

Retirement accommodation

More than ever older Australians are moving into retirement accommodation to enjoy the benefits of independent semi-supported community living. While there are many benefits, it can be a confusing and overwhelming process because of the different laws and complex contracts involved.

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What is retirement accommodation?

Generally, retirement accommodation is understood to be a collection of dwellings predominantly occupied by retirees who have entered into contracts with the operator of the village.

Retirement accommodation can be privately owned and operated, run by a not-for-profit organisation or owned by the residents, who engage a manager under contract. They can be self-contained villas, semi-detached units or high-rise apartments. Each village will differ in:

- communal facilities such as swimming pools and dining services
- arrangements for maintenance, gardening and in-home support
- emergency and security services
- eligibility requirements for working residents, spouses and partners, visitors, pets, parking etc.

You will probably have to pay more in ongoing costs to secure retirement accommodation with high levels of services and facilities.

Living in retirement accommodation usually means a communal lifestyle where you may be bound by communal decisions.

Important: Each state and territory has its own set of laws that define and govern the operation of retirement accommodation, and these can differ considerably.

The **'Where to go for help'** section at the bottom of this page includes links to a number of organisations that provide information to help you when you are considering retirement accommodation.

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What questions should I ask before signing a contract?

Contracts for retirement accommodation can be confusing even to lawyers and expert advisors so you should seek independent advice and ask questions about everything you are unsure of or uncomfortable with before you sign the contract. The following questions may help you understand the nature of the arrangement you are considering.

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General

- What exactly am I purchasing?
- Do I own the title to the property or am I just buying the right to occupy it?
- What type of ownership will I receive?
- What rules will I have to comply with?
- Are there any plans to develop the complex?

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Facilities and level of care

- What facilities and services do I need now and in the future?
- What level of care (if any) is provided to residents of the village? How much does it cost? Will it meet my future needs?
- What happens if I need residential care in the future?

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Costs

- What amount will I have to pay initially to secure a place in the complex?
- What are the ongoing costs and how are they calculated?
- Are fees paid on an ongoing basis or deferred and paid out when I sell the property?
- What costs are covered by the village budget and which do I have to pay? Are bills (such as rates, water, gas etc.) included in the ongoing fees?
- Are ongoing fees likely to increase and by how much? How are increases determined (e.g. are they linked to increases in the aged pension or consumer price index)?
- What increases have occurred in the last five years?
- Do residents have any control over the quantum of fee increases? Can fee increases be rejected? If so, how is this process managed?
- What happens if I can no longer afford the ongoing fees?
- Who benefits from any rebates associated with the property?

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Management and dispute resolution

- Who manages the complex and do I have a say in how it is managed?
- Have there been disputes between residents and the operator and what is the process for resolving disputes?
- Does the contract require me to give the village owner power of attorney?

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Leaving the complex

- What do I have to do to leave?
- Are there any restrictions, conditions or delays associated with leaving?
- What fees, levies or charges apply when I leave?
- Will I receive any of the capital gain that arises from the sale of my unit/villa?
- Can I recover any of the initial contribution I paid?
- Are there any delays in receiving payment when I leave?
- What happens to me if the retirement village is sold or goes into receivership?

Handy tip: to get a better understanding of the issues you are likely to face, you can ask to

Speak to existing residents or the chair of the committee of residents (if one exists).

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What am I purchasing?

Often when you buy in to retirement accommodation you are not purchasing the freehold or strata-title as you would when you purchase a home. This means that you may not be purchasing the land and the dwelling. Instead you may be purchasing:

- community title
- a right to reside in the dwelling, like a leasehold or rental
- a loan/licence that means that you loan money to the village operator in exchange for a licence to occupy a dwelling
- shares in a village
- units in a unit trust
- a title or strata-title that has restrictions on use and sale of the property.

These are the most common arrangements; however, there may be others. If you cannot tell which type of ownership applies—just ask!

Important: just because a copy of the title appears in the contract does not mean that you are purchasing the title. It is often a legal requirement to include a copy of the title in the contract regardless of the type of ownership offered to you.

