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A guide to retirement village living in New Zealand

Tips, insights and checklists for navigating
the retirement village industry.



If you want to learn more about retirement villages, this booklet is for you.

This booklet covers:

- Benefits of retirement village living
- Common myths about retirement villages
- What type of person is best suited to retirement village living?
- The types of properties available in a retirement village
- Retirement village fees
- Contracts and paperwork
- What to ask a lawyer [checklist]
- FAQs

By the end of this booklet, you'll have a better understanding of how retirement villages operate and whether they could be a good decision for your retirement.

We hope you find the information useful. If you'd like to learn more about retirement village living, please visit the Resource Centre on our website: www.villageguide.co.nz/resource-centre.

Paula Bishop
Founder - Village Guide

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Benefits of retirement village living

From community spirit to healthcare, here are some of the top perks of living in a retirement village in New Zealand.

Low-maintenance accommodation

Homes in retirement villages are purpose-built for retirees, which means they are almost always low-maintenance. Whether you choose to live in a villa, townhouse or apartment, you'll be able to down your DIY tools and spend more time doing what you enjoy.

Community spirit

Most retirement villages have a warm and welcoming community. You will likely live alongside like-minded neighbours and make new friends. Many villages coordinate voluntary social activities to encourage neighbourly bonds, such as group outings, quiz nights, and hobby groups.

Security

Most retirement villages have good on-site security, such as monitored cameras or on-site security guards. The level of security differs from village to village, so it's important to ask the sales manager for details.

Facilities

Nearly all retirement villages have a communal TV and communal dining area at a minimum, while others have swimming pools, gyms, and hair salons. Facilities vary from village to village, so it's important to 'shop around' to find a village that ticks all the right boxes for your lifestyle.

Healthcare

Around 65% of retirement villages have an on-site care home. You may be able to request medical assistance from care home staff if needed. Common staff and contracted health practitioners include registered nurses, physiotherapists, and podiatrists. Healthcare services at villages vary widely, so it's important to research this carefully.

Emergency push-buttons

Most retirement villages have emergency call buttons in every property and common area or provide pedants for residents to wear. These push buttons/pedants are usually monitored 24/7 by trained responders, providing peace of mind that help is always close by.

Please note: All retirement villages are different. Most villages have the above features in common, but it's important to visit villages in-person to find out more about their unique benefits.

Common myths about retirement villages

Separating retirement village fact from fiction, one myth at a time.

Myth 1: Retirement villages are unaffordable

There are hundreds of retirement villages throughout New Zealand. All villages have different entry costs, fee structures, and property types, with options to suit a variety of budgets.

Did you know? Once living in a retirement village, the shared and fixed costs (e.g. weekly fees) can actually minimise the uncertainty of financial planning.

Myth 2: Retirement villages employ pushy sales staff

The retirement village industry is not like other industries. Village sales managers and advisers don't wave goodbye the moment a contract is signed. The majority of sales staff are full-time employees of the village, meaning it's in their best interest to ensure people make the right choice. Village staff genuinely want you to get the most out of living in the village and be comfortable and happy. The happier everyone is, the smoother the village operates as a whole.

Did you know? Most sales managers work on-site at the retirement village and are active members of the village community.

Myth 3: You'll be forced to participate in activities

When living in a village, you'll lead an independent life and have complete autonomy over your schedule. You may choose to participate in social outings and hobby groups, but this isn't a requirement. Most villages offer a variety of optional activities and facilities to suit all personality types and interests, allowing you to pick and choose what you most enjoy.

Did you know? All village activities and social events are optional.

Myth 4: Retirement villages are closed communities

When you move into a retirement village, life will continue as normal – there's no reason why you can't keep up hobbies such as walking groups, bowls, volunteering or anything else you enjoy. If anything, your interaction with the local community might increase. Most retirement villages actively seek opportunities to engage with the wider community, as this has profound benefits for the residents and also the community itself. There is even a fast-growing trend of 'open-gated' villages, where certain facilities within a village are made public, such as the cafe or swimming pool.

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Is retirement village living right for you?

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From our experience, people who are most suited to retirement village living tend to have many of the following characteristics in common.

