

AGEING AND REMAINING AT HOME

Strategies to help mature age people stay at home

Productive Ageing Centre **National Seniors**
Australia

As Australia's population ages, more people choose to stay at home. If you are one of those people, there are strategies and support services available to maintain your quality of life. This was the main message from two of the speakers at the Productive Ageing Forum. Bill Burn (*Financial Information Service, Department of Human Services*) and Derryn Wilson (*Policy Officer, Municipal Association of Victoria*) spoke about the financial options and the government and community services that can support you to live at home.



Ageing and remaining at home: financial issues and government services

Bill Burn (Financial Information Service, Department of Human Services)

Bill Burn pointed out that deciding where to live is one of the 'hardest decisions' you can make as you age. As you become older, you may find that the current family home is no longer suitable for your needs. This could be because of your health, your finances, the family situation, or other issues such as the availability of transport and the distance to services that you need. There are various accommodation options and you may find you will make several moves as you age. For example, you might move from a smaller home to a retirement village and then into a residential aged-care facility.

Information about financial planning, tax and social security implications, superannuation and investment choices is available at humanservices.gov.au/fis or call 132 300

Understanding pension assessment

Bill explained how the Government assesses your assets to see if you are eligible for a pension. He said that generally your 'principal home' is exempt from assessment. Your principal home can be real property, a caravan or motor home, a boat or a relocatable home, and can include surrounding land on the same title (up to two hectares, or five acres), unless the land is used for commercial purposes. You are assessed as a homeowner if you or your partner:

- Own the home
- Paid above a certain amount for entry into a retirement village or contributed to a granny flat
- Have security of tenure – you have the right to live in the property as established through a will, granny flat arrangement or retirement village contract.

One thing to keep in mind if you are receiving income support is the 'temporary absence' rule. Your home remains exempt from assessment as an asset for up to 12 months if you are not living in it, unless you state your intention not to return or your home is sold. Bill said the Government will generally give you a two-year exemption period if you have to enter an aged-care facility.

Information is available about the temporary absence rule at guides.dss.gov.au/guide-social-security-law/4/6/3/60

Information is available about what happens if a person has to enter aged care at guides.dss.gov.au/guide-social-security-law/4/6/3/70

Deciding whether to stay in your home or move

For a big decision such as whether to stay in your home or move, Bill recommended taking a number of factors into consideration.

Information is available at
myagedcare.gov.au
or call 1800 200 422

Factor	Options
You do not want, or are not able, to maintain the property	Councils run home help programs or you could move to a home that needs less work or maintenance
You have health and mobility issues	Outside care services and home care packages are available, or you could move in with family, arrange in-home care or modify your home to suit your needs
You do not have enough money to maintain your lifestyle	You may decide to: <ul style="list-style-type: none"> • Sell your home • Downsize • Move to a cheaper property • Rent a property • Look at finance options – pension loans, pension advances, seniors loans with income-based repayments or home equity conversion loans.
Moving may affect your social life	You may have to change your social circle, make new friends and join different community groups or clubs
Selling your home might affect your income support	Generally, if you use the money from the sale within 12 months to build or buy another home, then the money is exempt from the asset test

Reverse mortgages

Reverse mortgages are a type of home equity conversion loan that could help some people to manage their finances. These mortgages allow you to borrow against the equity of your home. Although there are no repayments, fees and interest will increase the outstanding amount of your loan over time. Bill pointed out that growth in your property's value may balance the growth in the outstanding loan amount. It is important to note that reverse mortgages can be complex financial products and have associated risk, so professional advice should be sought.

Information about financial matters is available at moneysmart.gov.au or call 1300 300 630

Choosing an accommodation option to suit you

Although there are several accommodation options, Bill said each had advantages and disadvantages and explained that your choice may affect the pension assessment test.

Owning your own home

Owning your own home comes with a number of advantages, including that you are not subject to other people's lease arrangements, but you should also consider whether this option suits your lifestyle.



Advantages

- You have the potential for your capital to appreciate
- You have a feeling of security in your own home
- Your home is exempt from the pension assessment

Disadvantages

- Your capital is tied up
- You have to repair and maintain your house

Renting or leasing a property

Bill said this option is becoming more common, especially because people find that selling their high-value property gives them the capital to live a particular lifestyle.

Advantages

- You have access to capital
- You are not locked into a purchase
- You have no upkeep costs
- You are able to move into a better home or to a better location

Disadvantages

- You are subject to your landlord's lease arrangements
- You do not have security of tenure
- The level of rent you pay will depend on market conditions

Moving into a retirement village

If you decide to move into a retirement village, generally, the amount that you contribute as an entry fee determines how your pension is assessed.

