



Your Village Essentials Report

Created 11th July 2023

Retirement Communities, just like the people that live there, come in all different shapes and sizes.

They also offer a range of lifestyle choices from those seeking an active lifestyle to those who need care and support to continue living independently — and everything in between.

It may sound corny, but when it comes to choosing the right one for you it's all about the vibe — getting to know how the community operates, the activities on offer and speaking to the people who live there is more than just coffee and scones, it's valuable research in finding which community suits YOU.

There are lots of different terms used by retirement communities, from the traditional “Retirement Village” or “Over 55’s Community” to the more contemporary “Gated Community”, “Lifestyle Resort” and even “Aged Care”. Financial arrangements can be hard to compare, as they are often different from one village to another and even within the same village.

This report contains useful information for the Retirement Community you are considering.

www.villageguru.com.au

Aged Care Gurus Pty Ltd ABN 60 156 657 733



Disclaimer

The information provided in this report is purely factual in nature and does not take into account your personal objectives, situation or needs. It is not intended to imply any recommendation, opinion or advice. You should seek advice from a qualified professional about your particular needs, financial situation and objectives. Neither Village Guru or Aged Care Gurus hold an Australian Financial Services Licence (“AFSL”) and do not provide financial advice. We can refer you to a network of advisers that specialise in this area and who are authorised to provide financial advice.

About this report

This report examines the following:



All about you



Your chosen Village's options



Breaking down the costs



Retirement Village checklist



Your pension & rent assistance estimates



Accessing Home Care



Legal & financial considerations

All about you

Here's a recap of the information you provided:

Your Name	Sally Example
Your Partner's Name	Fred Example
Relationship Status	Couple
Assets	
Home (net value)	\$1,200,000
<i>The market value of your home less any debt. We assume that the home will be sold.</i>	
Investments	\$150,000
<i>Assets such as bank accounts, term deposits, shares, managed funds and superannuation.</i>	
Personal assets	\$20,000
<i>Assets such as cars, caravans, jewellery, furniture, use the second hand value not insured value.</i>	
Income	
Deemed Income	\$1,371 /year
Age Pension	\$41,704 /year

The information you have provided is taken into account when estimating your pension entitlement and home care package costs. In calculating your options we assume that your home will be sold (for the net value minus selling costs you have provided) and the proceeds will be used to purchase your home in a retirement community. Any deficit or surplus proceeds will be allocated to or taken from your investments.

* Deemed income is calculated using Centrelink's deeming rules (see page 8). The amount of income you receive from your investments may be more or less than the deemed income.



About Aveo












Aveo is Australia's leading and most innovative senior living provider of retirement living. Our diverse national portfolio of over 90 communities offers something for everyone. For over 30 years Aveo has been dedicated to helping retired Australians be their best selves across every stage of their later life journey. Aveo leads the retirement living industry in resident satisfaction, with 94% of residents having voted they are happy living in their community. Aveo is also a proud foundation member of the Retirement Living Code of Conduct and strives to provide the highest living standards possible for over 13,000 residents across Australia. Aveo is committed to enabling residents to get more out of life by offering a range of living options to suit all lifestyles. From independent living, and apartments with services for those seeking a little extra support, there is a community to help all residents live well. With all this, Aveo is proud to say they are redefining retirement for all Australians' lifestyles.

About Fountain Court

A well-established retirement community in the heart of Burwood, Fountain Court is a quiet garden oasis, where you can enjoy a peaceful, laidback retirement.

Living here, you will have a range of facilities and activities that you can enjoy as you please, including regular happy hours, bingo, billiards, resident garden, library, beauty salon and more. There are also restaurants, golf clubs and a tram line direct to town close by. If you prefer the peace and quiet, your low-maintenance home is perfect for relaxing, with its full-sized kitchen or kitchenette, spacious living areas and a 24-hour emergency call system for peace-of-mind.

Community amenities.

