5 PLANNING FOR A BETTER ENDING

WHY WE NEED TO RADICALLY CHANGE OUR RETIREMENT ADVICE FRAMEWORK

When Woody Allen was asked if he hoped to live on forever on the silver screen, his answer was simple: "I'd rather live in my apartment."

Then he added, "I don't want to achieve immortality through my work. I want to achieve it by not dying."

We started **Part 2** with the pronouncement that longevity would be a source of disruption in the workplace. Indeed, the concept of the multistage life has already taken root with many employees – this is in their control. But what is not in employees' control is an employer's declared retirement age.

This is probably not going to change overnight. But it will happen at some point in the future. The question is, how could employers help their employees to better navigate this transitional phase?

The problem is, old conventions are hard to change. Most pension funds provide exiting employees with financial advisers who tend to guide the discussion to which annuity product you wish to purchase as you exit the fund. This is expected to address all your funding requirements during retirement. The exercise makes sense – after all, the money needs to go somewhere. But making this decision correctly means we need to carefully consider what it is that's being funded.

A new framework for making financial decisions at retirement

The problem with this current model is that it doesn't thoroughly allow for the true economics of what you might need to address during this second long phase of your adult life. Nor does the advice framework begin to address the extraordinarily complex set of decisions that lie ahead for those wading into waters of uncertainty. There is so much more that we now understand about this transitional period of one's life that there is no question we need to reconsider both the savings model that funds this period as well as the advice framework that accompanies it.

Time for a serious revamp.

What we would like to set out in this section is a whole new framework for making financial decisions at retirement. This framework demands considerably more skills from a financial adviser than the traditional advice framework. But we believe that the pay-off for getting this type of assistance is so significant that either employers should seriously consider adding this to their array of employee benefits or financial services companies should consider how to offer this affordably as an advice service that's not connected to a product sale. Understanding what is entailed could raise serious questions about the adequacy of the advice members receive when they exit their retirement funds.

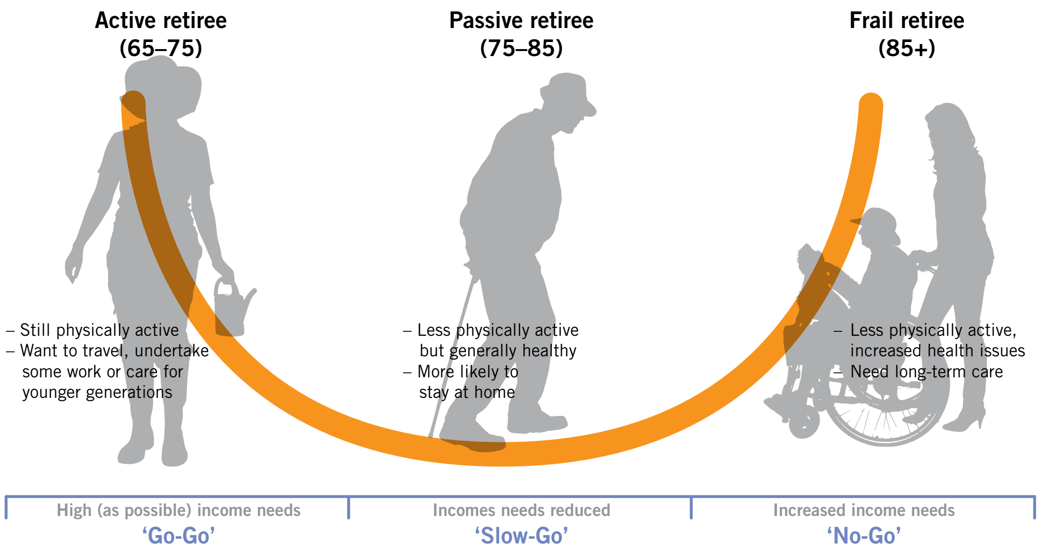
There is no question we need to reconsider both the savings model that funds retirement as well as the advice framework that accompanies it.

