




The Downsizer **Toolkit**





Simplify, think big and **be happy**

Downsizing from a large, cumbersome and costly home opens up an array of new opportunities for over 50s to make the most out of life. It is a chance to simplify life by thinking big and being happy.

Naturally, some people feel daunted by the prospect of downsizing, as with any home move there is a lot to organise and consider. However, for most people who make the shift, their only regret is that they didn't do it sooner.

While moving to a smaller, more manageable home generally provides the chance to free up both capital and time, it can also mean taking stock of a lifetime of collected possessions and connections to the family home. It can mean saving more money, energy and resources while giving over 50s more time back to live life and spend it with family.

By approaching downsizing as a time to declutter and embark on a fresh new chapter in life, any negative emotions of moving often turn out to be very short lived when joys of a more relaxed, unburdened lifestyle take over.

Downsizing can represent a new way to start a new life in a new home.

Happy Days

Downsizers defined

Downsizers can include anyone over 50 years of age, still choosing to work or retired, an empty-nester couple whose children have now moved out, or someone that is now living alone.

When people do downsize it tends to happen relatively early. The Productivity Commission research paper on Housing Decisions of Older Australians reports over 85 percent of older Australians who downsize do so before they turn 70.



The key motivations for moving from the family home are linked to securing more age appropriate accommodation, either in terms of size and characteristics, or location.

It is surprising how reducing the size of the home also cuts down on daily chores and maintenance, freeing up time for leisure activities, spending time with family and getting well-earned rest.

THERE ARE A NUMBER OF REASONS PEOPLE DECIDE TO DOWNSIZE:

1. Live in a smaller house with less maintenance
2. Unlock equity and free up funds
3. Lifestyle changes
4. Health reasons
5. Move closer to family

Homeowners are starting to realise that bigger is not always better and the many benefits to downsizing to a smaller home are clear.

Downsizing is the first step to a minimal, streamlined lifestyle and for many homeowners it is the first chapter to a new life.



The pros and cons of **downsizing**

Every person's journey is different, so it's important to weigh up the pros and cons of downsizing to decide whether it's the right time and the right move.

THINK ABOUT FINANCES

CON: Downsizing usually involves selling the family home which families may have an attachment to.

PRO: The potential financial rewards extend beyond the capital gains on the home. As well as any profit made from the sale, a new, smaller and more modern home will cost less to run, with savings to be made on utility bills, insurance, council rates and ongoing maintenance. Everything else being equal, it means that the main financial dilemma faced after downsizing is what to do with all the extra money!

THINK ABOUT WELLBEING

CON: The burden of a big house and garden can weigh you down.

PRO: Without the ongoing stress of living with the demands of a big house and garden, those who downsize will often feel an immediate improvement in their health, wellbeing and happiness.

Downsizing is designed to give residents more time to do the things they love. It also frees up time to take on new hobbies or rediscover old ones; socialise with friends and family; become more involved in the community; or simply pack the bags and go exploring – all contributing to an improvement in mental health and wellbeing.



THINK ABOUT SIMPLICITY

CON: One undeniable fact about downsizing is that it almost always involves discarding some household possessions.

PRO: Instead of viewing this as a loss, this can actually be a gain – both financially and emotionally. With the advent of online marketplaces such as eBay and Gumtree.com, downsizing offers the chance to make some extra cash from selling unwanted furniture, household goods, garden equipment, even clothes. There is also the personal satisfaction that can be gained from donating unwanted items to charity or giving heirlooms to family members.

Once they make a start, many downsizers find the whole de-cluttering process quite therapeutic, with the sense of renewal that comes with saying farewell to the old lifestyle and welcoming in a new one.

THINK ABOUT A NEW LOCATION?

CON: Moving to a new neighbourhood comes with stresses and benefits – it all comes down to finding a location that suits your interests and needs.

PRO: To some, a new location is all part of the adventure; to others it's tricky, but local governments and seniors organisations are always happy to help new residents settle in and orient themselves to their new



community. In lifestyle communities, the management team or social committees are often a rich source of information and can connect you to information, care and advice. If staying local, there generally should be minimal issues with finding new services and facilities.

Many communities have the added benefit of increased security, delivering greater peace-of-mind around the clock, and an events program. And it is these benefits to wellbeing and happiness that are probably most important of all.

Consider the **options**

When considering the options, it's important to look at your personal preferences first.

Living with family is a good idea for some, but not for all and with accommodation options being so wide and varied it's best to find out what suits you.

Many Australians over 50 are satisfied with living in their family home as it becomes a source of security and holds memories from the past. They comfortably age in place with modifications made to the home and the extra room is used to welcome guests or start a hobby.