- | | | |
|---------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------|
|  Community Bus |  Community Centre |  Emergency call system |
|  BBQ Area |  Library |  Cafe |
|  Hairdresser |  Billiards Room |  Community garden |
|  Coordinated social events |  Pet Friendly | |



IMPORTANT NOTE: Figures in this report are based on the rules and applicable rates and thresholds of the Social Security Act 1991 (Cth), Aged Care Act 1997 (Cth) and related legislation as at 1 July 2023 and does not take into consideration any future changes to these rules, rates and thresholds. <https://www.dss.gov.au/benefits-payments>

Breaking down the costs of Retirement Communities

It can be easier to understand the costs if you break it down into the Ingoing, the Ongoing and the Outgoing™.



The Ingoing

In a Retirement Village the ingoing is the price you pay for your right to occupy your home (or apartment) and to use the common facilities, typically this is on a leasehold or license arrangement.

In a Land Lease Community the price you pay upfront is to buy your home and have a leasehold over the land.

The upfront price may also include a deposit that you paid earlier, the cost to prepare your contract or register your leasehold on the operator's title. In some communities you can also have the option of purchasing car parks, boat or caravan parking and storage units.

Where the home is in a strata title village the amount you are paying is to own the home and have use of the common facilities (often through an owner's corporation). In the case of strata title you may need to factor stamp duty into the ingoing costs.



The Ongoing

In both Retirement Villages and Land Lease Communities residents pay a weekly or monthly fee towards the running of the community including the facilities and relevant insurances. In a Retirement Village this is often called a "general service charge", in a Land Lease Community it is called "site fees".

It is not uncommon for the site fees in a Land Lease Community to be higher than the general service charge of a Retirement Village. This is because the general service charge is similar to the costs of an owner's corporation where a budget is prepared, the residents have input into the expenses and the fees are levied on a cost recovery basis.

Different rules apply to Land Lease Communities, who set a market price for the site fees, hence the site fees tend to be higher. But this is often offset by the fact that Land Lease Communities charge a lower or no Deferred Management Fee.

In addition to the cost of living in a Retirement Community you will also need to factor in your cost of living: utilities, groceries and any additional services like meals, cleaning or care, as well as ad hoc expenses such as travel.



The Outgoing

The greatest confusion of Retirement Communities comes from the exit fee, the biggest part of which is normally called the Deferred Management Fee (DMF).

When the time comes to sell your home in either a Retirement Village or Land Lease Community you're likely to incur fees — typically agent's fees and marketing expenses and possibly the cost of repairs or improvements to your home.

A significant part of your exit fee is likely to be in the Deferred Management Fee (DMF). The DMF is normally a percentage of either your original purchase price or the re-sale price, anything between 25% and 40% is common. It may also include a sharing of capital gain or loss with the operator.

In some cases the amount you get back from the Retirement Community will be paid to you shortly after you leave — under what is called a "Buyback" arrangement. In other cases you will need to wait for your home to be sold to receive your money back.

Costs of the Retirement Community you are considering



Fountain Court

Burwood

	Later	Now	Bond
Description	2 Bed 1 Bath 1 Car Villa	2 Bed 1 Bath 1 Car Villa	2 Bed 1 Bath 1 Car Villa
Home Value (net)	\$675,000	\$810,000	\$973,350
General Service Charge	\$651.00 /month	\$651.00 /month	\$651.00 /month
Rent	\$0 /year	\$0 /year	\$0 /year
Share of Capital Gain	0%	0%	0%
Upfront Management Fee	0%	20%	0%
Deferred Management Fee after 10 years	35%	0%	0%
Est Refurbishment Costs after 10 years	\$0	\$0	\$0
Est Selling Costs after 10 years	\$0	\$0	\$0
Est Proceeds after 10 years	\$438,750	\$675,000	\$945,000
Repayment Timeframe	6 Months	6 Months	3 Months

The figures used in these tables are based on the details provided by the retirement community operator.