A three-phase retirement model

Where do we start? Coping with increasing longevity demands one thing above all else: good planning.

We will argue here that it may be more helpful to think of this exercise as funding for the next phase of life, a phase that is likely to span three very different sub-phases. Given what we now understand about longevity, if you have made it this far and are in reasonably good health, the chances are very good that you may have to fund for a period that spans approximately two-thirds of the time you spent working. Think of this as a second time around – only this time, because of the increase in unknowns in your life, the decision-making can be significantly more complex.

Figure 11: The three phases of retirement



Assess your assets

Typically, this part of the exercise starts with an assessment of your assets and liabilities. In the three-phase model, we need to think about both of these concepts differently. For example, your liabilities (financing your lifestyle needs) will be different for each of the three phases: housing, care, medical care and transportation costs are all likely to place different financial demands on you at each phase.

So, too, should your definition of assets change. Here we are asking you to think more holistically about what will be required to get the very best out of this period of your life. This isn't just about your finances, though. A helpful way to think about these assets is to break them down as follows:

- **Productive assets:** what could you continue producing for both yourself and your family during each phase?
- **Vitality assets:** what would you need to do to keep yourself healthy and happy?
- **Tangible assets:** this is the money, car and home part.
- **Transformational assets:** how do you ensure that you continue to grow in terms of knowledge, relationships and overall stimulation?

Now we can consider how to solve for your first active period, your second, more passive period and, finally, the frail-care period.

What makes financial planning here so difficult?

What is missing from this financial planning exercise is the greatest unknown of all: your health and its future prospects. As Figure 12 illustrates, the variability in outcomes for one's physical well-being over this period are enormous – from having the physical strength of a 25-year-old to being on the verge of complete immobility. This will be the most significant financial factor of all. The only way to mitigate it is to be clear about exactly what is covered by your medical aid and what is not, and to be knowledgeable about the potential costs of long-term care.

Address the possibility of dependence

What makes decision-making for these three periods particularly complex is the fact that at some point in this three-phase end-run you will become dependent on the help of others. At what point this will be true will be a function of your health and mental state. Typically, the transition to the help of others occurs somewhere between the second and third phases. But it *will* come, unless the proverbial bus gets to you first.

This means that, by necessity, decision-making here is best done with those 'others' in mind: family, the community, friends, caregivers or medical professionals or, better yet, with them being part of the discussion. This dependence on others may be from the perspective of physical need: mobility, sight, hearing or just general getting-out-and-about issues. It may relate to financial issues, household or personal care, or to the emotional demands of solitude or dementia. The care of others will somewhere be needed. The more you know about what might be available to you when that time comes, the more effective your planning will be.

Think of this as a second time around – only this time, because of the increase in unknowns in your life, the decision-making can be significantly more complex.

Ask the right questions

To a greater or lesser degree, the questions that need to be addressed in each phase focus on the same issues:

- Will I want to work, will I need to work, will I be able to work and, if so, doing what? Will I need to be reskilled?
- What would the critical financial questions and considerations for each phase look like and would I be able to meet them?
- Where will I live, with whom, and how will I pay for it?
- What basic protections will I need to continue to ensure I have a safety net (income, savings, medical aid, insurance, housing, transportation)?
- Who can I count on for help?
- How do I ensure that my voice will be heard when it's needed?

Acknowledge that ageing is not a sickness

Perhaps the best insight we can take on in regard to this part of our lives is that ageing is not a sickness – but getting it right is all about maintaining quality of health! Let's try to understand the relevant points here.

The World Health Organization provides a particularly effective way of illustrating why formulating a comprehensive plan around ageing is so complex. Using data from the large Australian Longitudinal Study on Women's Health, they are able to capture how dramatically differently individuals may experience the ageing process.

