, if that unit is within a

retirement village, the operator would have most likely already have a caveat imposed on the title to secure your payment of the deferred payment fee when you leave the village.

This caveat would take precedence over any mortgage arrangement you have. This means that any mortgage provided by a bank or other financial institution would in effect become a second mortgage. That usually pushes it beyond the comfort level of most lenders. And there is often additional concern that should it become necessary for the bank to sell the property, it may be more difficult to sell than your typical family home.

Despite this, some banks may consider lending a portion of the entry payment in exchange for a mortgage. But again, this is very rare.

GOVERNMENT ASSISTANCE

When you move to a retirement village, the amount you pay as an entry payment can impact your eligibility to access government assistance such as the Age Pension and rent assistance.

The following definitions are handy to understand if you're dealing with Centrelink about eligibility for assistance:

- › Entry Contribution (EC) - This is the amount you pay to enter your retirement village. This amount determines your home ownership status and your eligibility for rent assistance.
- › Extra-Allowable Amount (EAA) - This is the difference between the homeowner and non-homeowner asset limit rates. At 1 July 2018, this amount was \$207,000.

In a nutshell...

	EC greater than EAA	EC equal to or less than EAA
Homeowner status	Homeowner	Non-Homeowner
EC assessed as an Asset	No	Yes
Eligible for rent assistance	No	Yes

RENT ASSISTANCE

Your homeowner status (see above) will determine your eligibility for government-funded rent assistance, which can help to cover your regular service charges.

If, following their assessment, Centrelink considers you to be a **non-homeowner**, your service charges are viewed as rent and, as long as you meet all the other eligibility requirements, you may be able to claim rent assistance.

AGE PENSION

If you are receiving the Age Pension or intend for this to fund your retirement, you should be clear on whether a move to a village will impact your pension and to what degree. As is the case with rent assistance, whether Centrelink considers you a homeowner also affects the amount of assets you can own without affecting your pension payments.

If you've been receiving a full pension in your current home, and you sell your house but don't spend as much on your retirement village home – that extra money from the sale of your house will count in your Age Pension asset test. Depending on your total asset figure, your pension may be impacted.

However, all is not lost! Remember earlier we explored retirement village entry and exit payments? Some village operators may be happy to negotiate on how much you pay up front or upon departure.

Sometimes paying more up front in your entry payment, and less in your deferred payment fee can preserve your pension rate – or ensure that when you do start receiving it, you are getting the most that you can.

It's important to consider all of these things in line with your lifestyle goals. Perhaps having some cash put aside for a holiday is a key part of your plan. It's a wise move to think about all of these things when you're planning your retirement move and your finances.



Example – Carol

Carol moved into her retirement village on 7 September 2018 and will be the sole occupant in her home. She paid an entry contribution of \$400,000 and her other assets include:

- › home contents \$5,000
- › cash \$150,000

As her entry contribution exceeds the current EAA (\$207,000 at 1 July 2018), Carol would be considered a **homeowner** for Age Pension testing.

This means that:

- › Her entry contribution of \$400,000 **would not** be assessed in the asset or income test.
- › Carol **would not** be entitled to any Rent Assistance.

Having been assessed as a homeowner and a sole occupant, Carol is entitled to the maximum Age Pension for a single homeowner (\$23,598 per annum).

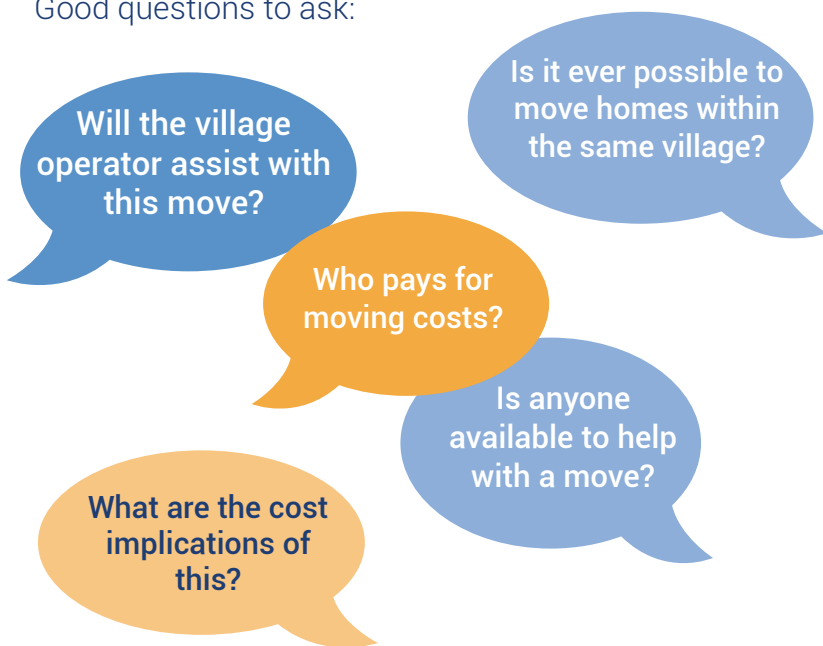
If she were considered a Non-homeowner (meaning the EC of \$400,000 is assessed as an asset), then her Age Pension entitlement would reduce to approximately \$16,622 per annum.



Cost implications if your situation changes

No one knows what lies ahead, but we need to plan for the unexpected as best we can. If your needs happen to change in the future and you require a different style of home or more support than you do now, you may need to move again. Sometimes this is possible within the same village.

Good questions to ask:



Where villages have different types of accommodation, they are usually happy to assist subject to availability, but if you want this option in the future it's important to check with your village.

If you need to move to residential aged care, village managers can often help facilitate this. Some villages may even be able to offer a place within a co-located residential aged care facility on-site.

KEY THINGS TO KNOW ARE:

- › Retirement villages and residential aged care are covered by different laws and are required to be managed differently.
- › Being an existing resident in the village won't guarantee you a place in any co-located residential aged care. You will need to apply for an assessment by a Federal Government Aged Care Assessment Team (ACAT) to be approved for residential aged care.

83%

of residents felt they had reasonable clarity on the regular fees within their village

36%

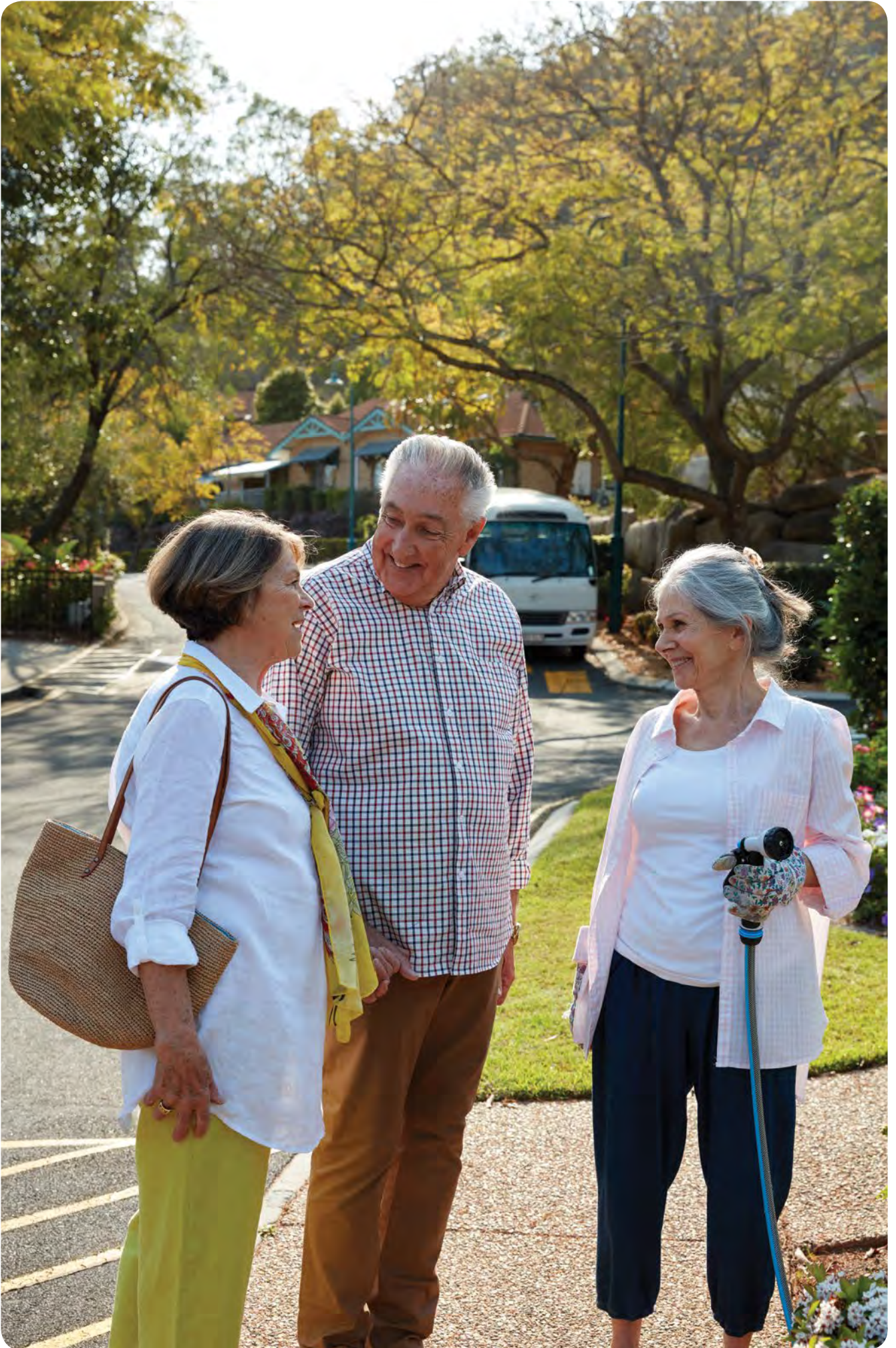
of residents reported regular expenses were about the same as in their previous home

32%

of village residents reported that their regular expenses were lower after moving to their retirement village

Source: villages.com.au National Resident Survey

If moving to residential aged care, even in the same village, you may need to make a separate accommodation payment. Check when your retirement village entry payment will be refunded so that you can pay the accommodation payment. This timeframe may be legislated, but some village operators may offer a timeframe that is sooner than what is legislated. It's also worth asking if they can transfer the value of your accommodation payment across for you.





