

YOUR ONE-STOP GUIDE TO

Retirement Village Living **in Australia** for Over 55's



**By Christopher
Baynes**

*'villages.com.au' editor
& radio commentator*



villages.com.au

Christopher Baynes

As Editor of villages.com.au, Australia's No.1 village community magazine and website, Christopher Baynes has visited up to 150 retirement villages and their residents across the country. Ranging from 5 star villages that resemble a prestige hotel, to resort villages with their own golf courses, to beach and lakeside tree change villages to affordable housing villages operated by local community groups, all have been covered in villages.com.au by Christopher.

Drawing on his own experience with his parents' review of their living situation and having 'retired' himself more than once, he brings a unique focus to this sector. Christopher also sits on the Advisory Self Care Review Board of UnitingCare NSW and ACT and is a regular radio commentator and seminar speaker on the subject of planning for retirement.



Welcome to the villages.com.au Handbook

Your easy reference retirement village starting point.



Photo Above: John & Penny Gawthorn, Greenleaf Belmont North, NSW

Retirement villages are an option for people who want to change their accommodation setup. The main reasons revolve around making day to day life easier, a desire for companionship or financial reasons.

In the end it is really the quality of your life in your later years that is being considered.

To make it easier, in this introductory handbook we review:

- What is a retirement village
- Why they are so popular
- What to look for, what does it cost and why
- Answers to the most common questions

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Please note that each state government has slightly different legislation covering retirement villages; this handbook gives a general overview.

It is also important to understand that **Aged Care** accommodation (hostels and nursing homes) is totally separate to retirement villages and comes under Federal laws and funding. Joining a retirement village does not give you automatic access to an aged care facility. In fact most villages do not have an aged care arm. For more information, see the Addendum on Page 14.

What is a Retirement Village?

Retirement Village communities are for you if you are seeking active yet maintenance-free living in a communal environment.

A retirement village is defined by the respective Retirement Village Act in each state. The identification of a housing development as a retirement village has more to do with the zoning and use of the land than the services a village offers. The zoning allows a housing development to be built that specifically provides accommodation to people over 55 years of age.

Generally you can join a **'retirement village'** if:

- You or your partner is aged over 55
- Or you have retired from full time employment
- You are 'independent' – meaning you can look after yourself physically and generally that you are active both in the home and outside the home.

This means you can do your own shopping for food, cook for yourself and generally lead a normal, independent life. Like a normal home, villages are not restrictive. Friends and family can visit and stay as you please.

The four major benefits of this village community living are:

1. There is support for you in the case of an emergency
2. Your home is 'ageing friendly' in design and maintenance
3. Your living expenses are roughly known from year to year
4. You have built in companionship – if you want it

VILLAGE AGE PROFILE

Average village age	74 years
Stay less than 1 year	10.3%
Stay 1 to 4 years	31.6%
Stay 4 to 8 years	24.6%
Stay 8 to 12 years	17%
Stay more than 12 years	16.5%

Source: Stimson, R. 2002. *The Retirement Village Industry in Australia* University of Queensland Press.

A lifestyle decision – 'freedom' and taking control

Many people state that moving to a village gives them 'freedom'. Freedom comes in several forms: to travel because you do not have to worry about the house, freedom from worry about your future and freedom from worry about personal security.



This can be summarised by saying your lifestyle is enhanced.

Making the decision to break the ties and leave a family home is often the hardest decision for people considering the village option. The people who do make the move talk about 'taking control' of their lives, both now and by preparing for the future.

There is also the element of taking control before events take control out of your hands, say with a health issue.

Photo Below: Barbara & Tom Goynich, The Terraces, Forest Lake (Brisbane)



Villages are a proven success story

Across Australia there are 1,750 retirement villages, with approximately 150,000 residents. Demand is such that over half of these villages have waiting lists for people wishing to join them. Research has satisfaction with the lifestyle and the decision to join a village consistently rating around 95%.

Part of the success of villages has come from the quality of the homes themselves. Village operators have had to meet market expectations of modern kitchens and bathrooms, open living and ergonomic layouts. Most homes are totally refurbished every 8-15 years by the operators.

Photo Below: The Sands Clubhouse, Beachmere Sands Lifestyle Resort, Sunshine Coast, QLD Above: Greenleaf Belmont North, NSW

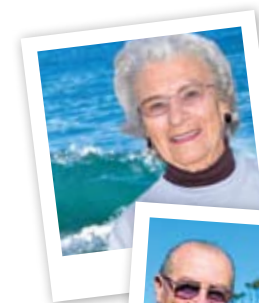


The Push & Pull of later life

Research by Professor Stimson, University of Queensland has identified that the decision to join a village is driven by both ‘push’ and ‘pull’ factors.