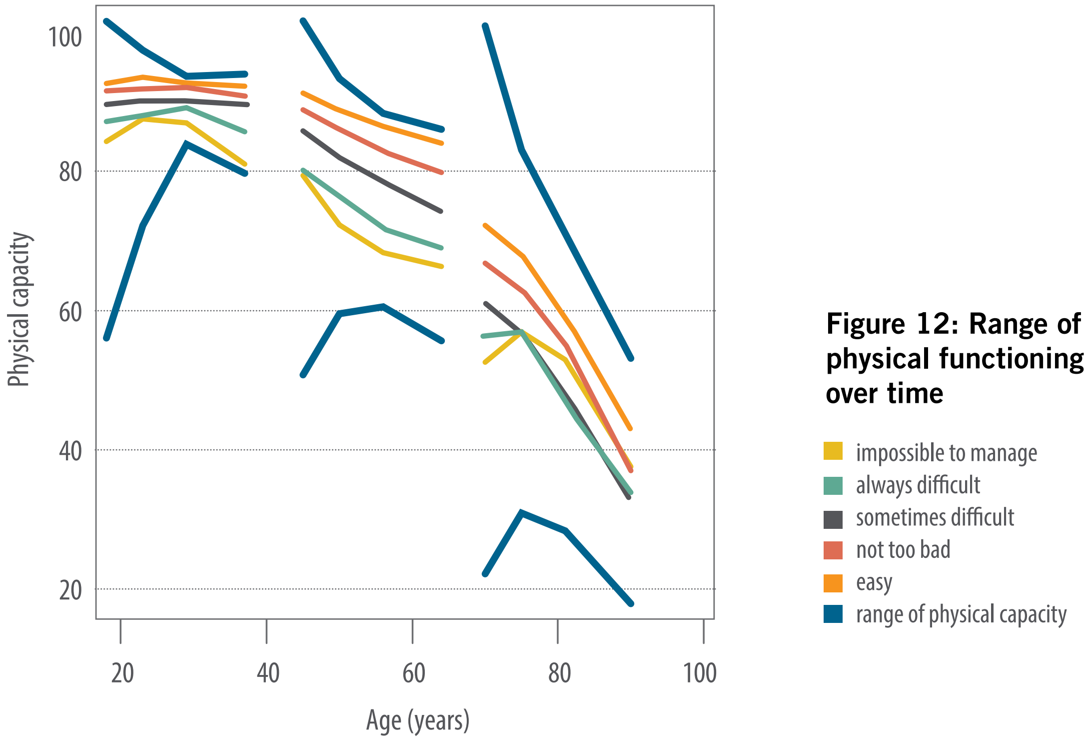


Figure 12: Range of physical functioning over time

Source: Peeters, G, Beard, J, Deeg, D, Tooth, L, Brown, WJ and Dobson, A. Unpublished analysis from the Australian Longitudinal Study on Women's Health.

Figure 12 illustrates that for any given population, the range of functioning increases within the population as we get older. The fact is, some 80-year-olds will have the same physical and mental capacities as many 20-year-olds[2]. So, what the graph illustrates is that when we are younger, it's easier to determine what sort of medical costs we are, on average, likely to incur. The older we are, the less precise that funding expectation becomes.

While the best predictor of how you are likely to fare during this period is the quality of health you've maintained over the course of your life, the fact is that even the smallest improvements to health habits at this point pay exponential dividends.

Scientists have a much better understanding of what keeps our brain going. No, it's not blueberries or wine or brain games or sex. It's actually exercise. Value for money, nothing will add more to your life after 64 than exercise – not hectic, thrill-seeking exercise necessarily. In fact, the best exercise, to engage in is free: walking.

That said, modern medicine has irrevocably changed the game around death and ageing. Estimates for developed economies such as the UK are that only about 20% of the population will simply 'die in their sleep'. Another 20% will experience a relatively fast demise from stroke, heart attack or cancer. For the remaining 60%, the elderly could spend eight to ten years being seriously ill and debilitated until they die[3]. Gerontologists (specialists in the various aspects of ageing) call this an *epidemic of frailty*[4].