Staying vs. moving How to compare the costs?

The average tenure in a retirement village is 7-11 years, so when you are comparing the cost of living in a village with your current cost of living, you need to think about more than your current day-to-day living expenses.

If you were to stay in your current home for that extra decade, what would be all of the costs over that time?



THE THINGS YOU DO NOW BUT MIGHT NEED TO PAY SOMEONE ELSE TO DO IN THE FUTURE

Gardening, cleaning the pool, housecleaning, general repairs and maintenance.



OCCASIONAL COSTS OR ONE-OFFS

House painting, clearing gutters, replacing appliances or hot water system.



MINOR (OR MAJOR) RENOVATIONS TO HELP YOU TO CONTINUE LIVING IN YOUR EXISTING HOME

Slip rails in the bathroom, replacing the bath with a walk-in shower, changing to mixer taps, adding ramps or widening doorways to accommodate a wheelchair.

Many of the above services may be covered under your residence agreement or regular service charge depending on your retirement village. And many of the home features will already be part of your retirement village home, so renovations are unlikely to be needed. It's important to consider all of these things to get a true comparison of the costs of staying vs. moving.



Entry costs

Some questions to ask about deposits:

DEPOSIT

Generally, you will need to pay a deposit before moving in. If you sign a contract, your deposit will usually form part of the purchase price or entry payment.

What happens if you change your mind? Will your deposit be refunded?

Will the operator deduct an administration fee from your refund?

How long you can put a 'hold' on your home of choice before you must settle or lose your deposit?

What is the 'cooling-off' period?

This applies in all states and territories, but check with the village operator and your financial/legal advisers how the cooling off period applies in your state or territory.

ENTRY PAYMENT

The entry payment can also be referred to as a purchase price, entry price, lease premium, entry contribution or ingoing contribution. It is essentially the price you pay for your right to occupy your home and use the common facilities – often on a leasehold or licence arrangement.

The entry payment can vary depending on location, facilities, and the age of the unit. As a guide though, the average ILU costs around 70 per cent of the median house price in the same postcode²². Newer homes may be just above the median, while older homes may be significantly less.

STAMP DUTY

If you are buying a home in a strata title village, you may need to pay stamp duty to the government as part of your entry costs.

However, each state and territory can differ, so it is always wise to check if you are liable for stamp duty on the purchase of your home. If so, factor this into your calculations.

²² 2017 PwC/Property Council Retirement Census; www.pwc.com.au/deals/assets/property-council-retirement-census-nov17.



What does it cost to live in a retirement village?

While living in a retirement village, you will need to pay fees for services and facilities. The fees and charges, including how they are calculated, should be included in your disclosure documents and residence contract. If the village operates under a freehold/strata title, then additional body corporate requirements may need to be met, like a contribution to a sinking fund and/or administrative fund.

SERVICE CHARGE

Generally, retirement villages have a regular service charge, to be paid monthly or fortnightly depending on your village operator. This can be known by other names, such as a service fee, weekly/monthly fees or general services charge. Whatever your village calls it, this fee covers the running costs of the entire village, and include things like:

- › upkeep of facilities
- › staff
- › council rates
- › water rates for common areas
- › emergency call system
- › insurances including workers' compensation and public liability, contents insurance for common areas as well as village building insurance
- › general maintenance and upkeep to common areas.

Operators usually do not make a profit off the service

charges you pay. You will only be charged what it actually costs to run the village.

Important things to know:

Usually:

- › your village operator will present an annual budget which the residents then approve.
- › expenses will not increase by more than CPI. However, if the residents want to increase expenditure beyond that, then 50 per cent to 75 per cent of all residents must agree to this (depending on the state and its legislation).
- › exceptions to this are things like utilities and government charges, which unfortunately are outside the control of either the operators or residents.

PERSONAL EXPENSES

In addition to the service charge, you will still have your own personal expenses: groceries, utilities, contents insurance, health insurance, internet, mobile phone and travel, to name a few.

Some retirement villages offer extra services like cleaning or meals on a user-pays basis. If you are going to use them, factor these into your budget as well.

If you already have government-funded home support or a home care package or start receiving this while you live in the village, you will need to include these in your calculations as well.

If you own the strata title to your home, you may also have to pay rates to the local council and owner's corporation fees.

MAINTENANCE COSTS

In most cases, the larger maintenance costs will be covered under your service charge. This covers repairs to common areas throughout the village and usually the fixtures and fittings in your village home, like a leaky pipe under your kitchen sink or a bathroom tap that is constantly running. The village manager will organise these repairs – you don't have to lift a finger, and there's no additional cost to you.

However, if repairs are required in your home that don't relate to your fixtures and fittings, you may be expected to cover the cost of this yourself. This could include everything from general repairs to replacing a toaster that has given up the ghost. As always, if you are unsure about who's responsible for a particular maintenance issue, refer to your residence contract.

Important things to know:

- › Check your contract if you're not sure what's included or what is your personal responsibility
- › Ask the village manager about any rules regarding the use of external tradespeople, such as plumbers or electricians (even if they are a relative)

INSURANCE COSTS

As with any home there are at least two types of relevant insurance, commonly:

- › Building insurance - to cover your building/physical structure
- › Contents insurance - to cover your contents/personal belongings

Building insurance is usually covered in your service charge but always check your contract.

Contents insurance, on the other hand, falls firmly within personal expenses and therefore is a cost that you will have to cover for yourself.

COUNCIL RATES AND UTILITIES

Generally, council rates and water charges for common areas will be covered by your regular service charge.

However, utilities within your home like water, gas, and electricity are costs that are usually borne by each resident for their own homes.

This is another instance where checking your contract and confirming with your village manager will prevent any misunderstandings or miscalculation in your budget.

PENSIONER DISCOUNTS

A number of discounts or rebates are available to seniors to reduce your cost of living.

This includes property and water rates, electricity and gas bills, public transport and motor vehicle registration.

The type and availability of discounts will vary from state to state and sometimes from village to village, but make sure you investigate them.

It would be wise to make the most of the benefits of being of 'a certain age'.

What does a weekly budget look like?

How much you have to spend – and how much you *want* to spend – is entirely your call.

The Association of Superannuation Funds in Australia (ASFA) has looked at how much income is required to live a comfortable lifestyle in retirement. To help you start crunching the numbers, the amounts below indicate how much it could cost to fund either a modest or comfortable standard of living for a couple aged 65-85 who currently own their own home outright.

EXPENSES ²³	ASFA GUIDE (MODEST)	ASFA GUIDE (COMFORTABLE)	YOUR EXPENSES
Housing Insurance, rates, water, repairs & maintenance	\$109.88	\$119.62	
Electricity & gas	\$50.12	\$58.64	
Food	\$164.38	\$199.25	
Communications Home phone, broadband, mobile plans	\$21.96	\$31.74	
Clothing	\$38.69	\$51.94	
Household goods & services Cleaning, personal care, hairdressing, computer, household appliances	\$39.00	\$89.72	
Health Health insurance, chemist, out of pocket expenses	\$93.19	\$185.66	
Transport Car running costs & public transport	\$94.49	\$156.68	
Leisure Club memberships, TV, streaming services, alcohol, eating out/ takeaways, cinema, theatre, sport, vacations	\$143.88	\$267.76	
Other non-essential expenses			
Total per week	\$755.60	\$1,161.00	
Total annual	\$39,442	\$60,604	A
	Annual Age Pension Up to \$35,573.20 ²⁴		B
	Income shortfall (A-B) to be funded from retirement savings		C

²³ Figures according to ASFA Retirement Standard June 2018 quarter. Refer to ASFA website www.superannuation.asn.au

²⁴ Maximum rate of Age Pension for a couple as at 1 July 2018.



Village health

There are many village operators offering a range of different options for older Australians. Some are large companies while others are smaller operators, or not-for-profit organisations. The question of which village to choose is a highly personal one as what's most important to you may not necessarily be top of the list for someone else.

WHERE TO BEGIN?

Make a list of 'must have' things that you have identified as what you need to live comfortably in a retirement village (see '*So much to think about*' at the back of this book).

Okay, I've got a short list of villages. What now?

Each village will have a set of disclosure documents to help you really dig into the details of what they can offer. Contact your shortlisted villages and ask for a copy of theirs.

With the disclosure documents, you'll be able to compare things more easily. They will outline the village's rights and responsibilities, as well as yours as a resident.

It can include information about:

- › accommodation types
- › the costs of units
- › village facilities
- › village land
- › residents' rights and responsibilities
- › fees and charges
- › mandatory funds
- › the resale process and exit entitlement
- › financial information
- › the dispute resolution process.

I'm ready to compare – what's next?

It's time to put your research to work and really run an eagle eye over potential homes. Visit multiple villages before choosing your preferred home. It helps to directly compare and contrast what different villages offer.

