

Moving into a retirement village?





The decision to move into a retirement village is a lifestyle choice and an important financial decision. You are more likely to make the right choice if you are well informed and seek expert advice from the beginning.

What is a retirement village?

A retirement village is a residential complex where residents have entered into a contract with the operator of the complex, either to occupy the premises and/or to receive services. Retirement villages are mainly occupied by residents aged over 55 years, or who have retired. Retirement villages are operated by private operators as well as community organisations such as churches and charities.

Finding a village

Find out where villages are located and how to contact them by searching the public register of retirement villages, available on our website. The register includes the village's trading name, address and contact details.

Visit your preferred villages, inspect all available premises and talk to residents to find out about life in the village. You can ask to see sample contracts and any village rules or the strata by-laws (for strata schemes). Inspecting site plans and budgets may also be useful. For a full list of the documents an operator must make available to you, visit our website.

Important: Some villages have aged care services onsite, such as nursing homes or hostels. Eligibility to transfer into such facilities is based on an assessment under Commonwealth law. There is no automatic right to transfer simply because you are a resident of that village.

General inquiry document

If you or somebody acting on your behalf contacts a village about becoming a resident, the operator must give you a general inquiry document within 14 days. This document includes general information describing the village type, costs and facilities.

Consider getting general inquiry documents from a few villages in your preferred area. This will help you compare the various arrangements on offer and to find the most suitable village for your needs and budget.

Disclosure statement

You can ask for a full disclosure statement for any unit you are interested in. Operators must give you one at least 14 days before signing a contract. This statement is more detailed than the general inquiry document.

The disclosure statement must include:

- an **average resident comparison figure** which adds up all the main fees a resident is likely to be charged when living in a village and shows these costs as a single average monthly figure. It is an indicative calculation to help you compare the cost of different contracts - it does not represent the actual payments that you may be required to make.
- a **standard fees and charges table** which sets out the costs to enter, live in and leave the village. The table can be used with the Retirement Village Calculator to give you an overview of the estimated costs.

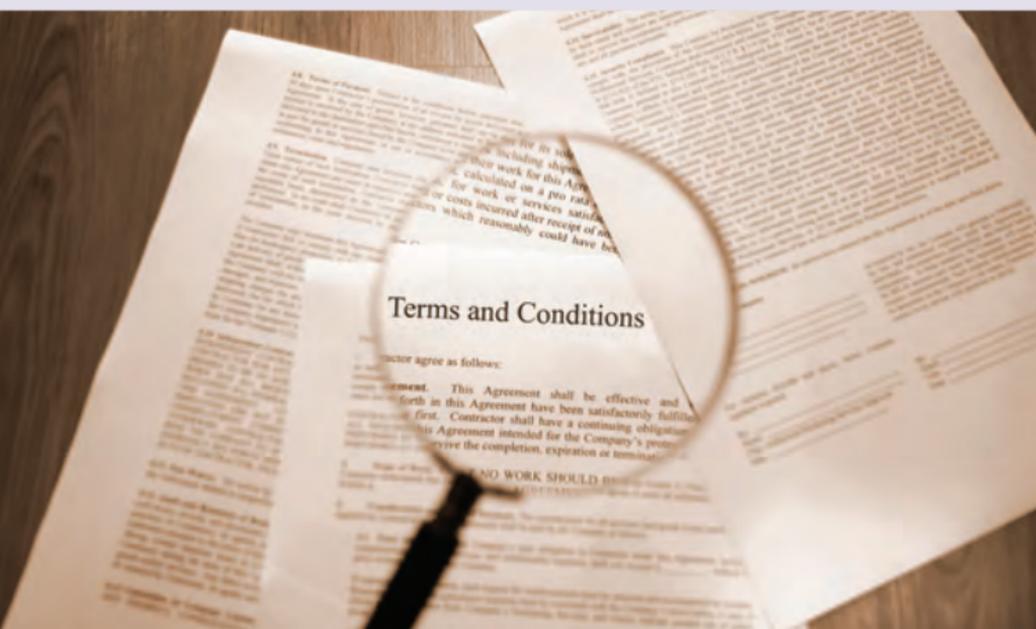
Retirement Village Calculator

Use Fair Trading's Retirement Village Calculator to work out the estimated cost of moving into, living in and leaving a retirement village. You can also use the calculator to compare villages. To use the calculator, visit rvcalculator.fairtrading.nsw.gov.au

Arrangement types

You need to consider the type of village arrangement that suits you best. The most common types of retirement village contracts offered are:

- **leasehold arrangements** – where the village operator owns the premises and you lease the unit from the operator. Long term leases are registered on the title deed.
- **loan and licence arrangements** – where you pay an ingoing contribution up front in return for the right to occupy the premises.
- **strata or community title schemes** – where you purchase the unit and become the owner of the property and a member of the owners corporation or community association.
- **rental arrangements** – a small number of villages offer premises for rent to retired people. You sign a tenancy agreement and pay rent like other tenants in the general community. The agreement may contain a term excluding you from the retirement village laws. If this is the case, you are covered by the tenancy laws instead.