For South Africa, the picture is slightly lagged but the trend is the same. Lifestyle diseases appear to be gaining traction fast and have become a significant factor in the spiralling costs of care as we age here. It is estimated that the accumulated losses to South Africa's GDP between 2006 and 2015 from diabetes, stroke and coronary disease alone cost the country $1.88 billion[5] (R24.4 billion).

Assess the costs beyond medical expenses

The problem with most of our assessments of the cost of ageing, though, is that the bulk of the analysis is focused on medical costs. We have a fairly clear idea of what medical aid cover is likely to cost individuals from age 65 through to their likely life expectancy. Equally, we know what that typically translates into in terms of the claims that need to be paid out by medical schemes over that period.

We also have a clear idea as to what happens to those medical costs during the four years preceding an individual's death[6].

2 World Health Organization. 2015. *World report on ageing and health*, p. 7.
3 The Economist. 29 April 2017. *End-of-life care: A better way to care for the dying.*
4 Harper, S. 2016. *How population change will transform our world.* Oxford: Oxford University Press, p. 82.
5 *Benefits Barometer 2016*, p. 153.
6 Ranchod, S, Abraham, M, and Bloch J. 2015. An actuarial perspective on healthcare expenditure in the last year of life. *South African Actuarial Journal 15 (2015)*, pp. 31 - 40.

