

# The Village Guide

## Edition 3 August 2025 | Financial Planning for Village Living

### Understanding the Real Costs

Dear Friends,

You've found a village you love – now comes the crucial question everyone asks: "**Can I afford it?**"

Today we're breaking down retirement village finances in plain English, so you can make confident decisions about your financial future.

**The Golden Rule:** If the fees aren't explained clearly and simply, keep asking questions until they are. A good village will always help you understand exactly what you're paying for.

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## Types of Fees Explained

Most retirement villages use one of these fee structures:

### Entry Fee Model

- **Large upfront payment** (often called a "bond" or "entry contribution")
- **Lower ongoing monthly fees**
- **Portion refunded when you leave** (varies by village)
- **Good for:** People with property equity but lower ongoing income

### Rental Model

- **No large upfront payment**
- **Higher monthly rental fees**
- **Similar to renting a regular home**
- **Good for:** People who prefer to keep their capital liquid

### Combination Model

- **Smaller upfront payment plus monthly fees**
- **Balances initial cost with ongoing expenses**
- **Good for:** Those wanting middle-ground approach

**Financial Tip:** Don't just compare the headline numbers. Calculate the total cost over 5, 10, and 15 years to see which model works best for your situation.

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## Ongoing Costs to Budget For

Beyond your main accommodation fee, plan for these regular expenses:

### Village Services

- Maintenance and gardening (often included)
- Community facilities upkeep
- Security and emergency call systems
- Activity programs and social events

### Personal Expenses

- Utilities (electricity, gas, phone, internet)
- Council rates (may be included in some villages)
- Contents & health insurance
- Food and dining (if not included)
- Personal care and medical expenses
- Transport and car expenses
- Entertainment, Foxtel, Netflix etc

### Optional Extras

- Additional care services as needed
- Guest accommodation for visitors (if applicable)
- Premium dining options
- Housekeeping services

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## Hidden Costs to Watch For

Ask specifically about these potential extra charges:

### Exit Fees

Some villages charge a percentage when you leave (called "deferred management fees"). Make sure you understand:

- What percentage applies
- When it's calculated from
- What services it covers
- How it affects your refund

## **Rising Costs**

- How often do fees increase?
- Are increases capped or linked to inflation?
- What happens if you can't afford an increase?
- Are there any fee protection policies?

## **Care Upgrades**

- What if your health needs change?
- Are there additional fees for extra care?
- Can you stay in your unit or must you move?
- What's covered and what costs extra?

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# **Smart Financial Planning Steps**

## **1. Get Professional Advice**

Speak with a financial adviser familiar with retirement villages. They can help you:

- Compare different village fee structures
- Understand tax implications
- Plan for potential care costs
- Ensure you keep enough liquid funds

## **2. Budget Realistically**

- List all your current expenses
- Add village-specific costs
- Include a buffer for unexpected expenses
- Plan for inflation over time

## **3. Understand Your Refund**

- When is money refunded after you leave?
  - What percentage do you get back?
  - How long does the refund process take?
  - Are there any conditions that affect your refund?
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## Questions to Ask Villages

Before making any financial commitment:

- *"Can you show me a breakdown of all costs over 10 years?"*
  - *"What percentage of your entry fee is refundable?"*
  - *"How often do fees increase and by how much typically?"*
  - *"What additional costs might I face if my health changes?"*
  - *"Can I get 48 hours to review all contracts with my adviser?"*
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## The Peace of Mind Approach

The best financial decision is one you fully understand and feel comfortable with. **Don't rush, don't be pressured, and always get independent advice.** Remember: A good village wants you to be financially secure and happy – they should welcome your questions and encourage you to seek professional advice.

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## Next Fortnight: Healthcare Considerations

Our next edition will explore healthcare services in retirement villages – what's available, what to look for, and how to ensure your health needs are met as you age.

**We'll cover:**

- On-site health services and what they include
  - Relationships with local medical providers
  - Emergency response systems
  - Planning for changing health needs
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## Need Help With Financial Planning?

Our expert-guided tours include honest, independent and unbiased discussions about costs and fee structures. We'll help you ask the right financial questions and understand what you're really signing up for.

**Free consultation available** – we're here to help you make informed financial decisions.

**Contact Us:**

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