Here are a few things to consider when you visit:

- › Talk to friends and family and ask them to come with you. They know you well and have a good sense of what you like, so they can be a handy extra set of eyes.
- › Talk to residents about what they like and don't like about the village.
- › Meet the village manager. They are responsible for running the village so it's important that you feel confident that they know their job and will do it well.
- › Visit the communal areas. Do these deliver what you expect and what you need?
- › Will the services and facilities at the village still be suitable as you get older? Are there any stairs, for example, and are the paths easy to access?
- › Is there adequate parking for visitors?
- › Are the grounds pleasant and well-tended?
- › How is the security? Is there sufficient external lighting? What other arrangements are in place?
- › How easy is it to make changes to the home if you want or need to? What's the operator's policy on when and how these changes can be made?
- › Is the sufficient space in the home for guests to visit?
- › If you have a pet, how does the home work for them?
- › What is the local neighbourhood like? Can you easily access local facilities – GPs, shops, libraries, churches, clubs, cafés and public transport?
- › Clarify what's included in the regular maintenance or service charge
- › Find out about the residents' committee, or even ask to meet someone from the committee.
- › How does the village 'feel'? Sometimes your gut

Be sure to compare the contracts of different villages and operators. Before you sign anything, make sure it reflects what you've already read and what you have been told verbally. There's no such thing as too much peace of mind.

Leaving the village

Most people don't want to think about making another move in retirement, but you should give some consideration to what happens if you leave the village and what financial impacts will result.

Key things to think about are:

- › Are there any deferred payment fees?
- › Will you need to refurbish your home before you move out or before you sell?
- › Are there any restrictions on who you can sell your unit to?
- › Who decides if renovations are needed?
- › What happens if you sell your home at a profit?
- › What happens if you sell your home at a loss?
- › Will the village operator buy back your home, or do you need to sell it privately?
- › What happens if you are going to residential aged care?
- › Where do you stand if the village ownership changes?
- › When will you receive your money?
- › What happens to your home if you pass away?
- › Who can live in your home after you've left?

FEES

Just like other property transactions, there can be costs associated with selling your home, such as the need to renovate, meet marketing expenses and sales commissions.

The big difference in the retirement sector is that village operators can be required to buy back the unit from you after a certain time (this will vary subject to the legislation of your state or territory).

When you leave the village, you usually pay a deferred payment fee as well as:

- › any outstanding general service charges
- › any outstanding personal services charges
- › a share of expenses from reselling the unit
- › costs associated with reinstating the accommodation unit
- › any other costs covered in the residence contract

Your village operator will provide a statement that outlines the total fees and charges after the sale is finalised.



SOLD! Do not fear. Help is at

Village management will either take responsibility for the sale of your home or assist you (or your estate) in the resale or re-letting of your property.

Under leasehold and licence tenures, your entry payment will generally be refunded when you move out of the village, less any deferred payment fee. Refunds are usually reliant upon a new occupant purchasing a new lease or licence, so your refund may not occur immediately. There can be a

legislated buy back period in case no new resident is found after a certain period. The length of this period can vary, so check what applies in your state or territory.

Under strata, community and company titles, you will not receive any money back until the property is

KEY THINGS TO THINK ABOUT WHEN SELLING YOUR RETIREMENT HOME:

- › Village operators' right to refuse certain buyers
- › Marketing costs
- › Engaging a real estate agent and commission costs
- › Property valuer
- › Legal and administrative fees
- › Home reinstatement costs
- › Capital gains or losses
- › Outstanding fees or charges payable to the village operator



SALE COSTS

The cost of selling a unit is usually shared between you and the village operator, and 'who pays for what' or the proportion of fee paid by each will usually be outlined in your contract. If you can't agree with the village on the unit's resale value and a valuer's opinion is needed, you may also have to pay a share of this cost.

USING A REAL ESTATE AGENT

If you engage a real estate agent (independent of the retirement village operator), you will need to pay the real estate agent's costs relating to the sale and their commission. When you engage an external agent to handle the sale, the retirement village operator:

- Cannot seek a commission for the sale, but may be able to charge other costs or fees associated with the sale (depending on your contract and the state or territory in which you are located)
- Must decide whether to approve the buyer as a resident. If the operator does not approve of the buyer, the sale may not go ahead.

VILLAGE OPERATOR MUST APPROVE BUYERS

Because the village operator essentially has a form of 'veto' over potential buyers, it will be important to check your obligations to pay commission to the real estate agent if a buyer is deemed not suitable. You want to be sure you aren't going to be hit with a fee if the buyer doesn't pass muster for any reason.

Some of the valid reasons for refusing a buyer may include:

- The buyer is not within the age limit for the village
- The village operator believes the unit is unsuitable for the buyer's needs.

Village operators may also have waiting lists of people wanting to buy in to the village. If you are using an external selling agent for your home you are not bound to sell to those on the waiting list. At the same time, the operator doesn't have to provide that waiting list of potentially ready-made buyers to your selling agent.

However, hopefully, none of these things will be an issue if both you and the village operator are keen to achieve a swift and positive outcome with the sale of your home.

OTHER COSTS

You should also expect a few other costs relating to the sale of your home. These could include legal costs and administration fees. Your residence contract should outline any costs you will be required to pay.

Even if you have left the village, you may be charged some fees to cover costs, such as ongoing maintenance fees, until your home is sold or occupied. Generally, there is a maximum amount of time that former residents are liable for fees after leaving. Regulations regarding this vary from state to state.

CAPITAL GAIN / LOSS

Depending on the terms of your contract, you may be entitled to all, a share, or no share at all of any capital gain when you sell your home. Similarly, you may be responsible for all or a share of any capital loss if the property sells for less than you paid for it.

Contracts can vary greatly on this point so check carefully how much capital gain you will receive, or loss you may be responsible for, when you come to sell.

The amount you receive (or loss you absorb) can affect your exit payment calculation.

Having said that, many villages do share capital gain with residents.

A common ratio is 50% being retained by the operator and 50% being passed on to you, but as this can vary depending on the operator, it's always a wise move to double check.

RIGHTS OF A SPOUSE OR RELATIVE

Spouses or relatives who live in your home, but who are not named on the contract, may also have rights to residency, but this will vary from operator to operator.

Some contracts outline that if the 'owner' or 'resident' (i.e. the person/s named in the contract) passes away, their successor – even if they are a partner or spouse – loses the right to reside in the home without the written approval of the village operator.

In other cases, a spouse or relative who has lived in the unit for a specified period of six months or longer, but was not named in the contract, has the right to continue living in the unit for three months after the resident leaves. During that period, the spouse or relative has all the rights and liabilities of a resident.

If the spouse or relative meets certain conditions, they may then enter into their own residence contract for the home.

These conditions vary from state to state and village to village so it's important to compare your expectations against what's provided for in your contract. And should your circumstances change at any time, speak to your village manager.

REINSTATEMENT

Depending on the terms of your contract, when you move out of your village you may need to account for any wear and tear to your home by covering the costs of a basic refresh or update. This typically involves new carpet and painting throughout, servicing the appliances to make sure they are in working order, and a good solid clean to make it as appealing to buyers as possible.

The cost of reinstatement will depend on how long you have lived there and the condition of your home. If your home is older, more work may be required to update it to appeal to buyers. Check your initial contract and talk to your village operator about how any of these works should be managed.

If you have lived in your village for quite a while, a buyer might expect a little more than a fresh lick of paint and new carpets to meet your ideal sale price. If more than just a basic update is required, talk to your village operator and work together to decide what's most appropriate. A kitchen or bathroom renovation might be just what's needed to get the sale price you want.

The decision whether to do extra refurbishment is always yours. You should not agree to take on more extensive refurbishments if you don't want to. But you should also have realistic expectations of what the market is willing to pay for your unit upon sale.





7. Legal things matter

Purchasing a home is a bit like baking. We invest much of our time in getting the right ingredients – location, lifestyle, financial, community, even interiors – each of which are a very personal and individual preference.

But the best ingredients in the world don't amount to much if we fail to read the recipe correctly.

You will have your own list of perfect ingredients, and as much as you are excited about a new home and a new chapter, there is the 'small' matter of the paperwork to deal with.

Like any legal document, retirement village contracts are complex.

It is very wise to take the time to understand the detail in these contracts before you sign on the dotted line.

Getting your own independent legal advice is always

KEY THINGS TO CONSIDER:

- › Legislation is different in every state and territory in Australia. Therefore, contracts will also be different depending upon the location of the village you're buying into.
- › What type of legal tenure do you want over your home? Will you be an owner? Will you be a lessee or a renter?
- › Different operators have different information and legal requirements.
- › Your contract will include a section on residents' rights and responsibilities. You need to be satisfied with these before you sign any agreement.
- › Does your legal adviser have specific experience in retirement village contracts?
- › There are different contracts for different types of homes and villages. Check and double check that you are clear on the details of your specific contract.
- › Feel free to talk with village operators and negotiate a contract that meets your specific needs and circumstances.

LEGAL ADVICE

Buying a home for your retirement is a major financial commitment and, like any other decision of this scale, you should seek legal advice beforehand.

It's important to find a solicitor experienced with retirement village contracts. There are different types of contracts depending on the type of accommodation you choose, so it's not a run-

of-the-mill property purchase. Make sure you find someone who is experienced in this area to advise you.

They can help you to identify exactly what's involved in your contract, so you know what to expect and can hopefully prevent any surprises. Most importantly, it helps to provide peace of mind for you and your family that what you are signing up for is exactly what you want, and need.

RETIREMENT VILLAGE CONTRACTS

If you want to live in a retirement village, you enter into a contract with the village operator. The contract will address things like:

- › the start and end dates of any cooling-off period
- › your right to withdraw from the contract before the cooling-off period ends
- › the entry payment amount
- › costs for general services and when they are due
- › costs for personal services that you might opt for (e.g. help with laundry, meals & cleaning) and when they are due
- › costs of the maintenance reserve or sinking fund and when they are due
- › any other costs that you will need to pay
- › any conditions on living in the village that you need to be aware of and agree to
- › how much it costs to leave the village (the amount you pay after your unit is sold)
- › your rights when your unit is sold (the amount the operator must pay you)
- › whether you can re-sell your right to live in the unit
- › your right to see the village's financial statements
- › the dispute resolution process
- › the operator's and your rights to terminate the contract.