Retirement Community checklist



Fountain Court

Burwood

Ingoing

- What is the purchase price of your new home?
- Is there a deposit or payment installments required?
- Are there any transaction costs; stamp duty, registration on title, contract preparation fees?
- How will your pension and other benefits be affected?

Ongoing

- What are the ongoing fees, what do they cover?
- What additional services are available, what do they cost?
- Is care available in the community? How do you access it? What does it cost?
- What will be your personal expenses? Will they change over time?
- How will your pension and other benefits be affected?

Outgoing

- Under what circumstances can you be required to leave?
- Do you or the operator manage the sale of your home?
- Is a Deferred Management Fee charged, how much is it?
- What is the estimated refurbishment cost?
- Is there a guaranteed buyback? What is the timeframe?
- Do you share in capital gain and/or capital loss? What is your share?

Qualifying for the Age Pension

Age:

You must be at least 67 years of age

Age pension age has increased by 6 months every 2 years since July 2017. From 1 July 2023 you need to be 67 years of age.

If your birthdate is	you'll be old enough at
1 July 1952 to 31 December 1953	65 years and 6 months
1 January 1954 to 30 June 1955	66 years
1 July 1955 to 31 December 1956	66 years and 6 months
From 1 January 1957	67 years

Residency:

In general you must be an Australian citizen or have been an Australian resident for at least 10 years in total to be eligible for Age Pension. If you are a resident, at least 5 of your residency years must have been consecutive. Some exceptions apply.



Your pension estimate

Based on the information you provided, your estimated pension entitlement for each option is shown below.



	Later	Now	Bond
2 Bed 1 Bath 1 Car Villa	2 Bed 1 Bath 1 Car Villa	2 Bed 1 Bath 1 Car Villa	2 Bed 1 Bath 1 Car Villa
	\$22,711* /year	\$33,241* /year	\$41,704* /year
	\$874* /fortnight	\$1,279* /fortnight	\$1,604* /fortnight

The estimated pension is based on the test (assets or income) which produces the lowest rate of pension as per Centrelink's rules.



* Your estimated pension entitlement is made up of the Base Pension, Pension Supplement and Energy Supplement. It does not incorporate any work bonus applicable. We have estimated your pension entitlement based on the information you have provided. We cannot determine your eligibility for a pension. To do so you will need to complete the Claim for Age Pension and Pension and Pension Bonus Form (SO002).



Calculating your pension under the INCOME test

Your pension reduces when your assessed income is greater than

You are not eligible for a pension when your income reaches

 Single	\$204.00* /fortnight	\$2,332.00 /fortnight
 Couple	\$360.00* /fortnight	\$3,568.00 /fortnight

* Your pension reduces by 50¢ for every dollar your assessed income exceeds the thresholds, excluding the work bonus.

What is deemed income?



Deemed income is calculated by a set of rules used to assess income from financial investments for social security purposes. Deeming assumes that financial investments earn a certain rate of income, regardless of the amount of income they are actually earning.

The deeming rules apply to:

- bank, building society and credit union accounts and term deposits
- managed investments, debentures, shares in public companies and securities
- loans to family, friends or businesses
- deprived assets (gifts in excess of the allowed amount)
- gold and other bullion
- short term income streams.

Since 1 January 2015, deeming has also applied to account-based income streams.

Deeming thresholds and rates

	Deeming thresholds	Deeming rates
 Single	First \$60,400 of financial assets	0.25%
	Financial assets above \$60,400	2.25%
 Couple	First \$100,200 of financial assets	0.25%
	Financial assets above \$100,200	2.25%



Calculating your pension under the ASSETS test

Your pension reduces when your assessed assets are greater than

You are not eligible for a pension when your assessed assets reach

	Homeowner	Non-homeowner	Homeowner	Non-homeowner
Single	\$301,750	\$543,750	\$656,500	\$898,500
Couple	\$451,500	\$693,500	\$986,500	\$1,228,500

* Your pension reduces by \$3 for \$1,000 per fortnight your assessed assets exceed the thresholds.