- **Property ownership**
The ability to sell a property (usually your own home) to release equity to buy into a village.
- **Desire for companionship**
A desire to live in a friendly, welcoming community with like-minded people, either with your spouse/partner or on your own.
- **Planning for the future**
A wish to create a clear plan for your future (especially in terms of healthcare and support services).
- **Lifestyle preferences**
The desire to enjoy a low-maintenance, social, active lifestyle with access to on-site facilities.
- **Security and peace of mind**
A desire to live somewhere with on-site security, as well as pre-installed emergency push-buttons and on-site support.

Retirement village living may not suit you if you'd rather:

- Live with family or friends.
- Remain in your existing home and employ in-home help if needed.
- Live further away from neighbours, e.g. rurally or on a large section.
- Live in a specific area where there is not an appropriate retirement village.
- Require specialised healthcare that's not available in a village.

Retirement village property types

Most retirement villages have a variety of independent homes to choose from, as well as serviced apartments (assisted living) for those looking for a little extra support.

Below is a snapshot of what you can expect from independent homes and assisted living.

Independent Living

Retain your independence and gain community spirit, on-site facilities, support services, and more. Here are the most common types of independent homes within retirement villages.

Villas

Villas tend to be the most spacious homes in a village. They are standalone properties and often have a private garden or patio. Most villas are two or three bedrooms, although one-bedroom villas are available in some villages.

Ideal for:

- Having friends and family to stay
- Extra space/storage
- Pet owners (if the villa has an outdoor area)
- Privacy

Townhouses

Townhouses (also known as 'terraced houses') share a wall with neighbouring properties. Most townhouses are two or three bedrooms, although you may find one bedroom townhouses in some villages.

Ideal for:

- Living close to like-minded neighbours
- Pet owners (if the townhouse has an outdoor area)
- Those looking to downsize

Apartments

Apartments are usually in the main building of a retirement village. They range in size and design, from practical one-bedroom apartments to luxury three-bedroom, two-bathroom suites.

Ideal for:

- Living close to communal facilities
- Added security (being within a central building)
- Very low-maintenance lifestyle (smaller outdoor area)

Studio apartments

A studio apartment is an apartment with one main room (featuring a sleeping area, lounge area and kitchenette) and a separate bathroom. Like regular apartments, most studio apartments are in the main building of a village.

Ideal for:

- Added security (being within a central building)
- Living close to communal facilities
- Extremely low-maintenance lifestyle

Assisted Living (serviced apartments)

Get help with day-to-day tasks but retain the independence of living in your own home. Serviced apartments make life easier and more comfortable for those who need extra support. Receive assistance from healthcare professionals, carers, and housekeeping staff within the comfort of your own home.

Types of services available

From housekeeping to personal care, serviced apartments offer a range of personalised packages.

Housekeeping Get help with the day-to-day upkeep of your home. Most villages offer a range of housekeeping services, including laundry and cleaning.

Personal care Depending on the village, personal care services may be available from friendly, experienced caregivers.

Healthcare Most villages have on-site healthcare professionals to assist with blood pressure checks, administering medicines, and a range of other healthcare services.

Food and nutrition From warm or frozen meal deliveries to communal dining, most villages offer a few different food options to suit your preferences and dietary needs.

Note: *Some villages offer assisted living in other property types, too – please check with the sales manager for more information.*

Retirement village fees

An overview to retirement village entry costs, exit costs, weekly or periodic fees, and other financial implications.

There are important costs to consider when buying into a retirement village. Every village will have a unique fee structure, but here are some of the most common fees to keep in mind.

Entry costs

To buy into a village, you're typically required to pay a deposit and a capital sum for an occupation right agreement (ORA). The most common legal title under an ORA is a licence to occupy, which gives you a contractual right to live in a specific property within a village, but no legal ownership of the property itself or the land.

Deferred management fee

Under a licence to occupy, it's common for the operator to retain between 20-30% of your initial capital sum; this is usually referred to as a deferred management fee.

A good way to think of the deferred management fee is that it covers the long-term costs of residing at the village, such as maintenance of facilities and communal areas, and the re-licensing and refurbishment of your property after the licence ends.

The deferred management fee typically accrues between the first 2-5 years of residing at the village and is deducted on the re-sale of your licence. The fee is calculated as a percentage (typically between 20-30%) of the initial capital sum and it accrues to the operator over a period of time (usually 2-5 years).