Types of contracts and 'Right to Occupy' agreements

Every state and territory in Australia has different legislation governing retirement villages and property occupation rights. In each case, your right to live in your village and the terms and conditions of your occupation will be different, depending on the type of home that you occupy and the type of tenure that you have.

It is important that you understand which one applies to you.

LEASEHOLD

A leasehold arrangement is where the village operator owns the units and each resident signs a lease. Leases in retirement villages are commonly for 99 years or more.

The amount you pay as your entry payment can depend upon the market at the time at the time you pay it. You'll also pay the regular service charge for general management and maintenance of the village and use of the facilities.

Depending on the terms of your contract, on your departure from the village you may also have to pay the operator:

- › reinstatement
- › a share of any capital gains
- › other charges deducted from your exit entitlement (e.g. marketing costs).

STRATA TITLE/FREEHOLD

Strata-title in retirement villages is similar to regular strata-title schemes where the property is divided into units. You pay the agreed entry payment for your unit, are registered on the title deed and become a member of the owners' corporation.

However, unlike regular strata, the retirement village operator may have to approve you as a resident, you must sign a management contract with the village owner which covers the provision of services and amenities, and you will usually need to pay a deferred payment fee when you sell your unit.

You will also have to pay owner's corporation fees while you own the unit, as well as paying the maintenance fee. However, these two amounts are sometimes merged into one regular payment.

You will also need to pay the local council rates for your unit as these will not be covered in the maintenance fee.

LICENCE ARRANGEMENT

Licence arrangements grant you the right to live in your unit, but you don't own it or have any registered legal interest in it.

As in the case of leasehold arrangements, you will still pay an entry payment to the village operator, as well as the ongoing service charge to cover maintenance and access to community facilities and services.

Upon your departure, a deferred payment fee also applies, the amount of which will depend on your initial entry payment.

RENTAL UNITS

This is similar to rental agreements in private accommodation. You will sign a rental agreement with the village operator, and your tenancy will operate from rental period to rental period. In some cases, you may also pay an ingoing contribution, some or all of which is refundable when you leave the village, much in the same way that you would pay bond in private rental.

Your rent covers your accommodation and access to communal services and facilities within the village.

COMPANY TITLE

Buying under a company title is rare in retirement villages, but it does occur. Under a company title or company share arrangement:

- You buy shares in a company that owns a retirement village. The shares give you the right to occupy a particular unit in the village
- A Board of Directors, appointed by the shareholders, operates the retirement village and you are required to comply with the company's constitution
- If you leave the retirement village, you will be entitled to receive the sale price of the shares at settlement, less any outgoing deductions.

Company title is a complex area of law that was not designed for private residential accommodation. It is important to understand that, under this arrangement, you are not actually buying property, but shares in a company.

UNIT TITLE

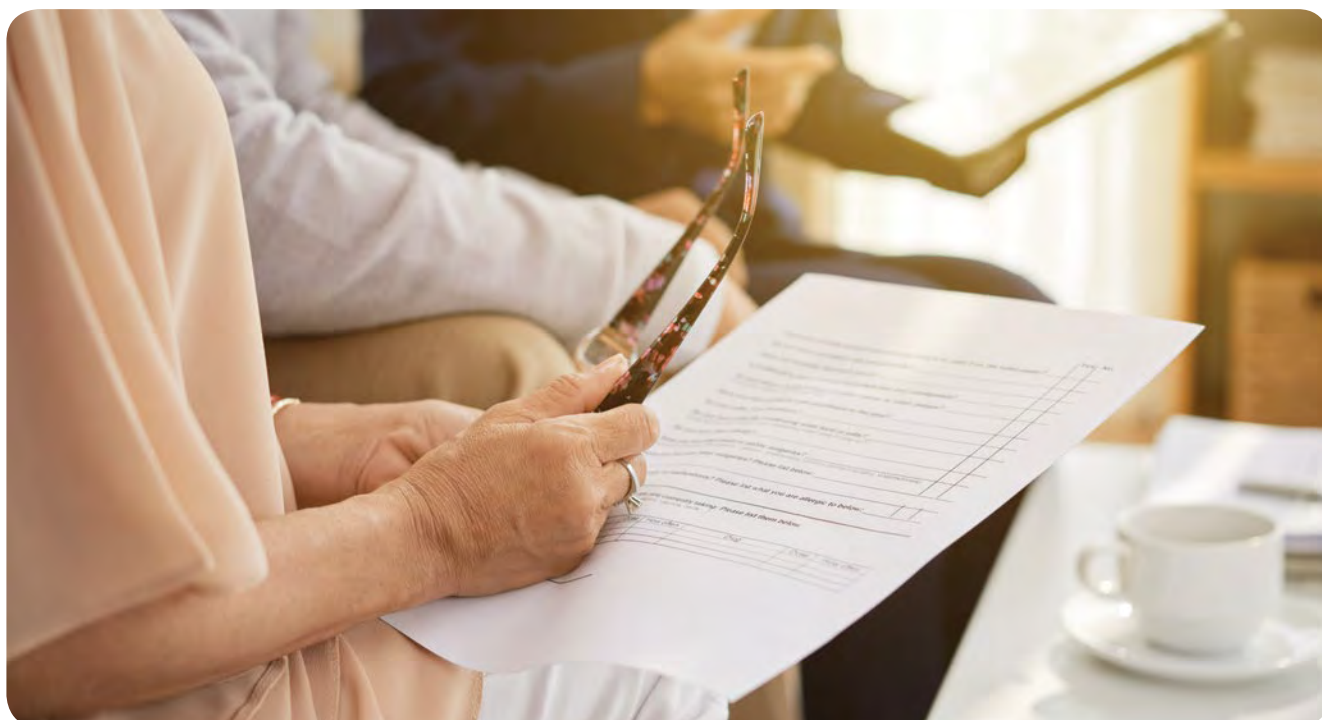
This arrangement is similar to a company title, except that you buy a unit in a trust that carries an entitlement to occupy the unit. The retirement village is legally owned by the trustee, who holds it for the benefit of the unit holders in keeping with the terms of the trust.

As with company title, if you leave the retirement village, you will be entitled to receive the sale price of the unit in the trust at settlement, less any outgoing deductions. Again, this is a less common arrangement.

Some common items you might find discussed in your contract

TENURE	ENTRY PAYMENT	ONGOING COSTS
<p>The operator may offer:</p> <ul style="list-style-type: none"> > strata title > lease > licence > company title or > rental agreement 	<p>The ingoing cost will vary. It can be based on many factors, including:</p> <ul style="list-style-type: none"> > age of the unit > quality of the unit > location of the village > facilities in the village 	<p>Ongoing fees may be charged weekly, fortnightly or monthly. Fees are a contribution to the day-to-day costs of running the village and are usually charged at a cost recovery basis only.</p> <p>Costs will vary, depending on the extent of communal facilities and types of services provided.</p>

DEFERRED PAYMENT FEE (EXIT PAYMENT)	EXIT ENTITLEMENT	CAPITAL GAIN / PROFIT
<p>This payment is often a percentage of the ingoing fee (the purchase price of your home) or the price to resell/ re-let.</p> <p>It is agreed to in your contract upfront. You pay this fee when you leave the village and the unit has been sold.</p>	<p>You may receive this payment from the operator when your home is sold.</p> <p>The method used to calculate this amount is documented in your contract.</p>	<p>This is often set by the operator, but you may be able to negotiate whether you receive all, some, or none of the capital gain on your unit when you leave the village. Whether you receive any or a portion of the profit made in the sale of the home can affect the value of your deferred payment fee.</p>



Security of tenure

When you're used to owning a house and the land around it, it's perfectly natural to be concerned about the different legal tenure arrangements which relate to retirement villages.

The sort of questions which usually cross people's minds are:

- › What happens if the village changes hands? Do I still own my home?
- › What happens if I pass away and my partner is the only one in the home?
- › Can the operator force me to move or force me out if they want to renovate the village?

These are all reasonable questions.

Depending on your type of tenure, you may not own the freehold title to your retirement village. You may live there under a lease or licence arrangement. Regardless, your state or territory's *Retirement Villages Act* and/or the land title legislation will contain provisions designed to give you security of your right to live in the village, or your right to your exit entitlement, or both. Exactly how this works in your particular case differs depending on your type of tenure and the state or territory in which you are located.

REFURBISHMENTS OR SUBSTANTIAL DAMAGE

Depending on the age of your village, substantial refurbishment may need to take place. Or significant damage might occur that makes your home temporarily unliveable. What happens to you then?

This will usually be spelt out in detail in your residence agreement, but usually, the village seeks to temporarily move you (with your consent), either within the village or elsewhere until the situation can be rectified.

WHAT IF I NEED TO LEAVE THE VILLAGE FOR PERSONAL REASONS?

Sometimes your personal circumstances can also change and it is no longer the best or even the safest option for you to remain living in your home.

COUPLES OR SINGLES

In the case of a couple, if both people are named on the agreement and one person moves out, the other person can remain in the village.

However, in the situation where your partner is named in the agreement and you are not, you should seek advice about your rights in this situation.

CAN I BE FORCED TO LEAVE THE VILLAGE?

In most cases, you can only be forced to leave the village if you are in breach of your contract, your health needs deteriorate to a level that you require a higher level of care than the village can provide, or some other serious matter occurs. If you breach your contract, the operator is within their rights to issue a breach notice and request that you either fix or stop committing the breach. If you don't remedy the situation, they can issue you with a notice to vacate the village.

