



Senior Living Online



Senior Living Guide

Including retirement villages, over 50s manufactured home villages and rental accommodation for seniors.

To find your dream retirement home, please visit our website and search our directories for retirement villages, over 50s manufactured home villages and rental accommodation for seniors. Our listings include village information, photos, contact details, website links and a location map.

www.seniorlivingonline.com.au

Introduction

The retirement village industry is finally coming of age. From humble beginnings, when it provided a safety net for seniors and was the domain of the “not-for-profit” sector, the focus has now shifted to lifestyle and the private sector has become increasingly involved.

The three main drivers behind the ongoing development of the retirement village industry are:

- the desire to belong to a community of like minded people and enjoy the social contact, interaction, companionship and physical and emotional security that such a community can provide
- the notion that retirement is not the end, but rather a beginning to be enjoyed, free from some of the traditional constraints associated with work, home and dependent children
- the economic benefit of providing and sharing the cost of appropriate facilities and services to a community of seniors, rather than a disparate group of individuals.

However, finding the right retirement village for you is not as simple as choosing a new house or apartment. You will have to do some homework and some fieldwork if you want your retirement dream to become a reality. This Senior Living Guide is designed to help you start that process, but please also visit the Senior Living Online website at <http://www.seniorlivingonline.com.au> where you can:

- download and review our detailed Departure Fee Guide
- search our directory of retirement villages and other seniors housing communities, with listings that include information, photos, contact details, website links and a location map
- browse through our information fact sheets, moving home checklist, products and services directory and useful links.

So What Is A Retirement Village Anyway?

A community for seniors: Entry is generally restricted to people who have attained 55 years of age or have retired from full-time employment, and their spouses. This restriction may be a legal requirement under the terms of the original planning approval. Many manufactured home villages have a lower entry age threshold of 50.

Accommodation: The style of accommodation ranges from units to townhouses, freestanding homes and manufactured homes, which are sometimes called mobile, portable or relocatable homes. The premises range from bed-sitters to four bedroom units and spacious villas and they often include additional fixtures and fittings that are appropriate for seniors, such as emergency call buttons, an intercom system and handrails in convenient places. In this Guide we refer to the various styles of accommodation generically as “units”.

Common areas and facilities: These are provided for the use and enjoyment of all residents and may include gardens, outdoor seating areas, a lounge, dining room, community room, games room, computer room, library, hairdressing salon, medical consulting room, craft room, workshop, bar, swimming pool, spa, bowling green, golf course or putting green, croquet lawn, BBQ area, visitor parking etc.

Management: Every village has an operator, or manager, who manages and administers the village as a retirement village.

General services: A range of general services are provided for the benefit of all residents. They vary from village to village, but always include the general management and administration of the village as a retirement village. Additional services may include arranging activities and excursions; providing, operating and maintaining a village bus for excursions and regular shopping trips; and emergency call system monitoring.

Personal services: Personal services may also be provided or made available to residents on a user-pays basis, usually at commercial rates. They may include meals, cleaning, laundry and personal care, such as assistance with bathing and dressing.

Levels of care: Retirement villages usually have independent living units (also known as self-care units), serviced apartments (also known as assisted living units) or both. The provision of personal services is a feature of serviced apartments, where a range of such services are usually provided on a regular or recurring basis as part of the contractual arrangements. Additional personal services may also be available on request. Personal services may also be available on request to residents who occupy independent living units, under an arrangement known as “flexicare”.

Is A Retirement Village Right For You?

Retirement villages are not the only housing alternative for seniors. Maintaining your own home, moving to a smaller home or “granny flat” or moving in with family or friends may be appropriate, depending on your particular needs and circumstances.

Moving from your own home to a retirement village will necessarily involve change. Even though you are free to choose your own level of involvement in village affairs and activities, you will usually be in close day-to-day contact with others. Although that’s generally a good thing, community living invariably involves some trade-offs and requires a degree of flexibility.

Other key factors to consider are:

- the extent and availability of your support network of family and friends
- your financial resources
- your state of health and mobility
- the availability and cost of any support services that you may require.

If you have a partner, your combined circumstances must obviously be taken into consideration. You also need to think ahead and try to anticipate your needs in the future, because moving can be demanding and expensive.

