

# ASSISTING INFORMED CHOICE FOR RIGHT-SIZERS

*The picture of seniors ageing in inappropriate housing becomes ever more familiar in the Australian streetscape, yet many seniors resist the obvious solution of downsizing.*

**A**s Australia's population changes so does its suburbs, particularly older city suburbs. Many have a high proportion of seniors who have lived there for decades, in some cases for more than 40 or 50 years. They've seen their street's children long since moved on to begin careers and families of their own. Neighbouring empty-nesters have left, replaced with new, young families and the long-standing social networks have dissipated. The street that used to buzz with life has turned eerily quiet during the week.

For many of these seniors, the old family home can start to feel cavernous, even lonely. The home and yard may need substantial maintenance or renovations, and unexpected maintenance costs become likely. Downsizing, or rather 'rightsizing', seems to be the obvious thing to do: moving to a smaller house, townhouse or a retirement village unit.

But something is stopping many from doing so.

## Many seniors resist the idea of downsizing or entering retirement villages

At a recent government roundtable with community stakeholders on housing affordability, the subject of

downsizing, although freeing up much needed homes for the next generation of young families, was received with great skepticism, particularly by representatives of some seniors' groups. The emotional connection to the family home and the right to the age pension were the two main reasons given.

I hear the same story from Goodwin's home care workers. Many regular clients live alone in large family homes and are noticeably lonely and struggling, yet rail against suggestions to move to more appropriate accommodation.

It's a genuine issue for many that selling the family home and moving to a smaller place may reduce their aged pension, or render them ineligible.

As the pension is means-tested, downsizing may convert a non-assessable housing asset to assessable cash, for example.

It is understandable that there are emotional responses to this situation, as seniors feel they've earned the right to a pension, or are afraid of losing the income. The danger is taking the situation at face value, ignoring potential limitations of that decision.

The Central by Goodwin. Image provided by Goodwin.



## Government incentives are available, but are they making a difference?

The Australian Government's downsizing superannuation scheme introduced this financial year is intended to encourage seniors to downsize by allowing tax-free contributions to their personal superannuation fund from the proceeds of the sale of a family property. Up to \$300,000 of that capital can be used to top up superannuation balances.

The government's intention is to free up larger family homes, thus reducing pressure on housing affordability for younger families.

The Pensioner Duty Concession Scheme introduced a few years ago by the Australian Capital Territory Government, encourages seniors to downsize by providing an exemption on conveyancing duty on properties valued \$680,500 or less (a saving of about \$20,000).

In most instances, retirement accommodation is exempt from conveyancing duty, due to the contract types used in the sector. This is another benefit of choosing to move to a retirement village, but not well-known or understood by our market.

At Goodwin, we set our retirement village apartment prices at 80–90 per cent of the median house price of the suburb to help ensure that a move to our villages is more affordable. In many cases, people sell their family home at a higher price than the cost of the ingoing contribution, leaving significant surplus capital to fund their lifestyle, or deposit into superannuation.

Right-sizing to a retirement village, which has the right built form, purpose-built facilities, a close community and tailored services to support an active independent lifestyle for seniors seems to be an appropriate alternative for many.

## Education will be key

While government initiatives are welcome and are expected to encourage people to consider downsizing, more needs to be done.

The retirement living sector also must do more to 'sell' the benefits of villages, as they remain not well understood by our target market.

Informed choice will be a win/win for the sector and seniors. ■

Erik Boddeus is Executive Manager Retirement Living for Goodwin and Chair of the ACT Retirement Living Committee of the Property Council of Australia.

For more information go to [goodwin.org.au](http://goodwin.org.au).

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