PUSHING YOU	PULLING YOU
<ul style="list-style-type: none"> ◆ Home too expensive and too difficult to maintain ◆ Garden too big ◆ Want more free time and a change in lifestyle ◆ Want to spend more time with people of similar backgrounds ◆ Lonely ◆ Death of spouse ◆ Health reasons ◆ Children/family/friends move away ◆ Can no longer drive 	<ul style="list-style-type: none"> ◆ Desire to be closer to family/friends ◆ Need to be closer to public transport ◆ Affordability ◆ Close to medical services in local area ◆ Aspects of alternative house types (design, services and facilities, type of people)

Typical resident comments



“ I chose to come here 17 years ago. I did not want to be trouble to my daughter. ”

MARY BIDWELL, AGED 86
Wamberal Gardens

“ John had been mowing the lawns for 50 years. He needed a break. ”

PENNY GAWTHORN, AGED 74
Greenleaf Belmont

“ We had a big family home and everything creaked. Here everything is new. ”

JOHN RADGE, AGED 71
The Landings, Turrumurra



Loneliness in later life

Loneliness is a major attraction of village communities.

The increasing number of single people, especially women, and the fact that men have a 5 year shorter life expectancy than their partners, has led to many joining a village to ensure they have companionship in later life.

Statistics show that approaching 50% of people over 70 suffer depression, largely due to their living circumstance, with the three most significant causes being:

- Spouse has died
- Isolated/cut off in the family home
- No sense of local community



The operators of villages

The historical development of the industry has led to there being two types of village operators:

Photo Below: Resident outing – Greenleaf Wyee Point, Lake Macquarie, NSW



- Not for profit operators, being churches, charities and community groups. The largest are associated with the Uniting Church, Anglicans and Catholics
- Private operators, being property based companies and increasingly specialist operators, backed by investment funds established by the likes of AMP, Macquarie Bank and Babcock & Brown.

The not for profit operators account for approximately 60% of all village homes. While they grew out of the provision of low cost housing in the 70's and 80's, they now build a full range of housing up to resort standard at prices ranging up to \$1 million (particularly in Sydney). They need to be competitive with private operators in quality but also seek to generate surpluses to fund their work in aged care.

Many not for profit villages and some private villages have aged care facilities attached. While they can't guarantee placement to village residents in the aged care when the time comes, there is an expectation they will be able to cater to your needs. (See the Addendum on Page 14 for more information on Aged Care).

The emergence of the big institutions and publicly listed companies as private operators has resulted in a heightened professionalism in the industry, plus economies of scale and competition – all to the benefit of residents in security and better facilities.

Photo Below: Sewing Group, Blue Hills Residences, Cranbourne, Victoria



What to look for in a village

LOCATION: Being able to shop easily and get to medical services is very important to older people. State laws dictate that villages have to be integrated with a local community. This means that shops and services need to be close by and easy to reach by public transport.

SIZE: Small villages have fewer facilities and less support. Because of this they will have low operating costs. Larger villages have more facilities but also more residents sharing the overheads. Perhaps most importantly, they have more people to mix with.

DESIGN: Increasingly older people wish to ‘age in place’, being the desire to stay as long as possible in their home rather than move to a low care hostel and then a nursing home as their health declines. To facilitate this many village operators are building into their homes design elements to support this trend. They include showers with grab rails and corridors wide enough to take a wheel chair.

MANAGEMENT: Professional management is vital to a village’s successful operation.

The decision to ‘buy’ into a village is a long term commitment which you have to literally live with for the rest of your life, so it is important that you are satisfied the operator will be responsible and stable for the next 10-20 years. Their day to day decisions on the services they provide can also impact on your quality of life, so it is important that you are comfortable with their integrity.

Most large operators now leading the industry have the structures and corporate governance to give you this reassurance. The Retirement Villages Association in conjunction with Aged Care Queensland (ACQ) have also developed a demanding Accreditation program with assessors auditing villages and interviewing residents to confirm the village performance.

Buying into a village – the contracts and DMF’s

Most people looking at a village for the first time do not appreciate the contractual process that is standard across most of the industry.

When you buy into a village in most cases you are not buying your home, you are in effect renting it with all your rent paid in advance.

RVA Accreditation

The Retirement Village Association and ACQ have developed an accreditation program that recognises villages that achieve industry best practice benchmarks. As well as practical measures such as accounting procedures, it oversees resident dignity and respect.



This contractual process is known as Lease/License or Loan/License.

The private operators in most cases provide you a registered lease which gives you a licence to occupy. The not for profit operators mostly ask you to make a ‘loan’ to them and in return they give you a licence to occupy.