Complicating Features

Retirement villages have the following complicating features:

- a number of different and sometimes unfamiliar legal structures are used (see below)
- the legal documentation is extensive and complicated and it can vary significantly from village to village
- the financial arrangements are complicated and unusual and the variety of different financial arrangements makes it difficult to shop around and compare alternatives because there is much more to consider than just the respective entry prices (see below)
- a broad range of general and personal services are usually provided, arranged or made available
- the resident and the operator have a continuing close association that may extend over a long period of time
- the circumstances and needs of the resident may change during that period, requiring a degree of flexibility
- there are relatively few lawyers with retirement village experience and their task is not an easy one for the above reasons.

Legislation

Each State and Territory has enacted specific legislation that regulates the operation of retirement villages. The main purpose of the legislation is to protect the interests of residents and prospective residents. This is generally achieved by:

- imposing a heavy disclosure burden on operators
- prescribing various matters that either must or must not be included in the legal documentation
- regulating some (but not all) financial matters
- establishing mechanisms for resolving disputes.

The legislation is different in each State and in most cases it is still evolving.

The legislation in each State has its own definition of what is a retirement village, and a village that falls outside the definition will generally not be covered by the legislation. The definition generally excludes hostels and nursing homes and may exclude some other communities that could easily be thought of as retirement villages, such as over 50s manufactured home villages and seniors communities that offer rental accommodation. Excluded communities will usually then be covered by other specific legislation, such as aged care, manufactured home or tenancy legislation.

Legal Structures

Many different legal structures are used to convey an interest or a right to occupy a home in a retirement village. They include:

- long-term lease and license structures that require an up-front capital payment
- direct ownership structures that offer freehold strata title or community title
- indirect ownership structures that offer shares in a company or units in a unit trust that carry a right to occupy a unit in a village that is legally owned by the company or the trustee of the trust
- manufactured home structures that offer ownership of a manufactured home and a lease or license to occupy a site
- conventional lease structures that require regular rental payments instead of an up-front capital payment.

Although the first 3 categories are very different in form, they are quite similar in substance because each involves a significant capital outlay and each essentially provides lifetime tenure to a bricks-and-mortar home. The last 2 categories, which usually fall outside the scope of the relevant retirement village legislation and are subject to specific manufactured home and tenancy legislation, respectively, offer quite different and usually relatively low cost accommodation alternatives.

The particular legal structure and the relevant legislation heavily influence the form of the legal documentation and can have important consequences in terms of, for example:

- security of tenure
- stamp duty
- responsibility for refurbishment and capital replacement costs.

It is difficult to say that one legal structure is better than another. Freehold title provides the best security of tenure, but the applicable legislation may also enhance the level of security of tenure of structures that offer something less than freehold title. Freehold title also generally incurs a higher level of stamp duty and usually requires the owner to contribute to a sinking fund to meet capital replacement costs, which may not be the case with other legal structures.

What Are The Costs?

Retirement village residents may be required to pay:

- an initial entry price
- recurring charges such as service charges and/or rent during their stay and perhaps beyond
- a fee called a departure fee, deferred management fee or exit fee when they leave.

Entry Price

The nature of the entry price depends on the particular legal structure. For example, it may be the purchase price of a freehold property, or it could be described as a loan, premium or prepayment of rent.

No entry price is payable in the case of a conventional lease. The entry price into a manufactured home village is generally the cost of acquiring the home itself, but not the land on which it stands, which is leased or licensed from the owner.

Recurring Charges

Recurring charges are the charges you pay on a regular basis - usually weekly, fortnightly or monthly - while you live in a village. They inevitably cover the cost of providing a range of general services for the benefit of all residents in the village, so they are often simply called service charges. The total recoverable amount is usually allocated to the various units in the village based on their respective sizes, although in some cases some expenses may be allocated based on the number of people occupying each unit if this is thought to be fairer in the circumstances.

The nature and components of the recurring charges can vary from village to village and jurisdiction to jurisdiction depending on the particular legal structure and the applicable legislation. For example:

- in conventional lease villages and manufactured home villages, the recurring charges will also include a component of rent
- in strata title and community title villages, you may also have to pay levies, which can include a sinking fund component for capital replacement.

