Podcast Transcript

Episode Title: What You Need to Know Before Moving Into a Retirement Village
Host: Ian (Speaker 2)
Guest: Paul Denny (Speaker 1)
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Transcript

Ian (00:00.140)

Paul Denny from Bowral Conveyancing Centre, a very good morning to you. I would like to talk to you this morning, if you don't mind, about retirement villages.

Because there are quite a few of them here in the Highlands, and a lot of people are getting to the stage in life where they're thinking, should I sell the house and maybe move into one of these retirement villages?

Paul (00:09.198)

Good morning, Ian. Yes, this is a typical situation.

I guess the first thing to say is that as you drive around the area, you'll see a lot of signs up saying "over 55s." That's not a retirement village. That is like a villa development or a townhouse development, and the only requirement is you have to be over 55 years old to live there. There's nothing else provided.

A retirement village is something quite different in that they provide a lot of services, like a meal service, health services, a cinema, or a swimming pool, all sorts of facilities that older people appreciate. That obviously has to be paid for somehow. And the way that is paid for is when you actually buy into a retirement village, you're not actually buying the property. You're effectively giving a loan to the operator, which they then use to finance the construction and provision of the facilities.

When the new owner sells, they lose a portion of that loan that they've made up front, 5% a year for a maximum of five years, so 25% comes off when you eventually sell. Often it's not the person selling, but their relatives, because they've passed away. But it does provide for the facilities.

The other thing about retirement villages is that you don't necessarily get a title.

Your occupation is by a license or a lease. The advantage of that is you don't have to pay stamp duty. If you have a strata title and you buy something for, say, $1.5 million, you’re looking at $75,000-odd in stamp duty. So that doesn't apply to a retirement village.

What I always suggest to people is that the most important thing is you have to be happy living there because this is the last place you're going to go. Retirement Village operators are very cooperative in introducing potential residents to people who live there already to speak to them and ask, "What's your experience here? Is it a good experience? Do you like living here?" Because the person moving in has got to be happy.

The regulations around retirement villages are very strong in New South Wales. If you read about horror stories on A Current Affair or whatever, generally they're not in New South Wales because the regulations we've got here are very strong to protect the residents. For instance, before any contract is entered into, a disclosure statement must be given to the purchaser, setting out all those details about what the recurrent charges and retentions are. They cannot enter a contract to buy into that retirement village for 14 days.

Once they decide to do that, they've then got another seven days in which they can just walk away. It's a cooling-off period that can't be waived. And after that, they have a 90-day settling-in period. So if they just move in and decide, "I really don't like living here," they can actually withdraw again. All they pay for in those circumstances are the recurrent charges they've been up for.

Ian (03:22.000)

Okay. That's very interesting because I've spoken to a number of people who are in the process of either moving into a retirement village themselves or moving a member of their family in. There's a huge lack of knowledge.

Paul (03:34.500)

Yes. And there's no such thing as a standard agreement. That's why it's really important to get good advice, probably before you start looking, so you know what you're looking for. Generally, we're dealing with the children of the elderly person who may be a little bit reluctant about moving in, but they've been persuaded now is the time. But they're all different, very subtly, so it's really important to get good advice before making any commitment.

Ian (04:08.184)

Tell me, life would be a lot easier if you didn't have a family sometimes. They can create more problems than the person who's involved. So if people want to find out more about this... I didn't realise you were involved in this.

Paul (04:21.998)

Oh yes, absolutely. Anything to do with property, really. For 45 years.

Ian (04:26.000)

And you do it very, very well. This is what I'm hearing. So if you're thinking about moving into a retirement village, or maybe you're thinking that it might be time for your mum or your dad to move, you can give our listeners the advice they need?

Paul (04:42.500)

Give me a call or get in touch through our website, www.bowralconveyancing.com.au, and I'll be more than happy to run through it with anybody.

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Key Information

Website: www.bowralconveyancing.com.au