Example: If you paid an initial capital sum of \$400,000 for a licence to occupy a unit and the operator of the village had a deferred management fee of 20% accruing at 4% for each year over five years, then:

- **After year one:** your deferred management fee would be \$16,000. On repayment from the operator, \$16,000 would be deducted from the initial capital sum you paid for the unit.
- **After year two:** 8% of the deferred management fee will have accrued (8% of \$400,000 is \$32,000).
- **After year three:** 12% of the deferred management fee will have accrued (12% of \$400,000 is \$48,000).
- **After year four:** 16% of the deferred management fee will have accrued (16% of \$400,000 is \$64,000).
- **After year five:** 20% of the deferred management fee will have accrued (20% of \$400,000 is \$80,000).
- **After year ten:** In this scenario, the maximum deferred management fee was 20%. Therefore after five years, you would have reached the maximum deferred management fee, so regardless of whether you left the village after five, 10 or 15 years the deferred management fee wouldn't exceed \$80,000.

What the fee covers varies between villages, so it's important to discuss the details of the fee and how it's calculated with the sales manager.

Note: Some operators will include costs associated with re-licencing your unit – such as legal, admin and marketing fees – within the deferred management fee. Other villages will have them as separate costs. It's important to consider this when comparing the deferred management fee percentage between villages.

Depending on the village, the deferred management fee may be known by another term such as:

- Membership fee
- Amenities fee
- Facilities fee
- Village contribution fee

Periodic or weekly costs

While you're living in a village, you'll be required to pay periodic (usually weekly) fees to cover day-to-day operating costs such as rates, insurance, grounds maintenance, staff wages and village services. The fee amount (and what's included) varies significantly from village to village, so be sure to ask the sales manager for details.

Fees may increase over time (with appropriate notice from the village), or they may remain the same during your entire occupancy (these are generally marketed as fixed fees).

What's included and excluded from village fees?

Every village is different. However, in most cases, you will be required to pay separately for things like contents insurance, phone & internet, household power, and any additional services you choose, such as housekeeping, meals or healthcare.

Some of these costs may be covered in the fee if you live in a serviced apartment. Be sure to ask the village sales manager for a full breakdown of inclusions and exclusions by property type.

Leaving costs

Exit costs often depend on the circumstances in which you leave the property. For example, whether you leave the village altogether or transfer to a different property within the village (e.g. from a villa to a serviced apartment).

Some potential leaving costs to be aware of include:

- **The deferred management fee.** If you leave the village, the deferred management fee will be deducted from the capital sum you receive when the operator re-licenses your unit. If you transfer to another property in the village, it's important to ask the sales manager how your deferred management fee will be treated.

- **Ongoing weekly or periodic fees.** Your occupation right agreement will set out whether weekly fees cease when you provide vacant possession or continue until your unit is re-licensed. If the fees continue, the operator must reduce them by at least 50% by the later of either:
 - The date you stop living in the unit (and remove all your possessions) or
 - Six months after the date your licence to occupy terminates.

Important financial questions to ask the sales manager

Here are some helpful questions to ask to gain clarity around fees and costs:

- What is the initial capital sum, which is often referred to as an entry payment, and what does it cover?
- What percentage of the initial capital sum is the deferred management fee, over how many years does it accrue, and what does it cover?
- How much are the periodic fees, how are they calculated, and what do they include/exclude?
- What costs will I need to pay for myself? For example, power, phone, internet, contents insurance?
- What is the village's policy around increasing or changing periodic fees?
- Will I be required to pay periodic fees if I'm in hospital or on holiday?
- What are the costs of transferring to a new property within the village? For example, will my weekly fee change and how will the accrual of my deferred management fee be treated?
- Will I be entitled to any capital gains or share of capital gains? And if the licence is sold for less, will I incur a capital loss?
- Are there any additional costs I need to be aware of when I leave? For example, marketing, admin or legal fees?



Understanding retirement village contracts and paperwork

When you apply to live in a retirement village, you will be given a large stack of papers. What do all the forms mean and where should you start?

Here is a brief introduction to retirement village contracts and paperwork to help you better understand the application process.

Please note: Although we have sought the advice of retirement lawyers, we are not retirement law experts. This information is intended as a guide and all content is for informational purposes only. If you require specific assistance, please consult your lawyer.