Departure Fees

Departure fees, which are sometimes called deferred management fees or exit fees, are one of the most important, difficult and least understood aspects of retirement villages. They are the fees you pay when you leave the retirement village. There are many different departure fee structures and they can produce very different financial outcomes. As this is a very complex and important topic, we have prepared a separate Departure Fee Guide, which is also available on the Senior Living Online website at <http://www.seniorlivingonline.com.au>

Departure fees are usually not payable in over 50s manufactured home villages and conventional lease villages. There is also a strong argument that departure fees should either not be payable, or should at least be lower, in strata title and community title villages. In each case this is largely because the cost of capital replacement is recovered directly from the residents, either through the recurring charges or, in the case of strata title and community title villages, through contributions to a sinking fund. In other villages this cost may be borne by the operator, in which case it must be recovered through the departure fees.

What Happens When You Leave?

When a resident permanently vacates the premises, the unit will usually be refurbished and sold, leased or licensed to a new resident. In all villages other than conventional lease villages the outgoing resident, or his or her estate, will usually be entitled to receive an amount equal to the entry price paid by the incoming resident less certain deductions, which may include:

- a departure fee
- some or all of the cost of refurbishing the unit
- selling expenses and commissions
- service charges and levies that accrue prior to completion of the sale, lease or license to the next resident.

The legal documentation and the relevant legislation will generally determine:

- responsibility for the cost of refurbishing the unit
- the sale process (which may or may not involve the resident)
- responsibility for selling expenses and commissions
- the extent of the resident's obligation to continue paying service charges and levies after the premises are permanently vacated.

The amount owing will usually be received when or soon after the sale, lease or license to the next resident is settled, unless the legal documentation or the relevant legislation provides for or requires earlier payment in the circumstances.

Rental Accommodation

Although most retirement housing requires the payment of an entry price, which can be substantial, some purely rental accommodation is available. It can, however, be hard to find.

The not-for-profit sector has historically been the main provider of rental accommodation for seniors. Units are usually located in small seniors facilities and they may be reserved for people with limited financial resources. Some operators may reserve a few units for rental in larger retirement villages that otherwise require the payment of an entry price. Again, these units may be reserved for people with limited financial resources.

More recently, the private sector has begun developing purpose built rental accommodation for seniors. These villages generally charge a rental that is a percentage of the full age pension plus the maximum rent assistance that is available from Centrelink (regardless of whether you actually receive the full age pension or rent assistance). Most of these villages are located in regional areas due to the cost and limited availability of development sites in the main metropolitan centres.

Pets

Whether you can bring your pet with you when you move to a retirement village will depend on the characteristics of your pet and the pet policy and rules of the village.

The pet policy and rules of the village will generally have been formulated having regard to the physical characteristics of the village and the appropriateness of having pets in the village. To the extent that pets are permitted at all, the size, temperament and audibility of the particular pet will be relevant.

Realizing the importance of pets to prospective residents, some village operators may allow certain current pets to live in the village, but may not allow replacement pets should the current pet pass away or otherwise leave the village.

Villages may therefore fall into one of the following categories regarding pets:

- no pets allowed under any circumstances
- some pets allowed depending on their size, temperament and audibility
- some current pets allowed (as above), but no replacement pets allowed
- pets allowed generally.

You will have the best chance of bringing your pet with you if the village is large and open, the homes are well spaced and your pet is small, quiet, friendly and clean.

If bringing your pet with you to a village is essential, then enquiring about the village pet policy and rules is one of the first questions you should ask.

Waiting Lists

Many operators maintain waiting lists and some charge a fee to get on it. It may pay to plan ahead and get yourself on the list at villages that appeal to you.

On average, residents in independent living units stay for about 10 to 12 years and residents in serviced apartments stay for closer to 5 years, probably because they tend to be older and frailer when they move in. On that basis, it might be reasonable to expect that in an established village about 8 to 10% of independent living units and about 20% of serviced apartments may become available each year.

Remember that not everyone who is ahead of you on the waiting list will end up moving to the village. People will periodically drop off the list and when pressed, many will have changed their mind or decided they are not ready to move.

