

Victorian Retirement Village Act Review

I bring to you a personal view of how the current legislation and the contracts it allows impacts my husband and me. We have lived in our village in Melbourne eastern suburbs for three years and my parents resided in one in Queensland for over 17. Our health was becoming an issue and having seen the many benefits of this type of community living we were encouraged to downsize in this manner. While we absolutely love the lifestyle, unlike my parent's situation, the current Victorian legislation has caused us to be financially disadvantaged.

When it became necessary for my parents to put their village home on the market, they were required to "make good" which in their case entailed replacement of the carpet and repainting of the interior. We had the option of undertaking this work or avail ourselves of the contractor's village management used. We were also permitted to advertise the home independently if we wished. We chose to use the network offered by management, we were not overcharged in any area and there were no additional fees. As an ex- real- estate- agent I was able to prepare the advertisement and the sale was very simple. The land belonged to the village and we merely sold the building; it was as simple as selling a car and the monthly fees ceased upon their departure.

This allowed my parents to maximise their funds which were required for them to relocate to Melbourne and move into Aged Care. The current Victorian Act allowing an ingoing contribution makes the current contracts impossible to cost until months after the contract terminates so no one can do anything about it. The contract offered to and reluctantly accepted by us and not liked by our solicitor gave no choice. If we wanted this type of retirement in Melbourne, we had to accept the financial cloud hanging over our heads. How much will this arrangement reduce our financial worth and will it be enough for any future Care we may require? I hope so but worry it may not.

This financial predicament is exacerbated because, unlike many retirees choosing retirement village life, we are not self-funded. In trying to remain financially independent we have gone from owning our home to a life-time-lease where our family will inherit not only an unknown quantity but far less than what we anticipated, because of the unknown quantity of reinstating our apartment along with the myriad of incidental charges associated with the marketing and selling of our home and this is the at best scenario for us. If for some reason we need a substantial sum to settle one or both of us into Care we are in real trouble for the savings remaining from our home sale is currently being eroded due to monthly fees which are of course to be expected and allowed for, but also subsidising our pension which has been impacted by the near zero interest rates on term deposits.

I understand that while there are several owners Corporation villages around Victoria, they are fast being purchased by the big developers who are converting them into the more profitable ingoing contribution villages. So advantageous is it to them that interstate operators, where residents previously enjoyed circumstances like that of my parents, are now also being offered these outgoing fee contracts and it can only dissuade the expansion of retirement living. Surely ceasing this arrangement for a more appealing and fairer option will deliver a win-win for village residents, the population at large, and the government. Contracts that encourage larger numbers to downsize, thereby freeing up much needed homes for families while ensuring those who seek to retain their independency by taking up retirement living – a lifestyle that encourages socialisation and activities, two vital components for healthy ageing - can do so in the knowledge that they will not end financially disadvantaged.

We hope that you will not be swayed by the big operators and will eliminate ingoing contributions and departure fees in favour of a clearer straight forward arrangement. One that village resident's solicitor's do not frown upon and would in fact approve, with the addition of an Ombudsman another much needed protection for residents. The anticipated population growth Victoria, especially Melbourne will see, should mean those over 55 are encouraged to downsize to a lifestyle that does not disadvantage their longevity, care, or financial security.

Joy Cuddihy Boyko