While it is possible under the Retirement Villages Act to force a resident to leave, it is never a decision taken lightly by any village operator. In some states and territories, the operator can't require you to leave without first obtaining the permission of the tribunal that hears retirement village disputes in that jurisdiction, giving you an extra layer of protection.

However, any situation like this would involve careful discussion with you, your family and, if appropriate, your doctor. You will also need to consider how any obligations under your contract might be impacted by your departure.

These are usually difficult circumstances for everyone involved where careful and sensitive discussion is needed.

Village Governance

ACCREDITATION

There are two industry accreditation schemes currently in operation, Lifemark and IRCAS, and many villages are accredited under one of these two schemes.

Work is currently underway to merge these two schemes into one united accreditation scheme for the sector. All villages currently accredited under the existing schemes will continue to hold their accreditation until the end of its current term, at which time it is expected they will be reassessed under the new scheme.

VILLAGE MANAGEMENT

One of the most important relationships you will have in your village is with your village manager. These people oversee the day-to-day running of the village, act as the conduit to the village operators and essentially are your 'go to' for pretty much any issue that might arise.

A good village manager makes a big difference to life in the village, and a good relationship with the village manager makes the biggest difference of all. While they might work for your village operator, their job is to make your life as easy and enjoyable as possible. So, if something does go wrong, just remember that a good village manager is working *with* you, not against you.

There are also some aspects of village governance which you can choose to be involved with directly.

RESIDENTS' COMMITTEES

To promote and protect the interests of residents, residents' committees are an integral group at retirement villages.

Committee members are elected by other residents to hold office usually for a term of one year, but can be re-elected.

While participation is optional, residents' committees offer the opportunity to further contribute to village life and support the best outcomes for village residents.

GOVERNMENT REGULATOR

Retirement villages are regulated by state and territory governments. See the Appendices of this book for the relevant government agency in your state or territory.

RESIDENT ASSOCIATIONS

The Retirement Living Council (RLC) works closely with state associations which represent people living in retirement communities.

The RLC also works alongside retirement village resident associations which exist in many states and territories. These groups are terrific advocates for retirement village residents and can help with information and also promote the rights of retirement village residents to all levels of government.

These associations can be a good source of information and guidance for people considering the move to a retirement village.

- The Retirement Village Residents Association NSW & ACT (RVRA): www.rvra.org.au
- Association of Residents of Queensland Retirement Villages (ARQRV): www.villagers.org.au
- South Australian Retirement Village Residents Association (SARVRA): www.sarvra.asn.au
- Residents of Retirement Villages Victoria (RRVV): www.residentsofretirementvillagesvic.org.au
- Western Australia Retirement Village Residents' Association (WARVRA): www.warvra.org.au

FINANCE COMMITTEES

Retirement villages can also have finance committees, as the operator is often required to undertake consultation with a residents' committee on a number of issues. This includes items such as the preparation of an annual budget for the village.



WHAT TO EXPECT BEFORE YOU SIGN

It's a wise move to get the big things right



Seek the advice of a lawyer experienced in retirement village contracts



Don't sign anything before you get independent legal advice



Understand your rights under your agreement



Know your responsibilities in your particular village



Know your village operator's responsibilities



Understand your fee and



Know where you can get assistance if you find a problem

WHAT SHOULD MY VILLAGE PROVIDE ME WITH?



There are a number of documents that your village operator should provide you with in advance of signing any contract.

These include:

- a copy of the residence contract
- a copy of the management contract (if any)
- the disclosure documents
- the village rules or by-laws, if any, and any agreement to abide by them.

SHOP AROUND

You wouldn't buy the first home you see or accept the first price you're given. Buying in retirement is no different. You might be lucky and find 'the one' on your first viewing, but it's wise to compare and contrast with other villages before you sign on the dotted line.

Make sure you compare the legal and financial aspects, not just the accommodation and amenities. And of course, it's a wise move to seek professional advice before you sign anything.

Disclosure documents

The disclosure documents (which will be different depending on your state or territory) are very important as you weigh up your options and seek to fully understand your rights and responsibilities.

They can also be helpful when you're comparing the different village offerings. It's highly likely the village operator will offer you these but if they don't, be sure to ask.

The information contained in the documents will differ from state to state, but will often include details about:

- › the management of the village
- › facilities available to residents
- › services provided by the operator
- › housing options in the village, including fees and charges payable in relation to each option
- › the proximity of the village to services such as hospitals, shops and public transport
- › whether the operator also operates a residential aged care facility
- › the minimum age for moving into the village
- › the differences between services offered in a retirement village and those offered in a residential aged care facility
- › how a capital gain will be shared between the operator and a resident (where applicable)
- › whether the village has a residents' committee and, if so, information about the committee
- › financial management details including the village's income and expenditure
- › village safety measures, including information about security and emergency systems
- › the village contract prospective residents will sign to become residents
- › the village rules
- › costs of entering into a residence contract
- › any waiting list for the village and any waiting list fee payable
- › if the operator has a policy about access by residents to home care services.



'RIGHT TO OCCUPY' AGREEMENT

This is just another name for your contract with the retirement village. It's a legal agreement between you and the village operator, and outlines your rights and responsibilities as a resident, as well as those of the village operator.

You may not have come across these types of

contracts before, so it's important that you seek expert legal advice, take the time that you need to review the details, discuss it with your family, and ask any questions that you have. And above all, don't feel pressured into signing anything. If you need more time, take it.

You will also have a cooling-off period. This will be specified in your contract and is the window in which you can withdraw from the contract (usually without any penalty).

What must my contract include?

- › **the start and end dates of the cooling-off period**
- › **your right to withdraw the contract before the cooling-off period ends**
- › **your entry payment amount (the one-off fee you pay to secure your place)**
- › **costs for general services, such as management, administration, gardening, maintenance and recreation, and when they are due**
- › **costs for personal services that you might opt for (e.g. help with laundry, meals & cleaning) and when they are due**
- › **costs of the maintenance reserve fund and/or sinking fund (for village maintenance and repairs) and when they are due**
- › **any other costs that you will need to pay**
- › **any conditions on living in the village that you need be aware of and agree to**
- › **how much it costs to leave the village (the amount you pay after your unit is sold)**
- › **your rights when your unit is sold (the amount the operator must pay you)**
- › **whether you can re-sell your right to live in the unit**
- › **your right to see the village's financial statements**
- › **the dispute resolution process**
- › **the operator's and your rights to terminate the contract.**

DISPUTES AND COMPLAINTS

Try as we might, it's hard to be happy all of the time. There are things that irritate and frustrate, and things that happen that are just plain wrong. So, how do retirement villages handle disputes, whether between residents or between a resident and the village operator?

Often the village manager will seek cooperation from all parties to discuss and resolve the issue. Sometimes the simple ways are the best.

But when something more formal is called for, most villages will have a dispute resolution process which can be activated.

In the case of a dispute between a resident or residents and the village, the legislation sets out the formal process.

Where there is a dispute between residents, an independent mediator can be engaged to facilitate a resolution. There are a number of publicly-funded mediation services around Australia or a private mediator can be engaged for a fee.

CODE OF CONDUCT

A national Code of Conduct for the retirement living industry is currently being developed as a self-regulation measure for the retirement village industry.

This is an initiative of the three peak bodies representing retirement living across Australia – the Retirement Living Council, Leading Aged Services Australia and Aged and Community Services Australia.

The intent of the Code of Conduct is to set and maintain the highest standards relating to the marketing, selling and operation of retirement communities, including complaints and dispute



Legislation

RETIREMENT VILLAGES LEGISLATION

The legislation for your state and territory Retirement Villages Act can be found via the links below:

- ACT:** Retirement Villages Act 2012 and Regulations
- NSW:** Retirement Villages Act 1999 and Regulations
- NT:** Retirement Villages Act 1995 and Regulations
- QLD:** Retirement Villages Act 1999 and Regulations
- SA:** Retirement Villages Act 2016 and Regulations
- TAS:** Retirement Villages Act 2004 and Regulations
- VIC:** Retirement Villages Act 1986 and Regulations 1, 2, 3 & 4
- WA:** Retirement Villages Act 1992 and Regulations 1, 2 & 3

LINKS TO OTHER USEFUL LEGISLATION

- ACT:** Residential Tenancies Act 1997
- NSW:** Residential Tenancies Act 2010 & Residential (Land Lease) Communities Act 2013
- NT:** Residential Tenancies Act 1999 & Caravan Parks Act 2012
- QLD:** Residential Tenancies and Rooming Accommodation Act 2008 & Manufactured Homes (Residential Parks) Act 2003
- SA:** Residential Tenancies Act 1995 & Residential Parks Act 2007
- VIC:** Residential Tenancies Act 1997 & Residential Tenancies (Caravan Parks and Movable Dwellings Registration and Standards) Regulations 2010
- WA:** Residential Tenancies Act 1987 & Residential Parks (Long-stay Tenants) Act 2006

Workplace Health & Safety/Occupational Health & Safety links

Privacy Act

Australian Consumer Law

The above legislation can also be located on the AustLII website: www.austlii.edu.au





8. When it's time to make your move

Congratulations! You've decided to make a retirement village your new home and start a fresh, exciting chapter in your life. It's easy to get distracted by thoughts of a new location, new community, and a new home. But there's still a little bit to do before you make that move.

LISTEN, WE NEED TO TALK

Sitting the family down to discuss your plans for retirement can sometimes bring about a little anxiety. Talking about money with family is not something that most of us generally do. It's highly personal and not seen as 'the done thing'. And when you throw in the other topics that will inevitably arise – health, ageing, inheritance, selling the family home – it's a conversation that can be quite emotional.

But it's a critically important conversation to have.

You are about to make a significant change to your life. As hard as it might be to get the conversation started, it's important that your family understands the decision that you have made or are about to make.

It's important that everyone knows what YOU want. So, how do you approach it?