However, the size of the garden, associated costs for utilities, rates and cleaning can become a burden which may fall onto their children to assist with maintenance and bills.

By choice, or due to changes in circumstance, a cash injection may be required and the sale of a major asset, such as the family home, will release some equity and increase the cash reserves to make life after 50 a little more comfortable.

After the decision is made to sell the home consideration must be then given to the variety of property types available when commencing the downsizing journey.

LIVING WITH FAMILY OR IN A GRANNY FLAT

The lucky few who are fortunate to live with family or in a small flat on family property may decide this is the best option due to the cost savings and ease of living. However, those looking for more independence, or see difficulties integrating with a younger family dynamic, may decide this option not as desirable. Additionally, there are Centrelink regulations to consider on granny flats that may affect your pension. We recommend seeking advice from a financial planner who specialises in this area.

RENTING A HOUSE

Private rental delivers a certain amount of flexible options. This breathing space can be used to provide more time to decide how and where to live. However, renting can have a number of negatives to consider such as short lease agreements, high turnover rates, security of tenure and the wrong type of neighbour which can leave over 50s renters with a feeling of uncertainty, stress and facing the potential risk of homelessness.

APARTMENT LIVING

If the urban jungle is calling, apartment living may be a good option with locations in high density inner city districts, close to amenities and walking distance to entertainment and restaurant precincts. Keep in mind apartments are a popular choice for young (or young at heart) dwellers, so neighbours might not always be as like-minded. And ensure allowances are made for the high body corporate fees.

HOUSE AND LAND PACKAGE

Brand new house and land packages are a popular choice with their modern, open plan homes in brand new suburbs with master planned amenities and facilities.

New housing estates are generally targeted to first home buyers or young families with product geared for medium to large sized blocks of land and floor plans, defeating the downsizing objective.

Additionally, housing demand in capital city growth corridors are escalating at unprecedented rates and this is having an inflationary effect on prices. With opportunities for quality, affordable home purchases becoming limited one may be priced out of the neighbourhood of choice.

RETIREMENT VILLAGES

On the surface, people find it difficult to compare the affordability of different villages with their complex or different legal and financial arrangements. While no two retirement villages are ever exactly the same there are major differences and it can be confusing to navigate. Retirement villages operate under the Retirement Villages Act and you have a lease or 'licence to occupy'.

There are a range of costs to consider including the ingoing contribution (purchase price); the monthly maintenance fee; a deferred management fee (a percentage paid to the operator when you leave often between 15%- 35%); and a share of capital gain that is also shared with the operator of the village on exit.

OVER 50S LIFESTYLE COMMUNITIES/ LAND LEASE COMMUNITIES

Land lease communities are well-established in Europe and the US with 19.2 million Americans living in over 50,000 communities, whereby they own the home and lease the land.

Australia's over 50s lifestyle communities, or land lease communities, are based on a similar concept and while the industry is in the early stages of growth, it is emerging as a strong sector with a number of operators setting new benchmarks for affordable seniors accommodation.

High quality, modern homes are set within a master planned community, using extensive landscaping and resort-style facilities in a secure, gated community with a community manager. The popularity of the model is its simplicity (the resident pays for the house and owns it, and they rent the land), ensuring a much more affordable entry price point and eliminating the need for residents to pay stamp duty or entry and exit fees.

The home owner also keeps 100% of any capital gains made on the property if or when they decide to sell their home. Subject to individual circumstances they may qualify for the Commonwealth Rental Assistance to subsidise the land rent. Land rent (usually between \$120 and \$190 per week) covers all community facilities, maintenance costs, council rates and community management costs. All you have to budget for is your personal utilities, home and contents insurance and your next holiday!

Lifestyle communities operate under state or territory legislation including the Residential Land Lease Communities Act providing protection with security of tenure and greater longevity of retirement savings than traditional retirement village models.

Where do you sit on the downsizing roadmap?

If you're unsure of what's next, don't worry you're not alone, Australia is experiencing a tidal wave of people considering their future and they're all trying to make the right decision that best suits them.

The next four activities will help you assess where you're sitting on the road map so you can confidently take the next steps towards a more financially secure freedom and a brand new lifestyle.

TOOLKIT #1: RESEARCH

Planning the next steps in your future may seem like a daunting chore that eats up time in research and decision making, however, we've compiled advice from the best seniors lifestyle and finance experts so you can better prepare yourself for the future.

TOOLKIT #2: CONSIDER

Ask yourself the five critical questions: work out the who, what, why and where to your downsizing options to determine what the best fit for your new lifestyle might be.

