

RETIREMENT LIVING COUNCIL FACT SHEET

Profile: Retirement Village Residents

Retirement villages are a popular accommodation option for older Australians with **more than 184,000** seniors across the nation calling a retirement village home.

Distribution

Across Australia, around 15% of the population is aged 65 years or older, and around 5.7% of this cohort live in a retirement village.

State	Qld	NSW/ACT	Vic	SA	Tas	WA
No. of residents	38,842	55,413	43,107	23,236	2,883	20,599
Penetration rate	6.40%	4.90%	5.30%	8.60%	3.40%	6.90%

Source: Grant Thornton, 2014, National Overview of the Retirement Village Sector (www.retirementliving.org.au/research)

Financial

Depending on the contract, there are generally three types of payment associated with retirement village living: (1) the ingoing contribution to enter the village, (2) recurrent fees to pay for operational expenses while living in the village, and (3) a deferred fee when leaving the village. In the largest industry survey done to date, the McCrindle Baynes Village Census in 2013, surveyed residents believed the cost of living in their village home was less than their previous family home (67%) and the recurrent fees were reasonable (76%).

Nine out of ten residents used the sale of their family home to pay their ingoing contribution to live in the village. Three quarters of these family homes were sold for under \$500,000, with 40% selling for between \$300,000 and \$499,999. Village independent living units (ILUs) range from studios to four bedrooms, and may include a study. The most common size is two bedrooms, followed by two bedrooms plus study.

The majority (82%) of village residents receive the Australian age pension, with 44% receiving the full age pension and 38% receiving a part aged pension.

Health

More than half of older Australians have some form of disability and a fifth need help with core activities, so it is no surprise that seniors often consider their health when deciding

where to live in old age. Seven of the top ten reasons older Australians gave for moving from their family home specifically related to their or their spouse's health.

It is common for villages to have arrangements with health professionals. Thirty percent of residents used visiting medical services and over a third used on-site medical services. Over 70% of residents have used an emergency call button in their village.

Accessing care is extremely important, with three quarters of residents choosing their village because care could be delivered on site, and around half of residents being influenced due to the co-location of an aged care facility.

Wellbeing

Retirement village living can help the wellbeing of older people. Social isolation is a very real problem for many older people, and one which can be eliminated by communal village living.

Three quarters of all village residents participate in activities organised by their village every week or month. Over half of residents belong to social clubs or community groups and half undertake volunteer work. It is common for residents to be visited by family and friends, with more than half of residents welcoming weekly visitors and a quarter having visitors every month. In a retirement village, 45% of residents have a partner (married or de facto) and 43% are widowed. Happiness is high amongst residents, with three quarters being happy or very happy with their decision to move into their village and would make the same decision again.

Retirement village as accommodation choice

Most older people who downsize want to stay in the same area. Around half of residents chose a village up to 10km from their previous home, with 17% choosing a village between 11 and 20km away.

Reasons for leaving home (‘Push’ factors)	Reasons for choosing retirement village (‘Pull’ factors)
<ol style="list-style-type: none"> 1. Downsize while physically I still could 2. Home was too big to manage 3. Freedom from house responsibilities to be able to do other activities (eg travel) 4. Need a home specially designed for easier ageing 5. My spouse's health 	<ol style="list-style-type: none"> 1. I could stay independent 2. Safe environment and emergency support (eg alarm) 3. Maintenance is onsite 4. Quality and modern design of my village home 5. Support with house management

Source: McCrindle Baynes Villages Census Report 2013

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Retirement village residents are overall overwhelmingly satisfied with their choice to move into a village. Ninety-seven percent of residents say the village experience met their expectations.

A changing demographic

The average entry age of new residents is 76 years overall, with newer villages have a younger average entry age ranging from 72 to 80 years, and established villages have an average entry age of 79 years. NFP villages with on-site aged care have an average entry age of over 80 years.

Most existing residents are from the “builder” generation (born 1925-1946). However, baby boomers (born 1946-1964) are now entering retirement age and will look to move into retirement villages. Builders lived through the Great Depression and World War II, while Boomers grew up in a time of relative economic growth.

Each of these generations present different characteristics and preferences when it comes to retirement village living:

Builders	Boomers
Median net worth of \$872,052	Median net worth of \$1,051,556
Generally have modest expectations and aspirations to housing and other services	Attracted to the lifestyle benefits of retirement villages
Can be classified into six cohorts, with the two largest being: <ul style="list-style-type: none"> those who feel young, are social, and reluctant to move into a retirement village; those with conventional attitudes, are risk averse, want to remain local, and make the decision to move in consultation with their family 	More willing to downsize and use the money released for lifestyle aspirations Expected to have greater expectations about the quality of housing and neighbourhoods, and the type of facilities associated with their accommodation located nearby

Source: McCrindle Baynes Villages Census Report 2011

Resident concerns

Surveys and research shows the vast majority of retirement village residents enjoy village life and are glad they made the decision to move. However, a small number of residents are dissatisfied.

Three main concerns tend to attract adverse media attention:

- dissatisfaction with the actions of the retirement village operator or manager;
- not understanding the contract signed when entering the village; and
- dissatisfaction with the amount of fees charged during village tenure or upon leaving.

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It is important for people considering a retirement village to make an informed choice - retirement village living is not for everyone. Prospective residents should undertake their own research, visit different villages, speak with village managers and residents, and seek professional financial and legal advice on the proposed contract.

Most state governments produce information sheets and booklets about retirement village living, and list the matters prospective residents should check before making a decision.

The financial and contractual model used in many retirement villages is unique to the sector, and different to the familiar practice of purchasing a family home (equity and mortgage confers legal title) or renting a home (periodic lease). Retirement villages provide many services that living in the general community does not. The retirement village model is designed to enable the ingoing contribution fee to be affordable – often more affordable than a unit of equivalent size and quality in the local area – and for communal facilities to be built.

Read our other factsheets at:
www.retirementliving.org.au/factsheets

Learn more about our research at:
www.retirementliving.org.au/research

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