A retirement village has to provide prospective residents with **four main documents** before they sign up:

1. **Disclosure statement**
2. **Occupation right agreement**
3. **The Code of Residents' Rights**
4. **Retirement Villages Code of Practice**

1. The disclosure statement

It's a good idea to start with the disclosure statement, as this is the working document that explains how the village runs from day to day and what you can expect from living here.

In the disclosure statement, you'll find information about:

- The village's ownership and management structure
- Statutory supervision arrangements
- Charges/fees associated with living in the village
- An estimate of what you would receive if you left the village after two, five or ten years
- The village's community facilities and services, including what provision is made for maintenance at the village

The disclosure statement should also outline any plans for the development of the village including the building of new units (and the effect of this on existing residents), as well as any conditions and restrictions on the sale of units, and the time it has taken to sell vacant units over the past 12 months.

Understanding what's on the horizon for a retirement village is important. For example, if new units are built, and these new units are for sale when you move out of the village, this could impact how long it takes to sell the licence over the (older) unit you occupied. Essentially, your older unit will be competing with the brand new units.

Disclosure statements vary from village to village, so it's a good idea to get a lawyer to look over it to make sure everything appears to be in order.

2. The occupation right agreement

The occupation right agreement is the 'terms and conditions' agreement between a resident and a retirement village operator.

Under the Retirement Villages Act 2003, every intending resident must receive independent legal advice before signing an occupation right agreement.

The agreement sets out the terms and conditions on which you will be entitled to occupy and live in a unit at the village. It includes provisions relating to termination, weekly (and other) charges, whether the charges can be increased, village rules, and even whether you can have a pet.

As with the disclosure statement, the terms outlined in the occupation right agreement can differ from village to village. Your lawyer should talk you through the paperwork, isolate anything that appears unreasonable or unusual, and ensure you fully understand the agreement.

3. Code of Residents' Rights

The Code of Residents' Rights set out the general terms of respect and care that the Retirement Villages Act provides for all residents.

Here are some examples of the rights:

- The right to services and other benefits as detailed in the occupation right agreement
- The right to information about matters that could affect your residency
- The right to be consulted about potential changes to services, benefits and charges
- The right to complain and receive a timely response
- The right to a speedy and efficient process for resolving disputes, and to use a support person when dealing with the operator or other residents of the village
- The right to be treated with courtesy and not to be exploited

4. Retirement Villages Code of Practice

The Retirement Villages Code of Practice sets out the minimum requirements that operators of a retirement village must carry out to meet their legal obligations in New Zealand.

It covers areas such as:

- Staff qualifications and training.
- Safety and security.
- Fire and emergency procedures.
- Frequency of residents' meetings and residents' participation in decision making.
- How the complaints process is conducted.
- What should happen upon termination of an ORA.

When to seek legal advice

You are required by law to seek legal advice before you sign the occupation right agreement. As part of this process, you should also provide your lawyer with a copy of the village's disclosure statement.

While it's important to be familiar with the Code of Residents' Rights and the Code of Practice, these don't generally require legal advice in the sense that they're non-negotiable and all registered New Zealand retirement villages have to comply with them.

If possible, we recommend having your lawyer go over all the documents with you, ensuring you fully understand the agreement you're entering into.



What to ask a lawyer

If you're considering moving into a retirement village, it's important to speak with a lawyer who has experience with retirement village documentation.

By law, people are required to receive independent legal advice before they sign an occupation right agreement. When consulting with a lawyer, it's also a good idea for you to discuss the disclosure statement and other village paperwork.

To help you make the most of your time with a lawyer, here are some questions you should ask.

General questions

If budget allows, you may want to meet with a lawyer before you start visiting retirement villages to get a better understanding of what to expect from the application process. If you do, you might want to ask the following questions.

- Can you talk me through what to expect (from a legal perspective) when applying for a retirement village? What paperwork can I expect to come across?
- Can you talk me through the following documents?
 - Occupation right agreement
 - Disclosure statement
 - Retirement Villages Act 2003
 - Code of Residents' Rights
 - Code of Practice
- Can you let me know the parts of the occupation right agreement and disclosure statement that I should pay close attention to when I review them?
- Other than a licence to occupy, what are some other legal titles I might come across?

Application questions

If you have decided to apply for a retirement village, here are some specific questions you should ask your lawyer as you go through the application process.