Making the right choice

Buying into a village is a major legal and financial commitment. You are more likely to make the right decision if you take time to carefully read all the information, think about your decision and seek expert advice from a solicitor with expertise in retirement village legislation before signing any contracts. There are several important things you need to consider.

Read the contract before you sign it

The operator must give you (or a person acting on your behalf) a completed copy of each of the village contracts to be entered into at least 14 days before you sign them. Use this time to carefully read the contract and discuss it with your family or friends. Check that details of any promised future services or facilities, or any other promise made by the operator or an employee or agent of the operator, are included in the contract. If there is something in your contract that you don't understand, do not sign it. Consider having the contract looked at by an independent solicitor, accountant or financial adviser.

Fees and charges

There are a range of fees and charges that you may have to pay to enter, live in and exit a retirement village. The fees will be set out in your village contract. Some fees and charges you may have to pay include:

- waiting list fee
- holding deposit
- ingoing contribution/purchase price
- contract preparation fee (maximum \$200)
- recurrent charges

- **termination fees and charges**, such as departure fees, a share of any capital gains and other charges when you leave the village. In some circumstances, this can mean you may get back less than what you originally paid to enter the village.

Ongoing fees

You will have to pay regular ongoing charges to meet the expenses of operating the village. The main ongoing charges you will pay are 'recurrent' charges. The amount varies from village to village. You will normally have to pay more in serviced premises than in self-contained premises where meals, cleaning and laundry are not provided.

You may pay higher recurrent charges if you are living with your spouse or in larger premises. In a strata or community scheme retirement village, you will have to pay levies to the owners corporation or community association, in addition to any recurrent charges to the operator.

Your contract may provide for recurrent charges to be increased each year based on a fixed formula. If not, the operator can seek to increase recurrent charges once a year by giving written notice of the amount. For increases above the Consumer Price Index (CPI), operators must get the residents' consent. You should read the contract carefully to make sure you understand how the charges may be increased and assess if you can afford to remain in the village should your day-to-day costs rise.

Contract types

Depending on the type of village contract you sign, you may be either a registered interest holder or a non-registered interest holder.

There are some important differences between the contractual rights and obligations and financial terms, depending which category you are in. Registered interest holders generally have more responsibility and independent decision-making in relation to their property but may pay additional charges after leaving, while their unit is on the market.

You are a **registered interest holder** in a retirement village if you are:

- an owner in a strata scheme or a community land scheme retirement village,
- an owner of shares in a company title scheme giving you a residence right in a retirement village, or
- the holder of a registered long-term lease that entitles you to at least 50% of any capital gain that may be made when your unit is sold. A registered long-term lease is a lease that has a term of 50 years or more, or runs for the duration of your life.

If the contract does not fit into one of the categories above, then you are a **non-registered interest holder**. That is, you live in the retirement village under a rental, loan/licence arrangement or a registered lease that has a term of less than 50 years.

What if you change your mind?

Cooling-off period

If you change your mind, you have a cooling-off period of 7 business days after you enter into the contract. As long as you have not moved into the premises, you can cancel the contract during this period by simply notifying the other party to the contract and the operator in writing. Generally, any money you have paid under the contract must be fully refunded.

Settling-in period

Your settling-in period allows you to end your contract within the first 90 days of becoming entitled to occupy the premises. You are entitled to a refund of your ingoing contribution or to the proceeds of the sale of the premises plus any recurrent charges you paid.

The timing of your refund depends on the type of village contract you signed.

For example, if you are a non-registered interest holder and occupied the premises under a loan or licence arrangement, you will be entitled to a refund of your ingoing contribution within 14 days after ending the village contract.

If you are a registered interest holder and bought into a strata scheme or a long term registered lease, you are entitled to your refund once the unit is resold or occupied by another resident.

You do not have to pay departure fees. You only have to pay fair market rent for the time you were there, the cost of any repairs for damage in excess of fair wear and tear, a reasonable administration fee (of no more than \$200), and the reasonable costs the operator incurred in making alterations at your specific request.

Living in a village

To help you decide if retirement village living is right for you, there is further information available on our website, including:

- your general rights
- the charges you may have to pay while living in a retirement village
- your right to participate in financial and management decisions
- safety and security
- repairs and maintenance, and
- village rules.

Leaving a village

When you leave a retirement village, you may be required to pay certain costs and charges. The costs and charges can be substantial in some cases and may include:

- a departure fee
- charges and costs relating to repairs and sometimes refurbishment
- costs relating to the sale of your unit.