In villages that have both independent living units and serviced apartments, the rate at which serviced apartments are offered to people on the waiting list may also depend on whether the occupants of the independent living units are given priority if they wish to switch to a serviced apartment. If they are given priority it may mean that serviced apartments are only rarely offered to non-residents, if ever. In such cases the best way to secure a serviced apartment may be to start with an independent living unit and switch to

a serviced apartment at a later time. In such cases it is important to establish whether such a switch would trigger an obligation to pay a departure fee.

If there is a waiting list, try to find out:

- how long it is
- the historical level of turnover of units in the village
- the historical rate of progression of names on the list.

If you do put your name down on a waiting list be sure to obtain a written statement regarding how the list is administered. This may be a requirement of the relevant legislation. In particular, be sure that you understand:

- the circumstances in which any fee is refundable
- the circumstances in which some or all of any fee may be forfeited
- the circumstances where someone not on the list may be given priority
- the consequences if you elect not to accept a unit that is offered to you (e.g. do you retain your position on the list or do you go to the bottom).

Legal And Financial Advice

It is probably obvious by now that good legal representation is essential if you are considering moving to a retirement village. Although this Guide provides an overview of some of the key legal and financial issues, only your lawyer can advise you about the detail of your particular legal documentation and the relevant legislation.

The Senior Living Online website includes a directory of law firms in the “Services” section. Before appointing a lawyer (whether listed in our directory or not) to act on your behalf, you should satisfy yourself that he or she has appropriate experience for your requirements.

Also, if you do not feel that you have a thorough understanding of the financial issues, discuss them further with family, friends or a qualified financial advisor.

Estate Planning

Moving to a retirement village may affect your estate when you die in terms of the amount that will be available to pass on to your family and others in accordance with your will or in accordance with the laws of intestacy if you don’t have a will.

If your will no longer reflects your current intentions regarding the distribution of your estate, or if you don’t have a will and aren’t sure whether you need one, this is probably a good time to discuss the situation with your lawyer.

Staying At Home

If you do wish to stay at home, a range of services are available to help you do so, although your circumstances and needs may influence the cost and your eligibility to receive particular assistance.

You are of course free to arrange any services you require privately and independently, from lawn mowing and house maintenance to personal care and home nursing.

The Commonwealth, State and Territory Governments also jointly fund a range of initiatives that provide services to older or disabled people living at home. These include:

- the Home and Community Care (HACC) program, which does not require prior assessment
- Community Aged Care Packages (CACAP) and the Extended Aged Care at Home (EACH) program, both of which do require prior assessment by an Aged Care Assessment Team (ACAT).

Residential Care

If you require a higher level of care than is available to you at home or in a retirement village, then residential care may be more appropriate for you.

The Commonwealth Government regulates and partly funds the provision of residential care for frail older people who can no longer live independently in their own home. There are two levels of care and although they are officially called "low level residential care" and "high level residential care" they are still widely known and referred to as "hostels" and "nursing homes", respectively.

Before you may enter a hostel or nursing home you must be assessed and approved for care by an Aged Care Assessment Team (ACAT). ACATs are generally made up of local doctors, nurses, social workers and the like and they are usually located at hospitals, aged care centres or community centres. In appropriate circumstances they can see you in your own home or in hospital in order to make an assessment.

You should be aware that even though some retirement villages may be part of a larger complex that includes a hostel or nursing home, or may be owned or operated by an organization that owns or operates a hostel or nursing home elsewhere, residents can't be guaranteed places in the hostels or nursing homes. Even though efforts will more than likely be made to facilitate practical place allocations, there are no guarantees in this regard.

More Information?

The Senior Living Online website offers a wealth of free information for seniors, including:

- a downloadable Departure Fee Guide, which includes detailed information regarding departure fees, including worked examples
- a searchable directory of retirement villages and other seniors housing communities, with listings that include information, photos, contact details, website links and a location map
- a searchable directory of products and services that are particularly relevant to seniors, including law firms that may be able to act for you in retirement village and other related matters
- information fact sheets covering important topics such as residential care and wills and estates
- a handy moving home checklist
- a vast array of useful links to websites that offer information regarding important topics and issues such as advocacy, carers, consumer protection, disabilities, government, health etc.

You can find the Senior Living Online website at <http://www.seniorlivingonline.com.au>