TALK EARLY. TALK OFTEN.

The earlier you begin talking about money with your family, the better. Even if retirement is still a little way off, open discussion of major financial decisions lets your family know that this is a topic that is okay to talk about.

If you normalise these discussions from the time your children are in their 20s, for example, by the time you are looking at retirement, it's not going to feel as uncomfortable or unusual to have a conversation like this.

START AT THE BEGINNING

The best time to have a conversation about your retirement plans is while you are still considering your options. This allows the family to be part of the decision, part of your search from the start, providing support and a second (or third, fourth or fifth) set of eyes while you find your next home.

Now what?

What is the goal of the conversation?

In other words, is this a discussion or are you simply conveying information? If you are fully committed to the plan you are sharing, let them know up front. But if you want their input, let them know.

Make a list of what you need to cover.

Writing things down can help you to clarify things in your own mind. It also ensures you cover everything you need to and helps keep you on track if things do start to go off on a tangent.

Face-to-face is best.

This can either be with the family as a whole, or one-on-one with each family member. You understand your family dynamics best, so go with what you think will be more successful.

Don't ambush anyone.

Don't just drop a retirement conversation on the family. Tell them in advance that you'd like to talk about your retirement plans. This gives them time to prepare.

Try to keep it light.

Acknowledging the elephant in the room – that this is a little uncomfortable to talk about – helps everyone feel okay about any anxiety they are feeling. If your family is the type to employ humour in difficult situations, then injecting a little humour can also help keep stress levels down.

Everyone should get the same information.

Having a group chat allows everyone to hear the same thing at the same time, but this is easy to say and harder to do if you have family interstate or overseas. This is also where having a list can help – it can make sure you are covering the same information with everyone.

Follow up with an email.

Once you've had your discussions – either as a group or one-on-one – it doesn't hurt to send everyone an email. Depending on the individual, they may have been dealing with emotions and not taken in all that was discussed. This helps to put everyone on the same page and reinforce your intentions.

Check in.

Give things a little time to sink in and then check in. Does anyone have questions? Is there anything they don't understand or agree with? Is there any more information or assurances you can provide?

Keep talking.

This isn't a one-off conversation. As you start to make plans and lock in arrangements, keep everyone updated. Some might want to be actively involved, others happier to leave you to it. But if you keep everyone informed, you are including them all in the experience while preparing them for the change to come.

Embrace your decision.

Whatever happens, you've made the decision that's right for you. You want your family's support but if, for whatever reason, they have doubts, that's their problem to work out. If you know that you've made the right decision for your life in retirement, that's ultimately all that matters.

What sort of things should you cover?

Okay, so there's a lot you could cover, and what you need to talk about will vary according to your personal circumstances – and your family members. You might want to just talk about your retirement plans, or you might want to have a much bigger discussion than that – about retirement, finances, health and estate matters.

Some of the things to consider in discussions with family are:

- › What sort of things you would like to do when you retire.
- › What sort of lifestyle you would like.
- › The age you would like to retire.
- › Whether/how you could manage in the family home alone if you had to.
- › Where you would want to go if you were unable to live in your current location.
- › If you're planning to move, why you want or need to do this.
- › How you are going to fund your retirement (i.e. generally, you don't have to give specifics).
- › Any concerns you might have about financing your retirement.
- › Whether you have sought/are seeking financial planning advice.
- › What type of insurance coverage you have.
- › Who should make health-care decisions for you, if you can't.
- › What this will mean for their inheritance.
- › Whether you have prepared a will and if there is anything they should know about it in advance (e.g. if one of your children is executor, do you tell them all about this decision?).
- › What your preferences are should you develop a serious medical condition.
- › Where to locate important documents if they are needed.
- › Anything else that you need your family to do for you.

IT'S NOT ABOUT MONEY

When conversations include things like retirement and inheritances, the focus can often turn to money. But the reality is, it should be about values. And values are a lot easier to talk about.

Keep the focus what's most valuable. For example, if you're discussing why you're thinking of selling the family home, one key driver might be to help fund your retirement. And it's important that the family understands that. But it's not about the sale price of the home or the amount of money that you'll potentially make – even if some family members automatically go there.

If you stay focused on values, then the sale of your home is about you being able to live the life that you want, more comfortably and happier, than if you were to stay put. That helps clarify what's truly valuable here – which is you and your needs.

WHAT AM I GOING TO DO WITH ALL OF THESE THINGS?

During the life you've lived in your current home, you will have collected quite a lot of things. Some you have held on to because there has just been physical space for them, or perhaps there's a strong sentimental attachment. But you don't necessarily use any of them.

One of the most difficult things about moving from the family home is the time and energy that is required to sort through everything. It's exhausting, it can often feel like you are barely making a dent, and it will be emotional at times. But it can also be quite liberating.



Sorting, sharing and saying goodbye

The first thing to remember is that you don't have to sort through everything in one day. In fact, you might start many months before your moving day. This will help eliminate some of the stress caused by having to make quick decisions on what stays and what doesn't, and you'll feel less overwhelmed by the whole thing.

You'll need to know how much space you will have in your new home. This will give you an idea of the amount you can bring with you.

Then, it's time to sort.

What are the must-haves?

Making a list of the things that you literally can't live without as well as your most-cherished items will help you say goodbye to the things that don't make the cut.

Break it into bite-sized chunks

Trying to sort through a whole house at once will overwhelm you and you'll probably lose motivation pretty quickly. Make a plan of attack – one room at a time, maybe even one cupboard at a time. This will help you to focus on the immediate task at hand and you'll find you'll work your way through things much easier.

Be decisive

We know all about the 'yes', 'no' and 'maybe' piles when we are cleaning out our closets. But when you're packing up your home, you really need to try to avoid the 'maybe' pile altogether. Any indecision just delays the inevitable – it's either going with you or it's not. Harsh, but true.

Letting go can be hard

If you're having trouble letting go of something that you can't fit into your new home, like memorabilia or collections, think about taking

photos of these items and storing them digitally instead. The physical item may not be there, but you will still have it with you in some way.

Gifting it is easier than binning it

Some people just find it really difficult to throw things away. If you fall into this category, think about giving items to people who need or want them. Donate to op shops or gift them to family or friends. If you are donating large items to charity, find out if they offer free pick up. Many do.

Keep it in the family

If there's something that has been in the family for generations and you planned to pass it on in your will, perhaps consider gifting it now. Or if a family member or friend has always admired a particular item, ask if they would like it.

Make a little pocket money

Are there a few things on the larger side that won't fit in your new home? Maybe you're planning to treat yourself to a new lounge suite so you don't need the old one. Or you just have a few unwanted things that could be worth something? You could pick up a little extra cash by selling them online or through a garage sale.

STORAGE OPTIONS

If you still find you have more things than room to house them, it's worth looking at whether there are storage options available at your village. There's also private storage companies where you can safely house extra items. Just remember there will be a cost attached to this.

You might also have a boat or caravan that needs a home. Again, your village might have space for you to store these, which you no doubt factored in when you were searching for the right village. If your village doesn't have space for these, you'll need to think about arranging storage for these – or whether you want to hang on to

Getting ready for moving day

SELLING YOUR HOME

Most people will sell their current home before moving into their village home. There are a few decisions you will have to make as part of the process, including choosing an agent, deciding on the sales strategy, and deciding on a price.

A reputable real estate agent will be able to give you plenty of advice on the sales process and negotiate the sale for you. Research the right agent by asking for recommendations from friends and family and taking a look at their sales history. Ask a few agents to inspect your home and give you a rundown of how they would market your property.

You will also need a solicitor or conveyancer for certain documents like the contract of sale and you will be asked to decide on advertising options.

FINAL PREPARATIONS

Once you have set a date for your move, you will need to book a removalist. If you prefer to handle the packing and unpacking yourself, have the boxes ready for the removalists to load into the truck. Alternatively, you can employ a packing service so you can relax and focus on preparing your new home.

Here are some handy tips to help with the move:

- Book a removalist as soon as you decide on a moving day
- Clearly label moving boxes – contents/room destination
- Prepare an inventory list of each carton and clearly mark fragile items
- Arrange to disconnect your phone, gas and electricity services
- Inform Australia Post and other service providers of your new address
- Pack heavier items in smaller boxes, lighter ones in larger
- Dismantle any furniture that comes apart and keep screws in a safe place (like a box specially for essential bits and bobs)
- Pack a 'survival' kit – kettle, tea and coffee, toaster, pet requirements, toiletries, medications, snacks, scissors, toilet paper and tools. Keep this handy for your first day in the new home
- Consider taking very sentimental and personal items with you in your car
- Keep important documents close at hand

Say hello to the new home

It's a good idea to take a visit to the new home before your move-in day. This is a chance to fully acquaint yourself with the new space or make any last-minute adjustments prior to your move.

Check what the arrangements will be for your arrival:

- › When and where do you collect your keys?
- › Will you need them to enter through village gates?
- › Is there anyone you need to contact on arrival?
- › Where do you need to direct the removalists?
- › Do you need to tell the village manager when removalists will be arriving?
- › Are there any forms that need to be completed either beforehand or on the day?
- › Are there any fees payable on moving day?

Moving in

Moving day is always a big day. By the end of the day, you'll probably just be wanting a toasted sandwich or takeaway and an early night! But there's a fair amount to get through before you arrive at that.

On moving day, you have a foot in each world. You haven't quite left the old house and you're not in the new one either. But you're responsible for both!

In terms of the priorities when you arrive at the new home:

- › Make sure access is clear for your removalists
- › Explain to your removalists where you want your belongings placed – have boxes clearly marked and help direct them while they are unloading
- › Check all your utilities are connected
- › Complete a condition report (if required at the village) and take photos for your own records
- › If someone has lived in the home previously, just double check nothing has been left behind
- › Leave your fridge standing upright for at least three hours before you switch it on, so that the coolant gas can settle after transportation
- › Make assembling your bed the priority – you are going to really need it later
- › Then focus on the kitchen, bathroom and any other key areas for first couple of days

Congratulations.
You've made a wise move.