Information about retirement village legislation is available at seniorlivingonline.com.au/information/legislation.asp

Advantages

- You have security
- You do not have to do any upkeep or maintenance; someone else does it
- You can socialise with people in your own age group
- Some upmarket villages are planned like resorts, with swimming pools and tennis courts

Disadvantages

- You do not have capital growth or a capital return until you sell
- You need to pay maintenance fees until you sell
- You are not allowed to sublet or rent your home

There are many places where you can get information about retirement villages including from state retirement village booklets, from Seniors Information Services and on the internet.

Moving to a lifestyle village or residential park

Some people choose to own a relocatable home and live in a lifestyle village or residential park, but Bill said it is important to read the contract and become familiar with the state/territory regulations before making this decision.

Advantages

- You can move your home to various locations
- Rent assistance may be available

Disadvantages

- The operator/developer of the residential park may ask you to leave

Moving into a granny flat

Bill went on to describe what is involved when moving into a granny flat. Generally, a granny flat interest occurs when you 'purchase' the right of accommodation for life on someone else's property (e.g. you pay your daughter an amount and she builds you a self-contained unit on her property, or you sell your home and merge your money with your daughter's so that you can buy a larger house for both of you).

If you decide to move into a granny flat, generally the amount that you contribute determines how your pension is assessed (this is similar to retirement village entry contributions). Granny flat interests are not assessed under the gifting rules but a 'reasonableness test' applies under certain situations (e.g. the amount paid is more than the construction or the cost of the new property or the value of the home transferred). Also, the granny flat interests are not assessed under the gifting rules if you leave within five years because of unforeseen circumstances (e.g. you become ill and need nursing-home care).

Bill suggested you have a legal document drawn up to cover the expectation and obligations of all those involved in the granny flat arrangement. For example, what happens if your relationship with your family breaks down, or if your children divorce/remarry or your family needs to sell the property? It is also a good idea to rewrite your will to reflect your current circumstances.

My Aged Care dedicated phone line
1800 200 422
 Monday to Friday 8 am – 8 pm
 Saturdays 10 am – 2 pm

Moving into residential aged care

Bill pointed out there is a lot of information available about moving into aged care. The Government has set up a website with information about entering aged care, the aged-care system in Australia and finding services related to aged care. There is also a dedicated phone line that operates Australia wide.

Information about aged care is available at myagedcare.gov.au or call **1800 200 422**

Online Government services are available at my.gov.au



Planning for a successful retirement: community services to support living at home

Derryn Wilson (*Policy Officer, Municipal Association of Victoria*)

Derryn talked about how some people feel that ageing well is about being independent and not needing to rely on others for help. But ageing well is more about adapting, keeping active, and developing or maintaining connections with your community. Most councils support this strategy with positive ageing programs. These programs offer opportunities for you to join local activities and be a part of your community with diverse activities and clubs such as:

- Book clubs
- Arts and crafts classes
- Senior citizen clubs
- Walking groups.
- Computer classes
- Excursions to places of interest
- Tai chi

Information is available on your local council website.

Needing support and assistance

Derryn said that usually it is when your health declines or you lose function that the need for community care services arises. The decline may be:

- Sudden – for example, a hospital admission
- Gradual – for example, loss of short-term memory over a period of time or joint problems from arthritis.

Community care services generally can provide you with four types of support:

- Self-care – showering, shaving, dressing, cooking and eating.
- Environment – domestic chores, home maintenance, looking after the garden.
- Getting around – shopping, paying bills, visiting your doctor or dentist and going to other appointments.
- Staying connected – social activities.

Specialist or supportive clinical services are also available to help you adapt to living with changes in your health. These may include:

- Health services such as nursing, physiotherapy, or occupational therapy
- Modifications to your home and assistive technology such as ramps, hand rails, vision and memory aids or personal alarms.

Derryn pointed out that family or friends are often providing most of the care and carer services such as respite are also available to assist them.

Current community-care services

Currently there are two levels of community-care services:

- Home and Community Care Program (HACC) – in Victoria most are provided for a modest fee by local councils, health services and nursing services (e.g. home nursing, allied health) and a range of not-for-profit organisations. Assessments for these services are usually provided in your own home.
- Home Care packages – these are for people who have higher-level needs and include services to manage at home or, if you need them, residential aged-care services. Fees differ depending on your circumstances.

Future aged-care services

Derryn said the Government is changing how care services are provided to the community. Their vision is for a single aged home-care program that will make it easier for mature age people to access information on ageing and aged care. You will have more choice, one individual client record, and your support plan and fees will be based on your means.



Information about aged care is available at myagedcare.gov.au or phone 1800 200 422

This fact sheet was developed using information provided by Bill Burn (*Financial Information Service, Department of Human Services*) and Derryn Wilson (*Policy Officer, Municipal Association of Victoria*) in their presentations at the Productive Ageing Forum 2015.

Disclaimer: The material presented in this fact sheet is general information only. It is recommended that for advice for your individual circumstances you refer to Human Services Online (humanservices.gov.au), Human Services telephony or Human Services Service Centre, to fully enquire about income support payments and/or services.

The information contained in this fact sheet is current as of June 2015 and is subject to change.