- Can you review the occupation right agreement and let me know if anything is amiss, unreasonable or unusual? In particular, can you tell me if the village can increase the fees it charges me at any point and if there are other charges and costs which I will have to pay?
- Can you explain the occupation right agreement to me clearly – in plain English – until I have a complete understanding of the agreement?
- I have a family trust – can it enter into an occupation right agreement or will I need to sign the ORA under my own name?
- Can you talk me through the disclosure statement and village rules and let me know if everything is as it should be?
- If I do sign an occupation right agreement but decide I don't want to proceed, can I get out of it?
- If I do move into a village and find that the village is not for me, can I terminate the occupation right agreement? If yes, what would be the financial consequences?

Other must-dos

- Keep a written record of all communication between yourself and the retirement village operator, including a record of any verbal promises or assurances made.
- Make sure you completely understand the occupation right agreement before you sign it. If you're unsure about anything, ask your lawyer to explain it again in a different way. Keep asking until you are confident you understand the issue.
- Appoint an enduring power of attorney for your personal care.
- Appoint an enduring power of attorney for your property.

FAQs

Will the unit be refurbished before you move in?

Maybe – it depends on the village. Please ask the sales manager for more information about refurbishments such as carpet replacement, painting or wallpapering, and whiteware updates.

Can friends and family stay?

Most villages allow for friends and family to stay (and actively encourage this), but visitor policies vary from village to village. Be sure to ask the sales manager about their policy towards visiting friends and family.

Can you have a pet?

Most retirement villages in New Zealand allow small pets, providing they won't disturb neighbouring residents (e.g., a dog that barks). Pets are usually considered on a case-by-case basis and accepted at the manager's discretion.

Can you change homes within a village?

It's quite common for a resident to change homes within a village, for example from a villa to a serviced apartment. The exact costs of doing so will depend on when this change arises as well as other factors unique to the village and the property types.

What care is available if you become ill or are recovering from surgery?

Many retirement villages have an on-site care home, meaning you will be in very good hands if you need specialised health care. However, all villages are different. Please ask the sales manager what respite care services are available.

What happens if a higher level of care is required on a permanent basis?

Most retirement villages offer continuum of care, meaning there will be clear healthcare pathways available to you if needed.

If the village has an on-site care home, the care pathways will usually be provided there. For villages without an on-site care home, ask the sales manager if they have a relationship with a nearby care home where residents will receive priority access.

Are there village rules?

Most villages have village guidelines to ensure everyone can live together harmoniously. Please ask the sales manager for more details.

LEAVING A VILLAGE

What happens when you leave a village?

The leaving process differs from village to village and will be outlined in the occupation right agreement. In most cases, you will receive your exit payment once the unit has been re-licensed. Depending on when you leave, you may need to pay the full deferred management fee (or a portion of it) and any outstanding charges associated with your account.

You may also need to pay fees associated with re-licencing your unit, such as admin, legal or marketing costs. It's important you ask the sales manager whether these costs are included within your deferred management fee or charged separately.

Who is responsible for selling vacant units?

When a resident leaves a village, it's usually (but not always) the operator's responsibility to sell the licence to occupy for the vacant unit. Every village has a slightly different sales process, which should be clearly outlined in the occupation right agreement (it's important to read this carefully).

What happens if you leave and the unit doesn't sell right away?

Every village will follow a slightly different process for selling vacant units. However, at a minimum, all villages **must** adhere to the guidelines for selling vacant units outlined in the [Retirement Villages Code of Practice 2008](#) (clause 51). For more information, please read our guide on **Leaving the village** which can be found under [this section](#) of our Resource Centre.

Further information

Want to learn even more about retirement villages? We've got you covered.

- Check out our [Resource Centre](#) for more articles, booklets, tips, and checklists.
- [Browse our Directory](#) to find and compare retirement villages throughout New Zealand.
- Request an Information Pack* from all the villages you'd like to learn more about.

** You can request an Information Pack on each village listing page or by saving villages to your account and selecting the ones you would like an information pack for.*

About Village Guide

Village Guide is your independent, impartial guide to retirement villages and care homes in New Zealand. We make finding, comparing, and understanding retirement villages as easy as possible by providing:

- Articles, checklists, tips, and guides
- A listing for every village and care home in NZ
- Retirement village industry news and updates

For more information about planning for retirement, and about retirement villages in New Zealand, please visit

www.villageguide.co.nz