TOOLKIT #3: ASSESS

Calculate what you might need to enjoy a new lifestyle. If you could unlock the equity in your family home, how much would you have in your hand to open up the door to a brand new lifestyle?

TOOLKIT #4: EXPLORE

Gather all the facts with our Downsizing Shopping List. When you start to look at all the options and understand the key differences between them you'll then be able to confidently make some informed decisions and take control of your future. In this activity we'll ask you to:

- Go window shopping and start asking all the questions
- Consolidate your findings and understand your next steps



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Toolkit #1 Research

The first step in your Downsizer Toolkit is the research phase and it's where we have gathered key information and facts on downsizing including from lifestyle and finance experts, Rachel Lane and Noel Whittaker.

THE DOWNSIZING TIMELINE

For many homeowners, downsizing their home can be the start of a new chapter but the process can take some time and consideration with a downsize taking anywhere from a few months to around 12 months. Plot where you think you may be on the timeline?

TWELVE MONTHS BEFORE, THINK ABOUT LIFESTYLE AND LOCATION

- Have a conversation about downsizing with your partner, friends, or anyone else you trust. Use the conversation to discuss why you would like to downsize
- Decide on a location or two that you'd like to live in. Once you know your favourites it will help narrow down the search list of places to live
- Consider the range of lifestyles to choose from – sea change or tree change? Stay in the area you know? Live closer to amenities or families?
- If it's still not clear on where you want to live, create a list of pros and cons and score them to see which option wins.

NINE MONTHS BEFORE, DE-CLUTTER

- Start to clear your clutter, pull out all the unwanted items in your wardrobes, cupboards and garage to give away to charity or sell online or in a garage sale. One of the benefits to downsizing your home is the ability to reduce excessive furniture, electronics, appliances, trinkets and items that may not be used anymore or do not serve a purpose
- Action, finish and file away your important paperwork (Wills, POAs, etc) – make copies and send to your solicitor or someone you trust
- Review your finances and do the numbers on what you can afford to spend on a new home.



SIX MONTHS BEFORE, PREPARE

- Put your best foot forward and commence those last DIY jobs around the house to prepare it for sale ensuring it's well-presented for the type of buyer for such a home
- Neaten up your landscaping and tidy the garden
- Start to interview real estate agents and plan your sale strategy. If you're expecting a 90 or 120 day settlement, now is the time to commit to this
- Start making enquiries into where you want to live. Take tours of their display homes, review the floor plans, enquire about prices and what's currently available or coming up
- Now that you're on your way to finalising the sale of your family home you should be in a good position to secure your brand new one – attend open homes, visit communities and start a conversation with your local sales manager to work out what's the best solution
- In some instances you can place a small deposit to secure your new home while you finalise the sale of your existing one
- Once you have paid a deposit and feel comfortable with your decision, and pending house sale, the next step is to sign a contract on your new home in which the sales manager should step you through.



4 WEEKS BEFORE FINALISE AND START LIVING YOUR NEW LIFESTYLE

- Book removalists and commence conversations with utilities providers to arrange connections for electricity, gas and water
- Pay a final settlement balance on your new home
- Start packing up, taking your downsized essentials with you... or this is the time to now go shopping for new furnishing and homewares
- Collect your keys, move in and relax... enjoy your brand new home and downsized lifestyle.

Your key to downsizing starts here

Stay in place or downsize? What will be the outcome?

Jack and Jill have a large family home they owned outright but it was becoming unmanageable with all the ongoing maintenance. The below snap shot is a case study from Rachel Lane showing how their assets and income would fair if they stay in place in their existing home or downsize to a lifestyle community.

STAY IN PLACE

ASSETS	INCOME
Family House: \$650,000	Pension \$1,381.40 per fortnight (couple) + interest on cash @ 2% \$2,400 per annum = \$38,316 per annum
Cash: \$120,000	
Car and Contents: \$50,000	

DOWNSIZE TO A LIFESTYLE COMMUNITY

ASSETS	INCOME
New Home: \$450,000 with site fees @ \$121 per week (after rent assistance)	Pension \$1381.40 per fortnight (couple) + Rent assistance \$128 per fortnight (couple) + interest @ 2% \$4,800 per annum = \$44,044 per annum
New Caravan: \$60,000	
Cash: \$240,000 (after selling costs of \$20,000)	
Car and Contents: \$50,000	

OUTCOME:

Jack and Jill decide to sell their \$650,000 home and downsize into a brand new one for \$450,000.

Now they have \$240,000 in the bank (after selling costs). They decide to purchase a caravan (\$60,000) and join the grey nomads with an extra \$5,728 per annum in their back pocket to fund a more comfortable lifestyle.