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Retirement accommodation contracts

Retirement accommodation contracts can be long and very complex. You should always insist on time to consider your decision and seek independent legal and financial advice before signing (you should inquire whether the advisor has expertise in retirement accommodation contracts).

Laws in some states and territories require the operator to provide you with a document (sometimes called a disclosure statement) that sets out relevant details of the contract.

Retirement village operators are required to give you certain information before you commit to purchasing. The exact information differs between states and territories and is usually included in the contract.

Remember: if you are unhappy about some aspects of the contract, discuss them with your family, friends and specialist advisors. If you raise concerns, the retirement village may agree to alter the terms of the contract to suit you. Most importantly, you should be comfortable with what you are agreeing to before signing. There is usually a cooling-off period during which you can change your mind about the village.

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Retirement accommodation costs

Regardless of what type of ownership arrangement exists, you will usually have to pay ongoing fees on top of the initial purchase price.

- Give some thought to the level of income you would need to maintain your lifestyle while paying these fees.
- If you enter the village as a couple, consider whether you would be able to afford the payments on your own income if your spouse or partner could no longer live with you.

Refer to '**What questions should I ask before signing a contract?**' above for more information.

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What happens if I want to leave?

Understanding what arrangements are being offered to you is critical to understanding what you will receive or have to pay when you leave. You may be required to continue paying the ongoing fees after you have left the complex.

Sometimes you pay a bulk amount or 'entry contribution' when you move in and when you leave you receive a refund of part of that money. You will not normally receive a refund for the full amount of the entry contribution because it will be reduced by the following fees and charges:

- a percentage charge for each year that you were in the village or a 'deferred management fee' payable when you leave
- any liability for outstanding recurrent charge/fees—these may be payable until the dwelling is sold or occupied by a new resident.

Important: sometimes the amount refundable is not available to you immediately upon vacating (you may even have to wait until the incoming resident pays their entry contribution).

If you do purchase the title to a dwelling, there are often restrictions on how, when and to whom you can sell. For instance, some contracts contain an option provision that requires you to offer to sell to the village operator first. Other contracts have remarketing policies that stipulate the way that you can sell and the costs involved. You should also get advice on the best type of arrangement for you if two of you are moving in to a village.

Agreements may include a condition that any capital gain or increase in the value of the property must be retained by the village operator or shared with them, which will reduce the amount you receive if you sell.

Refer to '**What questions should I ask before signing a contract?**' above for more information.

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Transitioning to residential care

If your health declines, it may be necessary for you to move to an aged care facility or residential care. You should consider whether the contract you are considering is flexible enough to accommodate greater support. Some facilities offer a range of support levels. Be sure to ask about any higher care arrangements available to residents and any restrictions that apply. You could also visit the residential care facilities in the area and ask what their entry requirements are.

As mentioned above, applying to leave retirement accommodation can be costly. You may be required to pay ongoing fees and there may be long delays in receiving any money you are entitled to. This will depend on the terms of your contract and the laws in your state or territory.

Important: there is usually no right or priority for residents of a retirement village to aged-care places, even if the retirement village has an onsite or an associated aged-care facility. Eligibility and priority for placement in aged care facilities is based on an assessment of your needs undertaken by the Australian Government.

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Where to go for help

More information on retirement accommodation is often provided by the consumer protection agency in your state or territory. There are also resident associations in some states and territories that can offer further advice from a resident's perspective.

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New South Wales

- [Office of Fair Trading](#)
- [The Aged-care Rights Service \(TARS\) NSW](#)
- [NSW Retirement Villages Residents Association \(RVRA\)](#)

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Victoria

- [Consumer Affairs Victoria](#)
- [Seniors Information Victoria](#)
- [Residents of Retirement Villages Victoria Inc](#)

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Western Australia

- [Department of Commerce \(Consumer Protection\)](#)
- [Department for Communities Western Australia](#)
- [Western Australian Retirement Complexes Residents Association \(WARCRA\)](#)

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Tasmania

- [Consumer Affairs and Fair Trading Tasmania](#)

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Queensland

- [Fair Trading Queensland](#)
- [Association of Residents of Queensland Retirement Villages Inc.](#)