To demonstrate this process, imagine you wish to ‘buy’ into a village operated by a church based group (a not for profit operator). The price is \$300,000. You would enter a contact to ‘loan’ them \$300,000 and in return they would give you a license to occupy a home in the village for as long as you are healthy enough to remain independent. When you leave they will return your loan of \$300,000 less the ‘rent’ you owe for the time you have been in the house – which they call a Deferred Management Fee.

The Deferred Management Fee is usually calculated as a percentage of the amount you lent per year that you are at the village. It is also usually capped at a specific number of years.

In our example the fee may be 5% per year capped at 6 years (or 30%). Alternatively it may be 3% for 10 years (or 30%). This means that you or your estate would receive back \$300,000 less 30% (\$90,000) if you had stayed for say 12 years.

Photo Below: The Range Latrobe City, Moe, Victoria



Like when you are a renter, you may not receive the benefits of any capital gain in the value of your village home. You need to discuss this with the village operator.

Note: not many solicitors are familiar with this contractual process. It will save you legal fees and confusion if you seek out a solicitor that is experienced in retirement village contracts.

Weekly fees

All villages levy regular fees to cover the operations of the village. They are like strata fees and cover maintenance, village power and staff. The structure of the fees and the accountability is regulated under each state's Retirement Village Act (and allied legislation) and allows for the residents of the village through their Residents' Committee to have large control of the expenses so that they do not escalate or include services the residents do not want.

For instance the residents may feel it is a good investment to have the street lights on all night for security but be prepared to have the lawns mown every two weeks rather than every week to save money.

YOUR WEEKLY FEES COVER	WHAT DO YOU PAY FOR
<ul style="list-style-type: none"> ◆ Emergency assistance call systems/monitor ◆ Cleaning of all areas except in your home ◆ Administration of the village ◆ Insurance - of the buildings, common areas, public liability, fidelity ◆ Management and staff wages & expenses ◆ Mini bus services and operations ◆ Gardens and grounds maintenance ◆ Building repairs and maintenance (common areas, external facades, roads, footpaths) ◆ Garden watering (except your private back garden) ◆ Rubbish removal and recycling ◆ Provision of a sinking fund for big irregular expenses 	<ul style="list-style-type: none"> ◆ Interior furnishings of your home ◆ Council and water rates ◆ Electricity rates

As a rule, the better the village facilities the higher the weekly fees. They can range from \$50 to \$200 per week, as a guide. Most state governments require the weekly expenses do not rise by more than the CPI, except for exceptional expenses (e.g. if electricity prices rise dramatically). The only expenses that you will have to pay are usually your own power and contents insurance.

Is living in a village 'good value'

Many people question the cost of living in a village, given the DMF and the lack of capital gain. They ask why does it have to be this way; why can't it be like a normal apartment development.

The answer lies in what a village is and why it has been built that way.

Over the years the operators have learnt that people in the later stages of their lives want a more secure community with all the facilities that most villages now offer. They also want to pay a lower entry fee to allow them enough money to live on.

To deliver this type of village requires the operator to find a large block of land and apply for zoning, then allocate a significant proportion to open, landscaped areas, plus they need to build community facilities such as swimming pools, meeting halls and administration. If they had to recoup the costs of these elements in the first sale of the village homes they would have to charge significantly more.

The established model allows the operator to charge a lower entry fee, confident that over the 30 year life of a village they will get a reasonable return. The resident receives the benefits of the village without having to pay for it up front.

More important than the financial benefits of the transaction are the emotional benefits of security, companionship and community. Without villages being planned this way, they would not exist and therefore would not be available to older Australians.

Don't hold off until it is too late

The most popular advice given by village residents is not to hold off joining until you are forced to, because then it is often too late.

They point out it is better to move house when you are still healthy and the task is not overwhelming, plus it is best to join when you still have the energy to meet new people and settle into your new surroundings.

There is the additional factor that many villages have waiting lists and if you wait until events force you to make the move there may not be a place for you. It may be necessary to move away from your family and medical support, which can be very distressing, especially if you are already of poor health or suffering bereavement.

In the end it is all about quality of life

If you are reading this booklet it is because you are considering a change to your living situation and this change will most probably be your last move. The decision you make will ultimately affect the quality of your life (and possibly your partner's) to its end.

It is worthwhile to summarise the major benefits of a village community, none of which are financial. They are:

1. You get to move to a new, fresh home, leaving the maintenance of the family home behind
2. You achieve certainty of your financial situation, with limited and known weekly expense that you can budget on
3. You receive security in your home and in your local area; the freedom to walk and meet people
4. You achieve companionship with other people your age, who will also keep an eye out for you
5. You have no more concerns about what may happen in the future; you have achieved a secure path

Added up, these are major physical and emotional benefits and equate to a more reassuring quality of life for older people.