It's Apples and Oranges when comparing retirement villages to land lease living.

Downsizing can be an exciting time, but it pays to do your research and crunch the numbers.

Now that we've taken a look at the financial outcome between staying in place or downsizing, you may be asking yourself, 'so, what are the differences between retirement villages and lifestyle-focused land lease communities?'

Author and seniors finance expert, Rachel Lane, said you don't want to be left behind when it comes to your senior living choices.

"Comparing the different financial arrangements between retirement villages and lifestyle communities is like comparing apples and oranges.

"While it may seem that there are too many different financial arrangements to compare, the differences between retirement villages and lifestyle communities are important."

"I find it easiest to break down the numbers into Ingoing, Ongoing and Outgoing. If traditional retirement villages were apples and lifestyle communities were oranges, let us compare," Rachel explains.

INGOING:

APPLES: Retirement villages operate under the Retirement Villages Act with a lease or 'license to occupy' as the ingoing price.

ORANGES: In a lifestyle community you buy your own home and lease the land.

ONGOING:

APPLES: Service charge: For pensioners in a retirement village to be eligible for rent assistance they need to purchase below a certain threshold (currently \$207,000).

ORANGES: Site fees: Because of the unique land lease ownership structure in lifestyle communities, most pensioners qualify for rent assistance on their site fees reducing their ongoing costs.

OUTGOING:

The greatest confusion between retirement villages and lifestyle communities comes from the exit fees, also called deferred management fees (DMF), and who gets the capital gain.

APPLES: In a retirement village exit fees are standard. The exit fee is likely to be a percentage of either your purchase price or re-sale price, anything from 10% to 30% is common, with a sharing, or no, capital gain and refurbishment fees to consider.

ORANGES: Lifestyle communities do not charge exit fees. You own your own home and it is a viable asset, so the home owner keeps 100% of any capital gains made on the property if or when they decide to sell their home with no refurbishment fees.

A fresh approach to over 50s lifestyle living

Australia's innovative concept in lifestyle living is setting new benchmarks in affordable housing for downsizers by offering a higher quality solution that's exceeding expectations.

Lifestyle-focused land lease communities have become increasingly popular with downsizers, many of whom are freeing up hundreds of thousands of dollars to help fund their new lifestyle.

This newest housing trend is gaining a strong foothold in seniors living as it breaks down the walls of confusing contracts, complex financial arrangements and questions over legalities, and replaces uncertainty with a more simple and transparent ownership model.

Toolkit #2: Consider

The five critical questions to ask yourself

Before you begin your downsizing journey, there are some critical questions to ask yourself that will help you work out what's the most important things in life to you.

QUESTION 1: WHAT'S ON MY BUCKET LIST?

Do I feel overwhelmed with house and yard maintenance? Do I need a cash injection? Am I looking to spend more time travelling or with family? How much money would I like in the bank to sleep well at night?

ANSWER:

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QUESTION 2: WHAT DOWNSIZING OPTIONS CAN I CONSIDER?

Stay at home and modify the property? Move in with family if I can? Purchase an apartment? Move to a traditional retirement village? Downsize to a lifestyle community?

ANSWER:

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QUESTION 3: WHERE DO I WANT TO DOWNSIZE TO?

The region I currently live in and know and love? Do I want to be in a metro location? Or would I love to make my next move to a tree or sea change location?

ANSWER:
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QUESTION 4: WHAT WILL MY LIFE BE LIKE?

It's your life, live it your way. You have the choice, control and flexibility to do as much or as little as you choose when downsizing to a lifestyle community. There are regular social activities, health and wellbeing programs, a sense of belonging, travel groups, care concierge if you need it in the future, more time, more control, more freedom and absolute independence. What do I want my new lifestyle to be like?

ANSWER:
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QUESTION 5: HOW DO I MAKE THIS HAPPEN?

Who can help me? Who can I trust? What do I need to know? Who will listen to me and understand what my priorities are?

ANSWER:
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Toolkit #3: Assess

Don't let financial confusion delay your downsizing journey

While many clients tell us their downsizing journey is an apprehensive one, their main query is around comparing the costs of moving into a lifestyle community versus staying in place.

WHAT EQUITY CAN I TAP INTO?

One of the solutions to releasing hundreds and thousands of dollars from your home is to downsize into a lifestyle community. But do you know how much your house is worth?

In Jack and Jill's example, they free up \$240,000 in equity after downsizing.

