

Moving into a retirement village

legal

By **LOUISE AITKEN**

THERE ARE so many options around what type of retirement village you may wish to move into — they vary in size, price, and options regarding the price and how it can be paid.

If you are considering moving to a retirement village, here are some things you will need to consider.

Get financial advice

It is extremely important to work with your financial advisor to seek the appropriate advice about how moving into a retirement village will financially affect you and potentially affect your Estate in the future.

If you do not have a financial advisor, ask family and friends or speak with your legal advisor for a referral.

Obtain legal advice

Retirement village contracts and agreements are all different and require a careful, considered review.

There are a number of different arrangements in which a retirement village can be purchased:

- Purchase as you would a regular property and be the registered proprietor of the unit following settlement.
- You can purchase under a lease arrangement, whereby you will pay an “ingoing contribution” to allow you to reside at the village.

Once the review is complete, you will likely have further questions, and the documents may require further clarification and discussion.

Purchasing under a lease arrangement

When you purchase under a lease arrangement, you may have options regarding your ingoing contribution and what amount you pay upfront.

Usually, if you choose to pay the full upfront cost at settlement, this would reduce any fees (known as a deferred management fee) taken out when you vacate and re-sell.

If you choose to pay the lesser amount upfront, a higher deferred management fee is payable upon vacating.

Purchasing Free Title

When purchasing under an arrangement whereby you become the registered proprietor on a Title, there will be stamp duty implications to consider.

You may also be required to enter into a management agreement, which may require a percentage of the resale value to be withheld when you vacate and sell.

The types of arrangements can solely depend on the type of retirement village and the owner involved.

Other things to consider

There may be a monthly service charge (sometimes called an Owners Corporation Fee) if the unit involves a freehold title.

Additional services, such as laundry, meals, medical services, and hairdressing, may be available at an additional charge.

Other important things to consider include:

- Are there any restrictions on pets?
- What type of security is offered?
- Is there an emergency system



Photo: JAMES POYNER

Riverside, Warrandyte

throughout the village and/or units?

- What services and amenities are offered?
- Do I need to pay the rates and water charges on top of the monthly service charge?
- Is there a carport or garage included?
- Is the settlement date flexible, do I need to sell my home first?
- What bylaws and covenants must I also adhere to?
- Do I share any capital gain/loss when it comes time to vacate?
- Is there an onsite residential or aged care facility?
- Are there restrictions on having visitors?

Cooling-off period

The prescribed cooling-off period for retirement villages is 21 days and usually starts from the date you receive the disclosure statement, and all associated documents are

delivered to you and your lawyer, if applicable.

A holding deposit is required during this period, and it will most likely be a minimal amount of \$1,000–\$2,000.

Selling your existing home

If you are selling or need to sell your existing home, you should ensure you discuss this with the retirement village manager.

Most retirement villages offer to add a special condition within their contracts to ensure that the lease or purchase of the unit is subject to the sale of your existing home.

This will ensure that you have the security of knowing that you can have the time to sell your home.

However, the wording of the condition should be carefully checked by your legal advisor.

Packing

Moving into a retirement village unit means you may need less furniture than your existing home.

Make sure you start packing early and give away or sell items that you don't need to take with you, or that won't fit.

Most retirement villages are very flexible about allowing additional inspections, and you may wish to do this, especially if you need to measure up for furniture.

Get excited

This is a wonderful new chapter of your life and a time to build new memories.

Remember, your financial and legal situation has more than likely changed following the move into a retirement village, so now is the perfect time to consider your estate planning and ensure your family is taken care of.

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