

Selecting a Retirement Village

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INTRODUCTION

Life in a Retirement Village can be very fulfilling with many benefits.

Entering a retirement village is a major life style decision at this stage in your lives, but before you even start to look at the many options available in any village and what they offer, the following factors are well worth your serious consideration:-

- Have you considered discussion and participation with your family and friends?
- If considering this option because of housework, gardening and other maintenance factors are there other options you should consider, such as home help or moving to a smaller residence?
- If considering this option because of the recent loss of a partner have you allowed sufficient grieving time before making this major lifestyle change?
- As in any major purchase, can you afford to purchase and meet the current and future ongoing costs of living in any village chosen? Have you sought independent advice from a licenced and experienced financial adviser?

FACTORS TO BE CONSIDERED IN SELECTING A RETIREMENT VILLAGE

1. Contract and Disclaimer Statement:

All retirement village owners are by the Act required to disclose all detail of their contract, and provide Form 1 **at least 10 working days prior to the prospective resident entering into a residence contract.**

You also have the right of entry for full inspection prior to acceptance of contract and purchase and if not satisfied, return of any deposit made.

It is vital as a prospective resident you study and digest this information to fully understand your prospective purchase and rights entering, during and exiting occupation.

Also question in depth the sales agent in all the following factors rather than just relying on any brochures etc. My wife and I certainly did!

2. The Financial Implications:

2.1 Ingoing costs

- lease/title tenure cost (purchase price) currently from around \$360,000 upwards for villas or about \$270,000 upwards for apartments dependant on location, size, condition and general facilities offered.

- stamp duty –normal rate for any general residential property purchase but not payable on a lease.

*note: some owners qualifying as charitable organisations may not pay GST or Shire Council Rates, a potential saving also to you!

2.2 Operating Costs

All village residents contribute a proportionate weekly/monthly fee towards the running and upkeep of the village. An annual budget determining these costs is struck by the owner/s ideally with representation of residents and will contain the following:-

- grounds maintenance - villas and common grounds
- equipment operating and maintenance
- buildings maintenance
- future maintenance provision (reserve fund)
- staff salary expenses
- general energy costs - clubhouse, street lighting and other village facilities but not individual villas.
- applicable Council rates/taxes/fees/rubbish removal etc.
- administration and provided non-villa amenities
- insurance – buildings/plant etc. (residents cover individual villa contents)
- security provision and emergency call systems in villas.

Operating costs of course will be dependent on many of the above costs and residence selection factors but an approximate commensurate figure might be from \$60 + weekly in the case of leased properties.

Compare this to your current residence outgoing costs!

2.3 Exit Fees

Dependent on your contract type, it is very important to understand the costs involved if you eventually choose to exit your contract or unfortunately do not survive the life of your lease/tenancy type. These costs and their calculation can appear complex and may require some legal advice. They also can vary between villages and will be detailed in the individual contract detail. General factors may include:-

- term of completed occupation of your villa
- costs incurred for operating fees between vacating and resale of lease (currently a maximum of 3 months)
- deferred facilities and maintenance fee (% based on tenancy term)
- administration, sale and settlement fees.
- capital growth sharing fee
- reinstatement of villa fee (return to original condition) dependent on the condition of the villa but probably \$1000 plus
- the exit fee for leased properties will generally be approximately 30% of either the total sale price or value capital growth since original purchase.

3. Lifestyle Choice Factors

3.1 Location of Village

- Access to existing family, friends, medical/hospital, aged care centres, (future needs/self/partner/both), transport - bus/rail/airports, hobby centres, cinemas and other entertainment venues etc.

3.2 Villa Design Etc.

- Stairs (if applicable), size, how many beds, baths, toilets, overall layout, disabled access and facilities (current or possible future needs), aspect, patio and garden, choice of flooring, storage space, window treatments, TV and IT access, solar installation management approval support, single/double garage, visitor parking, village facilities available such as clubhouse, gym, swimming pool, bowls, workshop, crafts etc. and social activities with their proximity to your villa.

NOTE: Some facilities may vary in choice of new or resale villas.

3.3 Particular Residents' Rights

- extended absence from villa – advice required to Village Manager, also visitors and family staying over – periods of stay and required advice to Village Management.
- boarders – usually restricted to carers or individual special circumstances.
- pets policies can vary from village to village, for example no pets, number of pets and their size, replacement on loss of a pet
- gardening – generally villa and common grounds gardening are provided as part of village operating costs however, in some villages, villa gardening and planting can be undertaken by residents on management approval and at occupant's cost.

Finally, an important tip, try to talk to existing residents in any village of interest. If anyone knows that village – it will be them! My experience has been, most are happy to meet and talk to prospective neighbours!

Retirement Villages Code Appendix 1

Checklist for prospective residents

It is important for you to carefully read and consider the following questions before deciding to enter any retirement village. If, after reading through the list, you are uncertain as to any aspects of the village, or its suitability for you, seek further advice.

1. Have I fully discussed my decision to enter a retirement village with my family, friends or adviser?
2. Can I afford to move into the village I have chosen and meet the current and future ongoing costs of living in this village? What are the financial consequences for me if I wish to move out of the village? Have I sought independent advice from a licensed financial adviser on these matters?
3. If I am considering moving to a retirement village because the housework, gardening and general maintenance has become too much, have I fully considered other options? For example, obtaining home help or handyman help, or moving to a smaller unit in the same neighbourhood.
4. If I am considering moving to a retirement village because I have recently lost my partner, have I given myself enough time to grieve before I make a major lifestyle change?
5. Have I received adequate information about the retirement village I have chosen? Have I shown the documents to a solicitor? Am I satisfied that I fully understand the contract that I am signing?
6. Am I comfortable that the lifestyle of the village (including social activities and religion) will suit me? Have I spoken to any residents of the village?
7. Will the village and my unit be readily accessible if I become disabled and need a wheelchair or walking aid? What alternatives do I have if I am no longer able to live alone?
8. Does the village provide personal care or nursing care, an emergency call system and other amenities that are likely to meet my present or future needs?
9. Have I looked at a number of villages to compare the amenities (for example, recreational, transport, gardens etc.) and financial arrangements?
10. Is the village I have chosen accessible to my friends and family?
11. Can I take my own furniture to the village and, if so, will it be suitable?
12. Before I sign the contract, have I received and considered all the information required to be given to me under the *Retirement Villages Code* and the *Retirement Villages Act 1992*?