Costs to downsize	Jack and Jill	Your turn...
House value	\$650,000	
Cash in bank	\$120,000	
Minus selling costs (Legals, marketing, property maintenance and presentation, moving)	- \$20,000	
Using remaining equity, purchase a new home with Ingenia Lifestyle	- \$450,000	
New caravan purchase	- \$60,000	
What am I left with?	\$240,000	\$

CAN I AFFORD A NEW LIFESTYLE?

While many clients tell us their downsizing journey is an apprehensive one, their main queries are around comparing the costs of moving into a lifestyle community versus staying in place. If you were to downsize, could you afford it and how much money would you have leftover?

In Jack and Jill's example, they are \$196.00 per month better off after downsizing.

General living costs/month	Ingenia Lifestyle	Stay in Place
Council rates	Nil*	\$220.00/month
Stamp duty on the new home	Nil*	N.A
Site fees and lease of land minus rent assistance equals total monthly site fees	\$740/month - \$256 = \$484**	N.A
House and contents insurance	\$60.00/month	\$110.00/month
Utilities	\$60.00/month	\$110.00/month
Home maintenance	\$30.00/month	\$110.00/month
Yard maintenance	\$0.00/month	\$60.00/month
Meals	\$450.00/month	\$450.00/month
Entertainment and travel	\$100.00/month	\$320.00/month
No DMF or exit fees	✓	N.A
Secure gated community	✓	x
Community manager	✓	x
Onsite community facilities, free activities and bus trips	✓	x
Living with like-minded people	✓	x
Ingenia Wellbeing Program	✓	x
Monthly costs to downsize PLUS Jack and Jill have \$240,000 in cash freed up from the sale of their home	\$1,184.00	\$1,380.00

*You don't pay stamp duty or council rates when moving into a lifestyle community under a land lease model.

** If you qualify for the pension you may receive rent assistance reducing your weekly site fees down.

Toolkit #4: Explore

Downsizing Shopping List

By using our Downsizing Shopping List you can begin to understand more about what you want, discover what you really need and assess all the options so you can be more confident when making the final choice about your new lifestyle.

Let's go window shopping!

Start to look around, narrow down your shopping list of options and go and take the community on a test drive. We recommend you ask the following questions to gather all the facts:

QUESTION: WHAT'S THE COMMUNITY VIBE?

Attend the open days, pop in for a tour of the community and RSVP to the event invitations. Talk to the sales manager, the village manager, the staff and residents to find out more about it.

ANSWER:

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QUESTION: WHAT'S THE HOME PRODUCT LIKE?

Inspect the display homes, find out the prices and floor plan designs, ask about the builder, the quality of materials, fixtures and fittings, the colour schemes, find out what's included for the price, or what's not if it's a fully styled display home.

ANSWER:

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QUESTION: WHAT DO OTHER PEOPLE SAY?

Go to the website, look at their social media channels and see what people are commentating about. Watch and read the resident testimonials to find out what the lifestyle is really like from the residents who live there.

ANSWER:
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QUESTION: WHAT DOES THE COMMUNITY OFFER FOR YOU?

Does the community include a care and wellbeing program for residents or for when you might need it in the future? Are there any free social programs that provide valuable, fun networking opportunities?

ANSWER:
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QUESTION: WHAT EXTRA SERVICES ARE AVAILABLE?

Is there a village bus to help with access to the local community? How much maintenance is carried out by the community's grounds staff, is there caravan and boat storage in the community

ANSWER:
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QUESTION: CAN YOU LOCK AND LEAVE TO TRAVEL.

Is there security and community management if you want to lock and leave your home and have someone there to check in on things?

ANSWER:
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Now it's time to look at your options

	Option 1	Option 2	Option 3
Community Name			
Location			
What's the home ownership model (lifestyle community, retirement village, renting, other)			
Is there an exit fee to pay and how much is it?			
What do the home designs price range from and to?			
Are there any current sales promotions or discounts?			
What are the weekly site fees?			
Is there a care & wellbeing program or social activities?			
Initial thoughts and feelings on the community vibe			
What are the extra services on offer? Pet-friendly? Bus? Community Manager?			





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All information supplied is correct at time of printing but is subject to change at any time without notice.

We recommend you seek professional advice from a financial planner who specialises in seniors finance.

Our figures have been supplied by Rachel Lane from Village Gurus.

Many of the costs stated in this brochure are approximations and are only intended as that. Each community does vary and costs will depend on the individual location. Personal preference in many areas could change these costs so please keep this in mind.

Site rental prices are subject to change. Rental assistance figures are indicative only and may vary depending on an individual's circumstances. Please seek further information from the Department of Human Services website.

For more information visit www.humanservices.gov.au/customer/services/centrelink/rent-assistance.