Retirement Village regrets inspire new booklet

Rachel Lane, Principal, Aged Care Gurus

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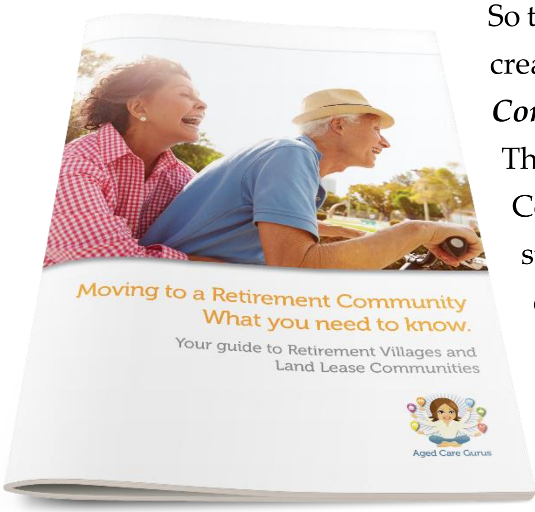
The stories of people moving into a retirement community and having buyer regret years later when they realise what they get back have been well told. Such stories contribute to the other type of buyer regret, which seems to be far more common – people who wish they had made the move sooner.

I have had both professional and personal experience advising people moving into retirement communities, for many years it was as a financial adviser advising clients, in more recent times it was assisting my Grandmother. The phrase "My only regret is not moving here sooner" was the most common response when I asked how they were settling in (including for my grandmother!).

But here's the rub, no matter which type of regret they have it is too late to do anything about it - they can't wind back the clock and move in sooner and if they are at the point of leaving it is too late to opt for a different financial arrangement. What they needed was better information, explained in a way that was easy to understand from the start.



So to help people better understand Retirement Communities I have created an information booklet, titled ***"Moving to a Retirement Community, What you need to know"***.

The booklet is a guide to Retirement Villages and Land Lease Communities providing valuable information on independent and supported living, understanding the contract, a guide to crunching the numbers by breaking it down into the Ingoing, Ongoing and Outgoing, pension and rent assistance considerations, care services that may be available and a simple checklist to ensure they ask the right questions on key aspects of moving to, living in and leaving the village.

To request copies of the booklet call 1300 855 770

Government Downsizing Incentive

LOCKERIDGE FINANCIAL ADVISORY

JULIE LOCKERDIGE, Lockeridge Financial Advisory

In the budget this year the government announced an incentive for people over 65 to downsize their home. The “downsize incentive” is due to start on 1 July next year (2018) and will allow people over the age of 65 to contribute up to $300,000 from the proceeds of the sale of their home into their superannuation. In the case of a couple this means up to $600,000 could be contributed.

Contributions made to superannuation under the incentive contributions:

- Will not be subject to the age test (over age 75)
- Will not be subject to the work test (age 65-74)
- Will be permitted in excess of the $1.6m cap
- Will be allowed to be made by both members of a couple for the same home

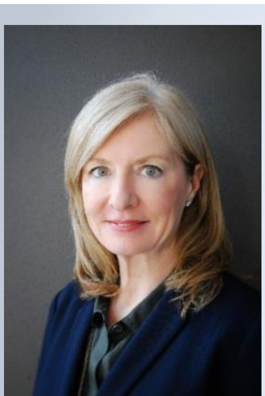
To be eligible for the incentive:

- The home must have been owned for at least 10 years
- The contract of sale must be entered into on or after 1 July 2018
- The contribution must be made within 90 days of the property transferring

An important aspect of this incentive is that people can move into another home or apartment, a Granny Flat, Retirement Village, Land Lease Community or Aged Care Facility. In fact, they do not have to purchase a new home at all to be eligible they may elect to rent or in the case of aged care pay by daily payment.

Whether or not this incentive is going to produce the best result is going to depend on a range of factors unique to the individual person’s circumstances and will include examining their estate planning wishes, their tax position, their cash flow and the possible impact on their pension entitlement. A key drawback of the strategy is that money invested in superannuation is assessable for both the asset and income test for pension means testing.

Seeking advice from an adviser who specialises in this area will ensure that people understand how such an incentive can benefit them – or whether they should consider an alternative.



Julie Lockeridge CFP®, Dip FS (FP), – BH SCs (Nursing)
LOCKERIDGE FINANCIAL ADVISORY

Principal Adviser & Aged Care Specialist

Suite 2B, Level 1, 14 Carrara Street, BENOWA QLD 4214

PH: 07 5597 5550 / FAX: 07 5597 0047
EMAIL: admin@LFA.net.au WEBSITE: www.LFA.net.au

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