

Retirement Living – The Right Way to Retire

What's the most important thing to retirees? Most likely the peace of mind to come and go as they please, the knowledge that they aren't a burden to anyone, and a sense of security.

That's confirmed by Sally Birkett-Sharp, a 66-year-old retiree who, together with her husband Eddie, recently took up occupation in a retirement village on Johannesburg's East Rand. 'Moving into the village is the best thing we have ever done,' she says. 'We travel frequently, so we can lock up and go when we need to. Also, we know that someone is always on hand should we ever require assistance.'

Sally likes it that companionship is available should she require it, and that she and Eddie enjoy an active community life. They often attend socials, such as bingo and movie screenings in the communal hall, and there are always activities being planned for the residents.

Although there is no frail care on site, a nursing sister visits everyone in the complex and takes their blood pressure. Another convenience that she likes is that the units are all serviced by an external cleaning company, as is the garden, so the responsibility of cleaning and gardening is taken off the residents' hands.

Years ago the only option open to most elderly people was old-age homes, which many people feared because of their reputation for being institutional. Today's retirement villages are more likely to be compared to luxury holiday resorts, complete with activities such as swimming, tennis, lawn bowls and ballroom dancing. Many also have their own recreational centres, hairdressers and spas, and some even go so far as to include a cinema, library and shops.

There are a number of different types of retirement villages from which to choose, from the ultra-luxurious, targeted at the very wealthy, to charitable organisations that provide for those whose income is limited.

Ownership can take the form of sectional title, share block or life right, all of which cater to different needs based on income, age and return on investment.

Life right, or tenancy right, allows you to pay a fee and then stay in the village for life. On death, only a portion of the value of your home returns to your estate. The unit can't be left to your children, nor may they live in the unit themselves. While life right might not be good as an investment, this system often allows the retirement village to offer better quality frail-care centres at lower prices because they are financed by a percentage of the sale of the units.

Medical care is another major factor to take into consideration when deciding where you want to spend your retirement. Not all retirement villages offer frail-care facilities; however, most have some sort of on-site health facility, or have health practitioners who visit regularly.

The important thing to note about these establishments is that they are no longer aimed exclusively at the elderly or retired. Many accept people from the age of 50 and thus are geared towards accommodating a variety of lifestyles, including easy access to local amenities. That is the reason why it is becoming increasingly difficult to secure a place at an established retirement village, where the waiting lists are growing longer. It is also the reason for people's registering at a much younger age than ever before. Off-plan developments have become more popular and the need for forward retirement planning has become essential. Currently, purchase prices tend to range from under R500 000 to over R5-million, depending on what facilities are on offer. Investors have found that these estates offer good returns too.

The gradual recovery of the real estate industry in 2010 – generally attributed to the recent 0,5% drop in interest rates and to the banks' relaxing their lending criteria, thus enabling purchasers to secure bonds more easily – is being felt in the retirement property market too. 'Since January we have seen an enormous turnaround in sales to the tune of R23-million,' comments Russell Masters, development consultant at the Schonenberg Retirement Village. 'So far, we have achieved more sales in the last three months of the year than was achieved in the whole of 2009.'

When deciding where to purchase, keep in mind that you will have to pay levies. These vary significantly from one development to the next. The minimum levy is usually about R1 000 a month. If frail-care facilities are part of the deal, then expect to pay as much as R12 500 a month. Sally says their village tends to base its increases on inflation, so she knows more or less what to expect. In some cases, water is included in the levies, but electricity is usually separate.

Another important point to remember is that each retirement village will have its own sets of rules and conditions. When making a decision to purchase, be sure to read the contract carefully, ask questions and inspect the facilities properly. Find out about waiting lists for frail care, speak to other residents and check up on track records. If need be, seek legal advice to ensure there are no hidden clauses in the contract. If this is the place in which you'll be spending your golden years, you'd best make sure your choice is the correct one. After all, this should be the best time of your life.

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