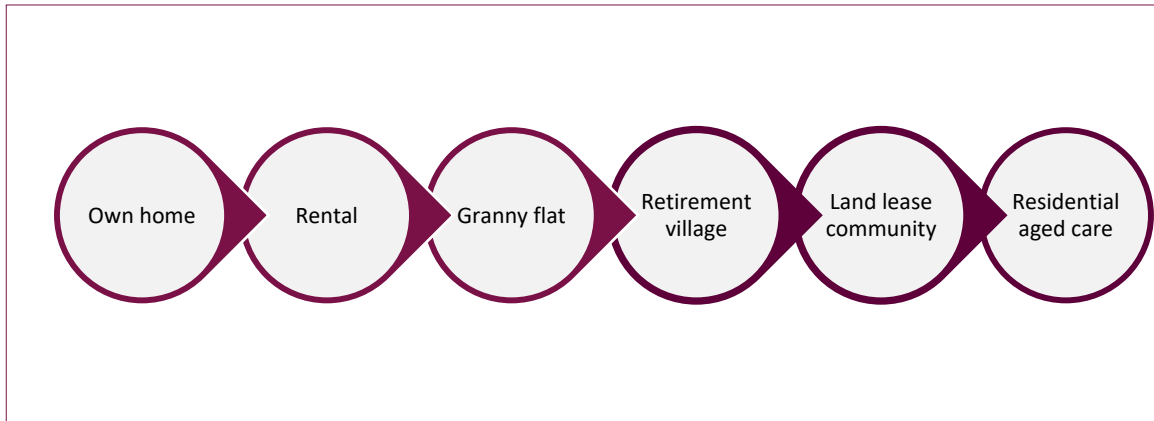


Choosing accommodation to meet your needs

Confused about retirement living options? Don't know which one will suit your needs or which options are available?



Some common questions are:

- When are the options available?
- What government subsidies are available?
- Can I access equity in my home?
- How much capital is returned on when I leave?
- How secure is my capital?
- How long might it take to get the capital back when I leave?
- Is it regulated by the government?
- Is Centrelink rent assistance payable?
- Are care services available?
- Can I apply for government-subsidised home care?

A quick comparison of issues to consider is provided below to help with your answers, but not all implications are covered so you should research your options carefully – and seek advice.

When are the options available?

Residential aged care is designed for older people who need constant care and support for the tasks of daily living and/or medical care. As it is subsidised by the government, an assessment by an Aged Care Assessment Team (ACAT) or Aged Care Assessment Service (in Victoria) is required for entry. Land lease communities and retirement villages don't need an assessment but generally have a minimum age limit to live there, such as 50 or 55 years old.

What government subsidies are available?

These options are mostly private accommodation arrangements, and you need to pay all the costs yourself. But accommodation subsidies are available for low-means residents in residential aged care and rent assistance may be available in some options.

Can I access equity in my home?

If you own your home, you may be able to access the equity – take out a loan secured by the home – to assist you with lump sum costs (i.e. renovations to help you stay in your home longer) or living expenses. You usually won't be able to do this with retirement villages/land lease communities. In residential care you may not be able to have the accommodation payment refunded until you leave but you might be able to use it to pay some of your ongoing fees.

How much capital is returned on when I leave?

The capital you receive back from your own home will depend on how much someone is willing to pay less the fees and charges associated with selling it. This includes fees for the real estate agent, advertising and legal, and any costs to bring it to a saleable condition.

Before moving into a retirement village, you normally pay an entry contribution. How much you get back depends on the contract. A deferred management fee (DMF) is often deducted as well as refurbishment fees and you may or may not share in any capital growth.

DMFs don't typically apply to land lease communities, where you own the home and the operator owns the land on which it sits. You would normally pay a site fee (rental) for the land. Upon sale of the home, typically, you keep any capital gains or incur all capital losses. This will be specified in your entry contract.

How secure is my capital?

The refundable accommodation deposits (RADs) paid for entry into residential aged care are government guaranteed. Security of capital for a retirement village will depend on the operator. Your money is at risk if the operator goes into liquidation. A house value is subject to market forces.

How long does it take to get the capital back when I leave?