The amount you are required to pay may vary depending on whether you are a 'registered interest holder or a 'non-registered interested holder'.

Information on your rights, obligations and the steps you will need to take when you leave a retirement village can be found on our website.

Prospective resident's checklist

There are many things to consider before making the decision to move into a retirement village. Do not rush, take the time to discuss your decision with family, friends and advisers. Inspect a few villages in your preferred area. Ask a lot of questions. Make sure you fully understand the contract and seek professional legal and financial advice before you sign anything.

A few questions to ask yourself:

Your needs

- Have I thought about whether community living in a village is right for me?
- Is it more appropriate that I live in self-contained or serviced premises?
- Are there local facilities such as doctors, shops, hospitals, libraries, churches, clubs and public transport nearby?
- Are there village rules that may affect my lifestyle? Are pets allowed? Can I do my own gardening?
- Is the village well maintained and reasonably secure? Is there adequate external lighting?
- Is there an emergency call system and/or staff on call?
- Is there easy access to the community facilities, such as the hall or dining room?
- Is there a residents committee to liaise between residents and the operator?
- Is there adequate parking for visitors? Are the paths maintained and accessible?

Your future

- Are the services and facilities at the village what I need? Will this still be the case as I get older or if I get sick?
- Will I be able to make changes to my unit, or to have someone visit or live with me?
- Have I fully discussed my decision to move with my family, friends or advisers?
- Do I fully understand the differences to entering a retirement village contract compared to a typical property purchase?
- Have I obtained adequate legal and financial advice?
- What type of arrangement does the village offer? Is it a loan/licence, leasehold, strata, rental or company title?
- Do I fully understand the contract and all the costs involved?

Your money

- How much will it cost me to move and live in a retirement village?
- Have I used the Retirement Village Calculator to help me understand the costs?
- Can I afford to live there comfortably, even if the ongoing charges rise?
- Will I be eligible for rent assistance from the Commonwealth government?
- What if I decide to leave the village? Will I be able to re-sell the unit? What are the termination fees and charges?

Your decision

- Have I looked at enough villages to be able to compare the services, facilities and financial arrangements?
- Have I received a general inquiry document and disclosure statement, and understand the average resident comparison figure?
- How many vacant units are there in the village?
- What is the average time for the re-sale or re-letting of the type of unit I am interested in?
- Do I understand my rights to cooling-off and settling-in periods?
- Have I visited the Fair Trading website to get more info, register for law updates, and check out their complaint handling services?



Useful contacts

NSW Fair Trading

For more information on becoming a resident or about living in a village visit our website or call us. We administer the laws which set out the rights and obligations of prospective residents, current residents and village operators.

Tel: 13 32 20

www.fairtrading.nsw.gov.au

NSW Civil and Administrative Tribunal (NCAT)

The Consumer and Commercial Division within NCAT can resolve disputes that arise in retirement villages.

Tel: 1300 006 228

www.ncat.nsw.gov.au

Seniors Rights Service

Provides free, confidential advocacy, advice, education and legal services to older people in NSW. This includes advice about retirement village contracts.

Tel: 1800 424 079

www.seniorsrightsservice.org.au

The Retirement Village Residents Association (RVRA)

A non-profit organisation which represents the interests of residents.

Tel: 1300 787 213

www.rvra.or.au

Law Access Service

Provides free legal information and advice in NSW.

Tel: 1800 888 529

www.lawaccess.nsw.gov.au

Community Referral Service of the Law Society of NSW

Provides referrals to solicitors specialising in retirement village matters.

Tel: (02) 9926 0300

www.lawsociety.com.au

The Council on the Ageing (COTA)

Produces directories of retirement villages in both the metro and country areas. These include details about the contracts, services and costs of each village.

Tel: (02) 9286 3872

www.cotansw.com.au

Aged & Community Services Association of NSW & ACT

Represents retirement village owners and managers within the non-profit sector.

Tel: (02) 8754 0400

www.acsa.asn.au

The Retirement Living Council

Represents the retirement village industry including investors, property owners, developers, the industry's professional service and trade providers.

www.retirementliving.org.au

More information

Further information on becoming a resident or retirement village living generally is available on the Fair Trading website or by calling 13 32 20. NSW Fair Trading administers the laws which set out the rights and obligations of prospective residents, residents of retirement villages and village operators.



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NSW Fair Trading – What we do

- Shopping and consumer guarantees
- Retirement villages
- Renting, buying, selling a home
- Co-operatives and associations
- Home building and renovating
- Product safety
- Strata and community living
- Resolving disputes

www.fairtrading.nsw.gov.au

Enquiries 13 32 20

Language assistance 13 14 50 (ask for an interpreter in your language)

TTY 1300 723 404 for hearing impaired

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