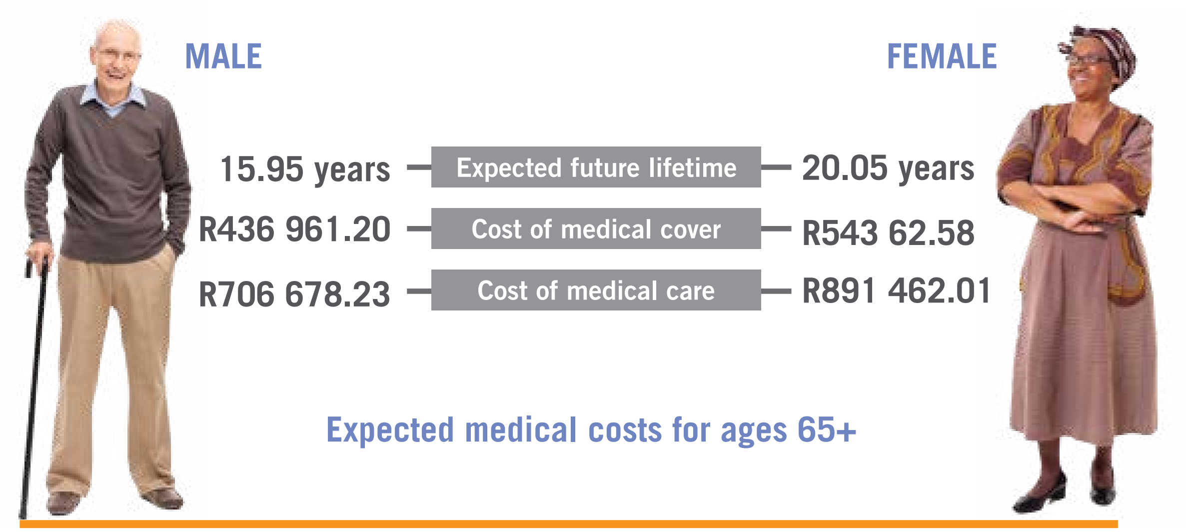


Figure 13: Understanding medical costs after retirement

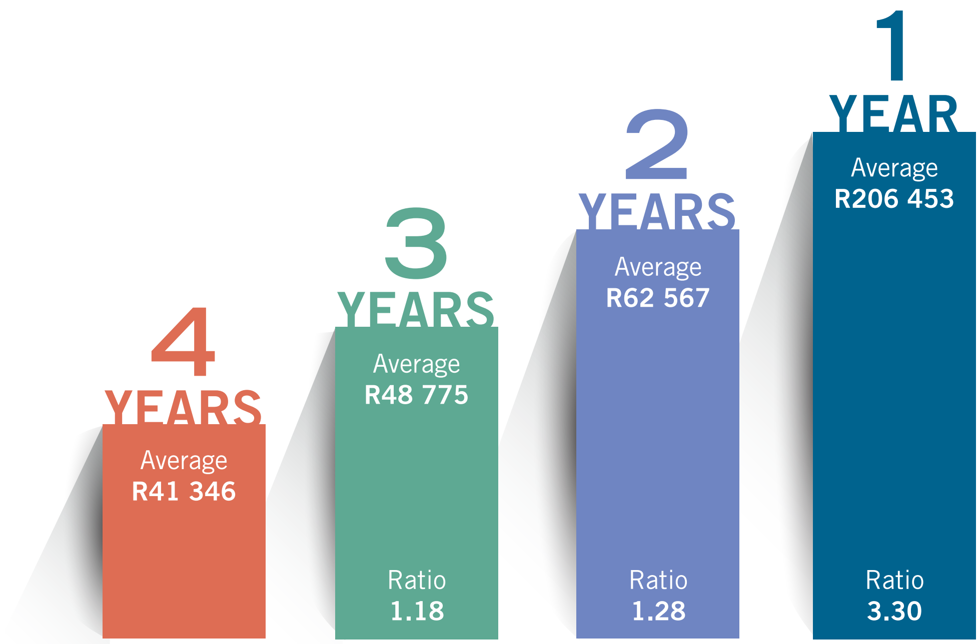


Figure 14: Understanding medical costs after retirement - year prior to death

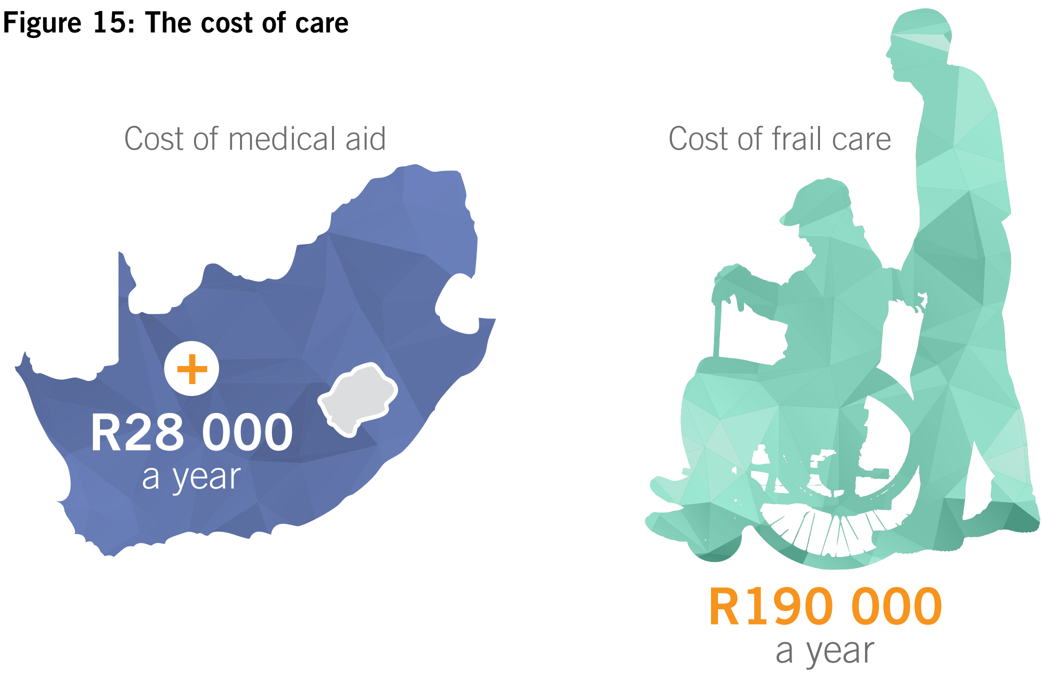
Source: Ranchod et al. (2015)