Maximum Age Pension rates

	Single	Couple
		(per person)
Base Rate	\$971.50	\$732.30
Supplement	\$78.40	\$59.10
Energy Supplement	\$14.10	\$10.60
	\$1,064.00 /fortnight	\$802.00 /fortnight

Accessing Home Care

Based on the information you provided, we estimate your Home Care Package costs for each option will be:

 Your Partner		Later	Now	Bond
		2 Bed 1 Bath 1 Car Villa	2 Bed 1 Bath 1 Car Villa	2 Bed 1 Bath 1 Car Villa
What you pay	Basic daily fee	\$11.50* /day	\$11.50* /day	\$11.50* /day
	Income-tested care fee	\$0.00* /day	\$0.00* /day	\$0.00* /day
What the Government pay	Basic subsidy	\$49.49* /day	\$49.49* /day	\$49.49* /day
	Dementia supplement	-	-	-
	Oxygen supplement	-	-	-
	Feeding supplement	-	-	-
Total package funds		\$60.99* /day	\$60.99* /day	\$60.99* /day

How Home Care Package funding works

All Home Care Package recipients can pay a Basic Daily Fee, based on the level of package. Your ability to contribute towards the cost of a Home Care Package beyond the Basic Daily Fee will be assessed by the government based on your and (if applicable) your partner's income. If your assessable income exceeds the threshold you will need to contribute towards your home care package at the rate of 50¢ per dollar above the threshold.

You have control over which provider hosts your package, the care and services you receive and who provides those services to you.

The level of your package and eligibility for additional supplements will determine the amount of funding available. Your basic daily fee is added to the funding, however the income-tested care fee is used to offset the funding. For example, if you receive a level 3 package and have an income-tested care fee of \$10 per day the government would reduce the basic subsidy by \$10 per day so the value of the package remains the same.



* Home Care Package costs are calculated on a per person, per day basis. The Basic Daily Fee is capped at the amount shown, however you may agree with your provider to pay less than the cap. This will reduce the total value of your package.

The Income Tested Care Fee is calculated based on the Social Security definition of income and includes any Age Pension entitlement you receive less supplements.

Home Care Package thresholds and rates

We estimate your Home Care Package costs for each option will be:

Home Care income thresholds

	Income free area (annual)
Single	\$31,504.20
Couple, each	\$24,429.60

The following thresholds apply to the assessment of income for calculating the Income-Tested Care Fee. Where assessable income is below the threshold no Income Tested Care Fee applies. The Income-Tested Care Fee is calculated at 50¢ per dollar of assessable income in excess of the threshold.

Annual and lifetime caps

	Daily cap	Annual cap
Home Care income-tested care fee — pensioner	\$17.42	\$6,341.32
Home Care income-tested care fee	\$34.84	\$12,682.70
Lifetime limit across Home Care and Residential Aged Care		\$76,096.50

The following fees, subsidies and supplements apply based on the level of your package and eligibility for additional supplements. Understanding the amount of funding within your Home Care Package is important in your budget of day to day care expenses as well as one off expenses.

Home Care basic daily fee and subsidy rates

Package level	Basic daily fee	Basic subsidy	Dementia supplement
Level 1	\$10.88	\$28.14	\$3.24
Level 2	\$11.50	\$49.49	\$5.69
Level 3	\$11.83	\$107.70	\$12.39
Level 4	\$12.14	\$163.27	\$18.78

Home Care daily supplements

Oxygen supplement	\$13.62
Enteral feeding supplement — bolus	\$21.58
Enteral feeding supplement — non-bolus	\$24.24

People who receive the full age pension do not pay an income tested-care fee, part pensioners and self-funded retiree cannot pay more than the capped amount. The amount you pay as an income-tested care fee cannot exceed the amount of funding provided through the package.

