



Accommodation Options

Choosing your ideal accommodation in retirement is not just about finding the right location and environment. There are also a range of financial issues to consider.

With longer life expectancies and the importance of a fulfilling lifestyle, retirees need to put a lot of thought into where and how they will live in retirement. For many people it is a lifestyle choice, but for others the choice may be dictated by health concerns, mobility or budget.

In most cases it is vital to seek financial advice before making a decision to ensure you do not miss out on Centrelink entitlements or investment income.

Rando and Associates can implement strategies to assist in:

- reducing assessable assets;
- increasing social security entitlements; and
- minimising entry and ongoing costs for aged care accommodation.

1. Your own home

Living in the family home, or moving to a more suitable private home, is often the preferred choice of accommodation due to familiarity and stability.

Financial issues:

- You will need to budget for ongoing maintenance and upkeep, particularly if alterations are required to improve comfort or assist your mobility and safety as you get older.
- If your home makes up the bulk of your wealth, you may be disadvantaged by a lack of access to capital and subsequent problems with generating income.
- Selling your existing home and moving to a smaller or more convenient home may affect your social security entitlements, particularly if there are excess funds.
- There are social security impacts if you do not sell your home but buy elsewhere or move in with a friend or relative.
- If you require in-home care, you may be eligible for assistance from the government.

2. Granny flat rights

Granny flat accommodation is usually within, or attached to, the home of a relative. Residents can generally benefit from close at hand support and company from their family and friends.

Rights to a granny flat are established by either:

- transferring the ownership of your private home and obtaining a life interest; or

- exchanging money or assets for a life interest in a private residence.

Financial issues:

- Your granny flat rights may be included in the Centrelink assets test, depending on whether you are considered a homeowner or non-homeowner.
- If you are not considered a homeowner, you may be entitled to receive Rent Assistance.
- If you pay substantially more for your granny flat than it is worth, the extra amount may be included in your asset

3. Retirement villages

Many older people appreciate the lifestyle benefits of retirement villages. These can include companionship, facilities and activities, additional security, home maintenance and access to on-site medical assistance.

Financial issues:

- Buying into a retirement village attracts an entry fee known as an 'entry contribution'.
- Fees vary greatly from village to village.
- The type of contract will also vary between villages, but each will detail relevant entry, ongoing and exit fees.

Eligibility for social security is based on:

- The amount of the entry contribution, which determines whether you are considered a 'homeowner' or 'non-homeowner' for social security purposes. Rent assistance may also be available
- Decisions made about the former home.

4. Permanent Residential Care facilities

Financial issues:

- A standard resident contribution fee applies and although costs may be part-funded by the government, all residents are required to pay this fee.
- Means tested care fee may apply, which is calculated using a combined income and asset test.
- Accommodation deposit is required, which is an entry fee paid as an up-front payment
 - Note: The option to pay this as a periodic payment contribution is also available
- Additional fees may be charged for extra services. These services and associated fees are agreed with the facility providing them
- If your former home is retained and one spouse continues to live there, the resident generally remains a 'homeowner' for social security purposes and the home is an exempt asset.
- Rental income received is assessable under the income test, unless you are paying all or part of your accommodation bond via periodical payments.

If you would like more information, please contact Naomi Rhyne on (08) 9792 4800 or naomi@rando.com.au

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