In a retirement village or land lease community, you may need to wait until your unit is sold before you get your money back. In some cases, it can be several years, and you may not have the option to rent the unit to generate income while waiting for a sale. With a house you also must wait until a suitable buyer is found, however you have the option to rent while waiting.

If leaving residential aged care, you must give 14 days' notice to have your refundable accommodation deposit (RAD) repaid. If you pass away, the RAD is not refunded until your family provides the care provider with a copy of probate or letters of administration. The provider then has 14 days from receipt to refund the RAD.

Is it regulated by the government?

State based regulations govern retirement villages, land lease communities and rental accommodation but this does not include regulation of prices. The Commonwealth government regulates residential aged care services, including the fees.

Is Centrelink rent assistance payable?

Retirement villages may have service charges and ongoing fees for running costs of the entire village. Rent assistance to assist with these charges is only payable if your entry contribution was less than allowable thresholds. However, if you are a Centrelink/DVA recipient, rent assistance may be payable for site fees in a land lease community or for private rentals.

Is care available?

Care is automatically available in residential aged care services. You need to pay a contribution towards the costs, but they are largely subsidised by government. In all other options you could apply for government-subsidised home care or pay for private care. Retirement villages and land lease communities may offer serviced packages for an additional fee, which is at your own cost.

Can I apply for government-subsidised home care?

Subsidised home care is available in all residential options except residential aged care, where care is automatically provided.

The Commonwealth Home Support Program (CHSP) is the starting level of home support. It generally suits people who are still able to live independently but need simple help with one or two areas of care. For example, access to meals-on-wheels, transport to appointments or community nursing. The first step is to contact MyAgedCare to arrange an assessment.

The next level of support is the home care packages. Older people who are finding it difficult to live at home without help may be suitable for home care packages. This support may allow you to stay in your home longer and avoid (or defer) the need to move into residential care.

Home care packages provide a co-ordinated package of services tailored to meet more complex care needs. An Aged Care Assessment Team (ACAT, or ACAS in Victoria) assessment is required to access a package and is arranged through MyAgedCare.

Summary table

	Own home	Rental	Granny flat	Retirement Village	Land lease community	Approved residential care provider
How much capital is returned upon exit?	Sale price (subject to market forces) less costs	n/a	None	Depends on contract – deferred management fees and expenses generally apply	Depends on sale price of home	Full RAD is refunded (unless fees have been deducted)
How secure is capital?	Subject to property market forces	n/a	n/a	Money at risk if operator goes into liquidation	n/a	Government guaranteed
How long does it take to get capital back when leave?	Subject to finding a buyer and settlement	n/a	n/a	Subject to finding a buyer	Subject to finding a buyer	RAD refunded within 14 days (leaving or probate)
Does the government regulate?	No	Various state legislation	No	Various state legislation - pricing not regulated.	Various state legislation - pricing not regulated.	Yes - by Federal Government
Can you access equity?	Yes – subject to approval by lender/ operator	No	No – you transferred ownership to another person	No	No	Only through DAP from RAD arrangement

Living assistance factors

Is care automatically provided?	No	No	Maybe – if family agree to provide care	No but may have option to pay for serviced packages	No	Yes – fully supported living
Able to apply for government subsidised home care?	Yes – CHSP or home care packages	Yes – CHSP or home care packages	Yes – CHSP or home care packages	Yes – CHSP or home care packages	Yes – CHSP or home care packages	No – care is automatically included and government subsidised

An Accredited Aged Care Professional™ can help you to identify options and choose the option that best suits your personal situation and objectives.

Want more information?



Clarity Financial Advice



ASFL Infocus (AFSL 236523)



0430019136



kerry@clarityfinancialadvice.com.au



www.clarityfinancialadvice.com.au



IMPORTANT INFORMATION: This document has been prepared by Clarity Financial Advice Pty Ltd ABN 31 649 674 224. Clarity Financial Advice is a Corporate Authorised Representative of Infocus Securities Australia Pty Ltd ABN 47 097 797 049 AFSL and Australian Credit Licence No. 236523 trading as Infocus Wealth Management. This information is of a general nature only and neither represents nor is intended to be specific advice on any particular matter. Infocus Securities Australia Pty Ltd strongly suggests that no person should act specifically on the basis of the information contained herein but should seek appropriate professional advice based upon their own personal circumstances. This information is current as at October 2021.