Legal Considerations



Your legal contract is a very important document that sets out your rights, responsibilities and costs. In a Retirement Village your legal contract is often a leasehold or Licence Agreement but in some cases it may be a Company Title, Strata or even a rental agreement. In a Land lease Community you buy your home and lease the land on which it sits.

Some of the important considerations of your contract will be:

Ingoing

- How much are you paying for your apartment, unit or house?
- What other fees are you paying for (e.g. stamp duty, legal fees, registration costs etc)
- Are there any plans to redevelop the community?

Ongoing

- What are your insurance obligations
- What happens if a dispute arises? Does the community have a clear dispute resolution policy?
- Do you have the right to make modifications to the home for aesthetic purposes or care requirements (e.g. grab rails)?
- How are the ongoing fees determined? Are they indexed at a known rate? Do you need to keep paying them after you leave?
- What is your security of tenure? Under what circumstances can you be required to leave?

Outgoing

- Who will sell the home? If it is not you, will you be required to pay fees?
- Is there an exit fee? How is it calculated?
- What are your rights and responsibilities in refurbishing the home after you leave?
- What will be your share of any capital gain or capital loss?
- Do you need to wait for the home to be sold to someone else or will you receive the money within a certain timeframe regardless (guaranteed buyback)?

Your legal contract can have wide ranging implications, you should seek advice from a legal professional who specialises in this area.

Financial Considerations



This report gives you some useful information to help you better understand your pension, the costs associated with Retirement Communities and Home Care Packages but it is important that you seek financial advice about your individual circumstances.

Moving to a Retirement Community can have wide ranging effects, including on:

- your pension entitlement and other benefits
- your cash flow
- tax
- the cost of a home care package
- the amount of money you will receive after you leave
- the cost of residential aged care in the future
- your estate planning wishes

Financial arrangements can vary within a Retirement Community and from one to another. One financial arrangement may be better suited to you and your financial objectives than another.

A specialist adviser can help you understand all of the costs and provide you with strategies for meeting your financial objectives.



**Retirement Living +
Aged Care Specialist®**

When you see the Retirement Living and Aged Care Specialist® designation, you can be assured that your adviser has the skills, knowledge and tools to deliver quality advice on all matters relating to retirement living and aged care, such as:

- granny flats
- retirement villages and land lease communities
- home care, and
- residential aged care.

Aged Care Gurus can refer you to a Retirement Living and Aged Care Specialist who can provide you with advice. To be referred to a specialist adviser call them on 1300 855 770.

Overview of your results



Fountain Court

Burwood

	Later	Now	Bond
Description	2 Bed 1 Bath 1 Car Villa	2 Bed 1 Bath 1 Car Villa	2 Bed 1 Bath 1 Car Villa
Home Value (net)	\$675,000	\$810,000	\$973,350
Investments	\$675,000	\$540,000	\$376,650
Personal assets	\$20,000	\$20,000	\$20,000
Expenses (Annual)			
General Service Charge	\$7,812	\$7,812	\$7,812
Home Care Package	\$4,198	\$4,198	\$4,198
Total Expenses	\$12,010	\$12,010	\$12,010
Income (Annual)			
Age Pension	\$22,711	\$33,241	\$41,704
Deemed Income	\$13,184	\$10,146	\$6,471
Total Income	\$35,895	\$43,387	\$48,175
Estimated Proceeds			
Proceeds after 1 year	\$573,750	\$742,500	\$945,000
Proceeds after 2 years	\$506,250	\$675,000	\$945,000
Proceeds after 5 years	\$438,750	\$675,000	\$945,000
Proceeds after 10 years	\$438,750	\$675,000	\$945,000
Repayment Timeframe	6 Months	6 Months	3 Months

IMPORTANT NOTE: Figures in this report are based on the rules and applicable rates and thresholds of the Social Security Act 1991 (Cth), Aged Care Act 1997 (Cth) and related legislation as at 1 July 2023 and does not take into consideration any future changes to these rules, rates and thresholds. <https://www.dss.gov.au/benefits-payments>



Your ratings

Choosing a retirement village is about finding a place that is right for you. For some it is all about location and staying close to family and friends, while others may need to consider the care and support that will be available to them. The ratings shown reflect how each option meets your needs, across the categories we know are important to you.