Appendices

So much to think about...

As with any big decision in life, there are a lot of choices to consider and decisions to be made.

If you are going to the next step of visiting villages and discussing your options with village operators, here are some things which you may wish to explore:



LIFESTYLE

- › Why am I considering a move to a retirement village?
- › What location or area do I want to live in?
- › Do I want to be near my current home, close to family and friends or am I looking for a complete change?
- › What sort of things do I expect to do when I retire? (i.e. how do I want to spend my days?)
- › What type of home will suit me most? Apartment living, established older style village, an Independent Living Unit (ILU) or a serviced apartment?
- › What size home do I need? (e.g. smaller home means less housework and maintenance; extra space allows room for guests/home office/studio)
- › Have I talked with my family and friends about moving into a village?



MANAGEMENT

- › Is the village accredited?
- › How is the village managed?
- › Is there a residents' committee and what role does it play in the administration of the village?
- › What dispute resolution procedures are in place?
- › What arrangements are in place for maintenance of units, community facilities and grounds?
- › What protection do I have if the village is sold to another organisation?



FINANCIAL AND LEGAL

- › What is included in the service or maintenance fees? Is it paid weekly, fortnightly or monthly? How often could this fee increase, and how much will it increase by?
- › What does the service charge cover and what does it not cover? Could you continue to afford it if your spouse or partner dies?
- › Does the cost of the home, plus the ongoing monthly service charges fit into your budget?
- › What are the exit fees/deferred payment fees at the village? Many villages have different fees and structures.
- › How much is the deposit to secure a villa or apartment and is it refunded if I decide not to purchase?
- › If I leave the village am I entitled to a refund? How soon after leaving the village will the refund be paid?
- › What type of contract would I be entering into, e.g. strata title, leasehold?



HEALTH & WELLBEING

- › What arrangements are there for times of ill health or hospitalisation?
- › Is there a village staff member or nurse on duty or do they come to the village during the week?
- › Is there an emergency call system in place? If so, who responds to such calls?
- › What types of services and amenities does the village provide or which visit the village? (e.g. podiatry, physiotherapy, or GPs)
- › Is the village wheelchair accessible?
- › Is there an aged care facility nearby or on site? Or if my needs change, is there alternative accommodation in or near the village?



VILLAGE LIFE

- › Can my family and friends stay overnight?
- › Am I allowed to have pets?
- › Does the village provide a bus or other transport and at what cost?
- › Apart from the village facilities, what services are available to me from the local community? (e.g. library, recreational, meals-on-wheels, hospitals, doctors)
- › What age group are the residents?
- › Can I continue with my hobbies? What clubs, social groups and activities are on offer?
- › Are the floor plans, gardens and entertaining areas right for me?
- › Can I establish my own private garden?
- › What is the security like in the village?
- › Are the residents happy to talk to me about their experiences?
- › Are meals available if I am unable to cook?
- › What are the options for home help, dining facilities, etc. that can be accessed if needed?



BEFORE YOU SIGN A CONTRACT, MAKE SURE YOU HAVE

- › **A copy of the residence contract**
- › **A copy of the disclosure documents**
- › **A copy of the village rules**
- › **Independent professional legal advice from a lawyer trained in retirement village law**

Still have questions?

ACCOMMODATION

Q. When is the right time to make a move into a retirement village?

A. Only you can decide when the time is right to move into a retirement village. Retirement villages are specifically designed to meet the accommodation, social and recreational needs of older Australians, but you certainly don't need to be retired to move into a retirement village. Most people choose to move once they have retired and want accommodation that is easier to maintain, want to travel and need a home they can lock up and leave, or want to live somewhere that provides continued care so they have the independence they want now, and the support they might need later.

Q. Will I own my home in a retirement village?

A. Specific legislation in each state and territory protects your right to occupy your home. Different villages use different legal forms of tenure such as strata title ownership, leasehold arrangements, licenses to occupy or company share arrangements with related residency entitlements.

Q. Will I have access to residential aged care if I need it?

A. Some villages have a residential aged care facility attached or connected to them (called co-located or integrated villages) while others offer ongoing personal care and home help services to residents in their own private home on a fee-for-service basis. You can also access funded home care services if you pass an aged care assessment test (ACAT). More information about ACAT is available at the My Aged Care website.

Q. Can we have guests stay with us?

A. Generally, you are more than welcome to have family and friends stay over. However, depending on the length of their stay, you may be required to obtain written approval from the village manager. This is to ensure the safety and security of all residents. You should ask the sales consultant or village manager for the rules relating to the village of your choice.

Q. What sort of ownership rights will I have?

A. Tenure is the term used to describe the different legal basis for the various forms of occupation or ownership rights used in the industry. All forms of tenure are regulated by specific legislation which contain measures (which differ depending on your state or territory) designed to give some protection of your right to occupy. Different villages use different legal forms of tenure. In many cases you will enter into a lifelong lease.

Q. How do people secure or purchase a unit, apartment or villa?

A. A deposit is required to secure your choice. The sales consultant or village manager will discuss with you the details of the deposit, how it is appropriately held, and how it is refunded. Most villages generally allow up to three months for you to sell your own property. This will hopefully be sufficient time to market your property and they will stay in communication with you during this time to discuss any matters that might arise. Payment of your entry payment would then complete the purchase.

Q. What if I change my mind after I move in?

A. In some states and territories, legislation recognises that this may happen and allows a period of 90 days, called the settling-in period, for you to change your mind after you move in. You do need to be aware that some charges may apply. While this doesn't happen often, the village understands that circumstances do change and will work with you to fully explore other options. This way, you have the chance to make an informed decision in the first place.

VILLAGE LIFE

Q. Must I be retired or I can I still continue to work while living in a village?

A. It is not unusual for residents to continue to work in the village. In fact, some villages report 20-30 per cent of residents still work full or part time and offer a range of business facilities and even meeting rooms. If you intend to work while living in the village, you should ask management what their policy is.

Q. Are there village rules and will I feel restricted by them?

A. Most villages will have a set of rules that help residents and their guests enjoy the village facilities and lifestyle with minimal distractions. These rules are based on common sense and courtesy. They define a mutual understanding between residents and between management and residents about the use of the village common areas. Always ask to see a copy of the village rules before you make a commitment as only you can judge whether they are compatible with your expectations.

Q. Is it mandatory to have emergency call system in villages?

A. While the installation of emergency call systems is not legislated, it is common practice for most retirement villages to have them.

Q. Can I have a pet?

A. Some villages will allow cats, small dogs, fish or birds – others none at all. Make sure to ask the village manager or operator about their pet policy.

Q. Do I have to fit in with what everyone else is doing?

A. Absolutely not. This is your home to enjoy in any way you wish to. You are free to participate in community activities as much or as little as you like.

Q. Are there carports, garages and caravan or boat storage facilities available?

A. Some villages do provide a number of carports and lock-up garages. Caravan or boat storage may be available but it's best to check with the individual village. Caravans and boats are not usually permitted to be stored on the grounds surrounding your residence.

MANAGEMENT

Q. How are villages managed?

A. Generally, retirement villages are managed by an 'operator'. Operators are generally businesses or not-for-profit groups (i.e. church groups or other community-based group) and can vary from large publicly owned companies (listed on the Australian Stock Exchange), or privately-owned companies. There are also many small to medium companies which also operate retirement villages.

Q. What is a residents' committee?

A. A residents' committee is a group of people who are residents in the village elected by village residents to represent them. Generally, a residents' committee will have a role in advising the village manager on the needs and wants of the residents and will also play a part in managing any issues and disputes. The committee may also be actively involved in organising or supporting social activities within the village.

Q. What do I do if I have a complaint?

A. Often the village manager will seek cooperation from all parties to discuss and resolve the issue. Sometimes the simple ways are the best. But when something more formal is called for, most villages will have a dispute resolution process which can be activated. In the case of a dispute between a resident or residents and the village, the legislation sets out the formal process.

Glossary of terms

AGED CARE

Aged care refers to the support and care services available to older Australians who can no longer live independently or need help to 'age in place', either within their own home or their retirement village home.

There are generally two categories of aged care services:

- **Home care** (see separate definition below)
- **Residential aged care** (see separate definition below).

DEFERRED PAYMENT FEE

Also known as a departure fee, exit fee, deferred management fee, deferred fee, retention amount or outgoing payment.

This fee is deferred until after the resident leaves the village and, in most cases, until their unit is resold or re-let.

The deferred payment is commonly a percentage of either the entry payment or the resale price obtained when the unit is later resold or re-let. Generally, it is accrued throughout the resident's tenure, meaning the resident pays more the longer they stay, but the payment is generally capped after a set period of time has passed.

ENTRY PAYMENT

Also known as a purchase price, entry price, lease premium or ingoing contribution.

The entry payment is payable by the resident before the resident/s enters the village. It gives them the right to reside in the dwelling for the duration of their agreement (leasehold and licence villages) or ownership of the dwelling itself (freehold villages).

EXIT ENTITLEMENT

The exit entitlement is the amount paid or refunded to the resident, or the resident's estate, after the resident leaves the village and generally after the dwelling is re-sold or re-let.

In most instances, the exit entitlement is determined by subtracting the deferred payment, any reinstatement costs, sales and marketing and legal costs from the entry payment, or from the resale price.

HOME CARE

Home care services are part of broader aged care services available to older Australians. Home care is designed to support seniors to remain in their own home for as long as possible.

Home care can be delivered within the individual's existing home or in their retirement village home. The types of services offered can range from support services like cleaning or meal preparation through to more intensive support like nursing and other clinical care and support.