Veteran Affairs and Centrelink

Rental and pension assistance is available in some cases from Veteran Affairs and Centrelink. If you think you may be eligible it is worthwhile making an enquiry.

Addendum – Aged Care and where it fits in

Aged Care is the Federal Government's term for caring for older Australians in need of support in their living arrangements due to declining health.

While there are a range of services available, the main ones are Community Care, Home Care, Low Care (Hostel accommodation) and High Care (nursing home accommodation). All are largely funded by the Federal Government.



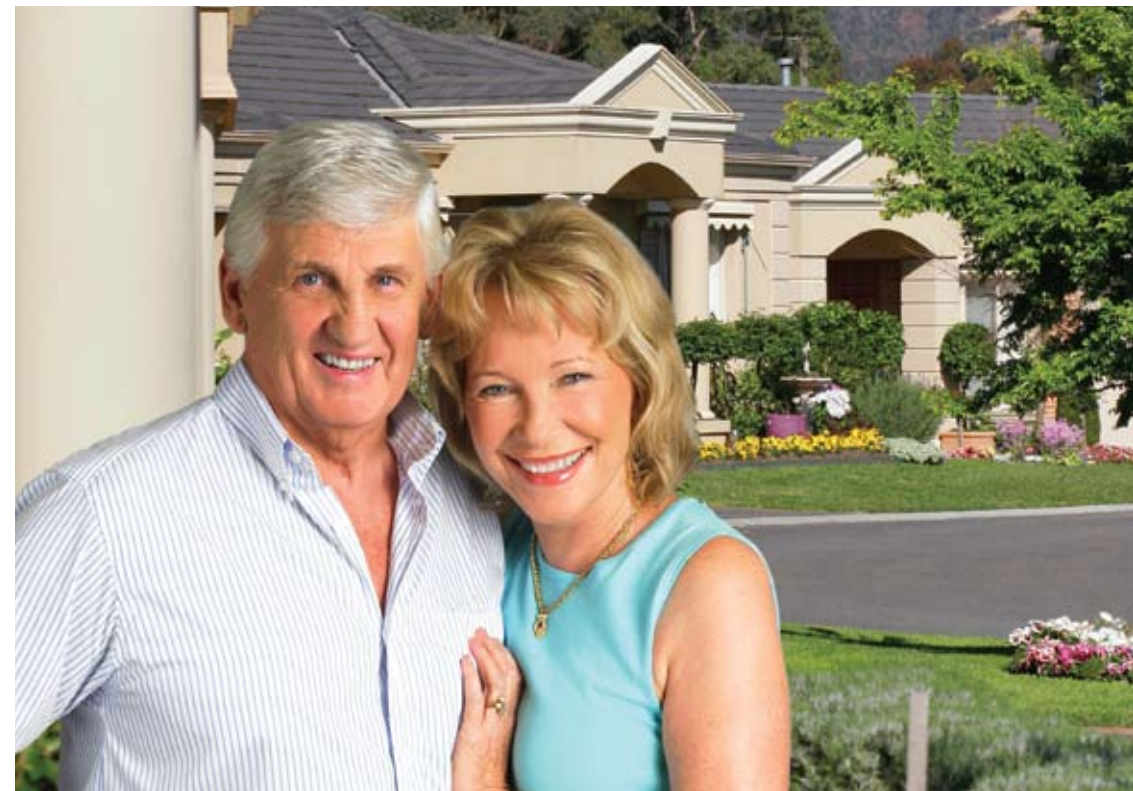
To receive Aged Care assistance the Government requires you to be assessed by an Aged Care Assessment Team (ACAT team) as to what level of assistance – and expenditure by the Government – is appropriate. Your doctor or a social worker at a hospital usually initiates the request for an assessment.

If you require Home Care you can receive this in your village home. The Federal Government has stated that it forecasts that retirement villages will play an increasing role in helping older Australians stay at home longer.

If the assessment is that you need to enter High Care (a nursing home), the ACAT team will guide you in what level of nursing home you are suited to and then it is up to you to locate one in that category that has a vacancy at that time. This can be a traumatic time for older people because they may have to move away from family or a preferred doctor.

It is important to understand that being a resident of a village does not give you automatic access to a preferred High Care facility, even if it is on the same site as your village. The ACAT assessment criteria may not match or there may not be a vacancy just when you need it. ■ villages.com.au

Photo Below: Waterford Valley Lakes, Rowville, Victoria



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