	Later	Now	Bond
Description	2 Bed 1 Bath 1 Car Villa	2 Bed 1 Bath 1 Car Villa	2 Bed 1 Bath 1 Car Villa
Location	★★★★★	★★★★★	★★★★★
Amenities	★★★★☆	★★★★☆	★★★★☆
Care and Support	★★★★☆	★★★★☆	★★★★☆
Lifestyle	★★★★★	★★★★★	★★★★★
Overall rating	4.5 Excellent ★★★★☆	4.5 Excellent ★★★★☆	4.5 Excellent ★★★★☆

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Resources

Services Australia

Services Australia provides an online portal where you can get information about payment rates and eligibility requirements for a range of payments and services, including:

- Disability Pension
- Age Pension
- Rent Assistance
- Carer's Pension
- Carer's Allowance
- Pension Work Bonus
- Pension Loans Scheme
- Continence Aids Payment Scheme
- Essential Medical Equipment Payment
- Concession and Health Care Cards.

The online Payment and Service Finder can help you find, compare and estimate a range of payments and services.

Through your My Gov account, you can also apply for Centrelink payments, update your details and review appointments.

www.servicesaustralia.gov.au

Centrelink Financial Information Service (FIS)

Centrelink FIS run regular seminars about preparing for retirement, understanding your pension and living in retirement. You can also speak to a FIS officer over the phone by calling 132 300 or if there are complex issues to be discussed arrange an appointment with a FIS officer.

My Aged Care

My Aged Care is the Australian government's gateway for Commonwealth Home Support Programme, Home Care Packages, Respite services and entry to Residential Aged Care.

The My Aged Care website contains useful information about services and payments.

My Aged Care may refer you to a Regional Assessment Service or an Aged Care Assessment Team (ACAT) to determine your eligibility for services.

To contact My Aged Care call 1800 200 422 or www.myagedcare.gov.au.

Important Notice

Purpose of the Village Guru Software

The purpose of the Village Guru software (Village Guru) is to:

- estimate Age pension;
- estimate Commonwealth rent assistance;
- estimate the cost of a government funded Home Care Package;
and
- estimate a prospective resident's proceeds from the relevant retirement community after 1 year, 2 years, 5 years and 10 years for Retirement Villages and 1 year, 2 years, 5 years, 10 years and 15 years for Land Lease Communities.

Limitations of Village Guru

Village Guru is not providing financial product advice. This calculator provides approximations based on both the information provided by the user and the assumptions used and, as the calculator is based on assumptions and has a number of limitations, its results are for illustration and information purposes only.

Why are the assumptions reasonable?

Although the assumptions used in Village Guru are reasonable for most circumstances, results are not guaranteed in any way and do not constitute a forecast or estimation of amounts payable or available in the future. The default assumptions are reasonable for the purposes of working out the estimate because the purpose is to provide general information by providing general illustrations and not accurate predictions.

Calculations produced by Village Guru are based on present value

Estimated amounts payable in the future do not take into account any assumed change in the cost of living between the time of the preparation of the estimate and the future time.

Village Guru should not be relied on for the purpose of making a decision in relation to a financial product.

Village Guru is not providing financial product advice and is not intended to be relied on for the purposes of making a decision in relation to a financial product. You and any potential resident should consider obtaining advice from a financial services licensee before making any financial decisions.

For further details about the Definitions, Assumptions and Limitations of Village Guru together with our Disclaimer:

Please visit <https://app.villageguru.com.au/legal>