These services are government-subsidised, delivered by registered providers and only available following a formal assessment of needs by the Federal Government's My Aged Care assessment service.

INDEPENDENT LIVING

Independent living units/apartments are suited to independent residents who would like to live as they would in their own home within a secure community environment.

Generally, all maintenance of communal buildings and grounds will be looked after by village staff and is covered by the resident's service charges. Independent living residents are responsible for their own meals, repairs, maintenance and housekeeping, although some villages offer domestic services that can be delivered into independent living units/apartments on a fee-for-service basis.

LAND LEASE COMMUNITIES

Also known as over-50s communities, lifestyle communities or manufactured home parks.

Like retirement villages, land lease communities are designed to offer active, social lifestyles for retirees. They generally offer a range of communal facilities, social activities and services such as gardening.

In a land lease community, the resident makes an entry payment to purchase the dwelling itself while the operator maintains ownership of the land beneath it and all communal facilities. Residents pay a rental fee while living in the village, utilities and may also pay a deferred payment fee upon exiting.

Land lease communities are generally governed under specialised state or territory-based legislation, or state or territory-based residential tenancies laws rather than the retirement villages legislation.

LONG TERM MAINTENANCE FUND

Can take the form of a capital fund, capital maintenance fund, sinking fund, maintenance reserve fund, capital works fund, reserve fund or capital replacement fund (depending on the state or territory).

Generally, for leasehold or licence villages, a long-term maintenance fund is set up by a village operator and held for the purpose of funding replacement or repair of major items that may be needed on an infrequent or irregular nature, such as major repairs of common areas and village buildings or structures.

An owners' corporation or body corporate of a strata village will set up a similar fund.

REINSTATEMENT

This is sometimes also known as rectification.

Reinstatement is the process of returning a dwelling to its original state after its occupant has moved out. The extent of this work depends on the age and state of the dwelling as well as how long the resident lived there. Reinstatement may include, but may not be limited to, cleaning, the installation of new carpet or tiles fresh paint, replacement of window furnishings and fixtures and fittings.

In leasehold and licence villages, operators usually require the outgoing resident to pay to reinstate dwellings back to the condition they were in when the resident moved in.

In freehold villages, the outgoing resident is required to pay for reinstatement, but whether the work is done is generally at the discretion of the outgoing resident.

In some states and territories, the retirement villages legislation governs whether and how much reinstatement is to be done, who pays for the reinstatement and which costs are included. It is best to check the legislation in your state or territory for details about what you may be required to pay.

RESALE PRICE

For leasehold or licence villages, the resale price is also known as the re-letting price, new entry price or new ingoing contribution. The resale price is the price payable by the next resident for a lease or licence of the dwelling in the village and is the entry payment payable by the next resident as set out in their contract.

For freehold villages, the resale price is the price specified in a resident's contract for sale of land.

RESIDENTIAL AGED CARE FACILITIES

Also known as nursing homes or residential care facilities.

Residential aged care facilities are communities occupied by older residents who cannot live independently and require assistance with everyday tasks. Residential aged care facilities are regulated by the Federal Government under the Aged Care Act.

These facilities may be government funded or resident funded and may be stand-alone facilities or adjoin an existing retirement village or lifestyle community.

To enter a residential aged care facility, residents must first be assessed by an Aged Care Assessment Team (ACAT) to determine the level of care they require and whether they are eligible for financial assistance from the government. The cost of living in an aged care facility will differ based on the individual's financial means and care needs.

RETIREMENT VILLAGE

Retirement villages are residential communities primarily designed for retirees. These communities offer a safe, low-maintenance lifestyle among people at the same stage of life, with access to a range of shared facilities and social activities.

Retirement villages are best suited to those who can live independently or who require flexible support.

Retirement village residents generally make an entry payment for the right to reside in the village, ongoing fees such as service charge, rates and utilities throughout their stay, and a deferred payment when they leave.

Unlike other community types, retirement villages are regulated by the Retirement Villages Act, which is state/territory-based legislation that sets out the rights and obligations of both residents and operators of retirement villages, such as disclosure, the form of contract, and terms that can and cannot be included in a resident's contract.

Within the retirement village industry, there are three main common types of tenure:

TENURE AGREEMENT TYPE	DESCRIPTION	TITLE	STAMP DUTY
Licence	Residents purchase a licence to occupy the dwelling for a set period of time (usually up to 99 years)	Not registered on title	No stamp duty payable
Lease	Residents purchase a long-term lease, which allows them to occupy the dwelling for a set period of time (usually up to 49 or even 99 years)	Resident's interest may be registered on title (depending on location)	No stamp duty payable
Freehold / strata	Residents purchase the title to the dwelling	Title registered in the name of the resident	Stamp duty payable

For leasehold and licence villages, legislation includes consumer protection provisions such as:

(a) Security of tenure

The legislation limits the circumstances in which a retirement village operator can require a resident to leave the dwelling. In some instances, the resident's right to occupy the dwelling ranks ahead of any mortgage registered over the village land.

The legislation often limits increases to the service charge paid by a resident generally to the CPI (Consumer Price Index) rate unless a majority of the residents approve a higher increase.

(b) Statutory charge

The legislation generally affords the resident security over the repayment of the refundable part of the entry payment paid by way of the statutory charge. The statutory charge is similar to a mortgage over residential land.

Freehold villages are also regulated by state-based strata laws in addition to the retirement villages legislation.

(c) Limit on increase to service charge

SERVICE CHARGES

Service charges are paid by all residents to cover the ongoing costs of operating and managing the village. These costs can include:

- › village staff
- › maintenance and repair of communal areas
- › building and public liability insurance
- › cleaning and lighting of communal areas
- › monitoring and maintaining an emergency call system

The service charge paid by a resident each year is the resident's proportion of the village's annual operating costs.

Generally, service charges do not include costs such as rates, electricity, gas, telephone, internet, healthcare and living expenses.

SERVICED APARTMENT

Also known as care apartments.

Serviced apartments are suited to residents who are moderately independent but require some assistance with daily tasks.

The specific services available may vary between villages, but generally residents will have three main meals and housekeeping provided as either part of the service offering or on a fee-for-service basis.

Most serviced apartment residents will have 24-hour access to an emergency call system to assist them in the event of an emergency.

Serviced apartment residents also have full access to all communal facilities and social activities offered within the village.

STRATA FEES

Also known as body corporate fees or owners' corporation fees.

Strata fees are charged in freehold villages to cover the costs of maintenance and repair to common property such as village grounds and roads, insurance, village staff costs and general administration.

UPGRADE

Also known as a renovation, refurbishment or improvement.

In some cases, an operator or outgoing resident will choose to upgrade the dwelling to a higher standard than its original state. An upgrade will generally make the dwelling more modern and improve its fixtures and fittings and may be completed to attain a higher resale price or to meet market expectations. The operator and the outgoing resident may agree to share the costs of upgrading the home and who will obtain the benefit of any resulting increase in the price of the home when it is re-sold.

In some states and territories, the retirement villages legislation governs whether and how much the unit is to be upgraded, who pays for the upgrade and what costs are included. It is best to check the legislation in your state or territory for details about what you may be required to pay.

Helpful resources

GOVERNMENT WEBSITES

Commonwealth

Australian Bureau of Statistics
www.abs.gov.au

Department of Health
www.health.gov.au

Department of Human Services (including Centrelink)
www.humanservices.gov.au

My Gov
www.my.gov.au

My Aged Care
www.myagedcare.gov.au

State/Territory

Ageing, Disability and Home Care (NSW)
www.adhc.nsw.gov.au

Consumer Affairs (NT)
www.consumeraffairs.nt.gov.au

Consumer Affairs (VIC)
www.consumer.vic.gov.au

Consumer, Building and Occupational Services (TAS)
www.cbos.tas.gov.au

Consumer and Business Services (SA)
www.cbs.sa.gov.au

Consumer Protection (WA)
www.commerce.wa.gov.au/consumerprotection

Department of Housing and Public Works (QLD)
www.hpw.qld.gov.au

Office for Ageing (ACT)
www.communityservices.act.gov.au/wac/ageing

Office for the Ageing (SA)
www.sahealth.sa.gov.au

Office of Fair Trading (NSW)
www.fairtrading.nsw.gov.au

Office of Regulatory Services (ACT)
www.ors.act.gov.au

Office for Senior Territorians (NT)
www.dcm.nt.gov.au/strong_community/seniors

Queensland Office for Seniors
www.communities.qld.gov.au/communityservices/seniors

Seniors Online (VIC)
www.seniorsonline.vic.gov.au

Tasmanian Seniors
www.dpac.tas.gov.au/divisions/csr/for_and_about/older_persons

Western Australia Office for Seniors Interests and Volunteering
www.dlgs.wa.gov.au/CommunityInitiatives/Pages/Seniors.aspx

INDUSTRY ORGANISATIONS

Retirement Living Council
www.retirementliving.org.au

SENIORS RESOURCES

My Aged Care
www.myagedcare.gov.au

Your Life Choices
www.yourlifechoices.com.au

Aged Care Guide
www.agedcareguide.com.au

National Seniors Australia Ltd
www.nationalseniors.com.au

Association of Independent Retirees
www.independentretirees.com

Catalyst Foundation
(formerly Seniors Information Service)
www.catalystfoundation.com.au

RESIDENT ASSOCIATIONS

The Retirement Village Residents Association NSW & ACT (RVRA)
www.rvra.org.au

Association of Residents of Queensland Retirement Villages (ARQRV)
www.villagers.org.au

South Australian Retirement Village Residents Association (SARVRA)
www.sarvra.asn.au

Residents of Retirement Villages Victoria (RRVV)
www.rrvv.org.au

Western Australia Retirement Village Residents' Association (WARVRA)
www.warvra.org.au

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