Note, though, that these costs are based on private healthcare, which is probably beyond the reach of 80% of South Africans. Indeed, the cost differential between private and public healthcare is around 13 times. Given that 40% of the elderly in South Africa are classified as poor, private healthcare will service only a limited segment of the elderly population[7].

As we shall soon see, understanding these costs in both the private and public sector is relevant, but this is perhaps not the most important health issue ahead. Here, we need to be cognisant of a different set of costs: the costs of this 'epidemic of frailty'. The cost of the potentially eight to ten years of caring for the elderly when they are not sick as such, but are too frail to be on their own and care for all their basic needs. On top of these costs is the potential cost of administering an estate when someone is no longer capable of making their own decisions. These are the costs that are often ignored by financial advisers in the long-term planning for one's so-called retirement. These are the costs that policymakers also have yet to really contemplate or plan for.

When understood from this perspective, the cost of ageing goes significantly beyond medical costs. While Table 2 provides a breakdown of the costs (and the pros and cons) of different types of retirement and frail-care housing and servicing arrangements, here is a back-of-the-envelope calculation just to spark some thought:

Figure 15: The cost of care



7 Dr Sabastiana Kalula, Albertina and Walter Sisulu Institute for the Ageing.

We can easily gauge that medical cover in South Africa may cost an individual around R28 000 a year during these later-life years. These are known costs. An individual's need for long-term care, frail care or even intermediate remedial care is far less clear. What is known is what it's likely to cost if you require it: the basic costs of frail care or in-home care are likely to add another R190 000 a year to expenses.

These, of course, are private arrangement costs. The assumption is that if these kinds of costs are not affordable – and they won't be to the vast majority of South Africans – our families will step in and take over the burden of care. Indeed, 47% of South Africans have indicated that they will depend on their children when they reach middle age[8]. But this arrangement is far from free. For example, HR professionals frequently identify 'resignation or unpaid leave to care for a family member' as a significant factor behind the resignation of black females. One way or another, caregiving costs. It costs families, employers and the economy – even if the caregiving takes place outside the healthcare system. And this cost of care is about to radically increase.

What can mitigate these costs, though, is a better understanding of what we should concern ourselves with here. We strongly urge you to review the findings that we set out in **Part 2: Chapter 4**.

Ageing is not a medical problem, it's a quality of life problem. Understand that the healthcare that's required here is far different from the medical attention required when the average adult is sick. At the risk of repeating ourselves, the table below demands your attention ... again.

The travesty is that unless you intentionally seek out person-centred, integrated care developed especially for seniors, you may well miss the opportunity to manage this critical aspect of your life effectively in terms of both cost and quality of life. At this point, South Africa has only six gerontologists (doctors who specialise in caring for the elderly). But the view of these professionals is fairly consistent when it comes to what you should be caring about most during all three phases of this transitional period: exercise, social connections, mental activity and your purpose in life.

Armed with these insights, let's get back to the matter at hand. How do we help you navigate your way through the complexity of these next three phases of your life?

Table 2: Conventional care versus older-person-centred and integrated care

Conventional care	Older-person-centred and integrated care
Focuses on a health condition (or conditions)	Focuses on people and their goals
Goal is disease management or cure	Goal is maximising intrinsic capacity
Older person is regarded as a passive recipient of care	Older person is an active participant in care planning and self-management
Care is fragmeneted across conditions, health workers, settings and life course	Care is integrated across conditions, health workers, settings and life course
Links with healthcare and long-term care are limited or non-existent	Links with healthcare and long-term care exist and are strong
Ageing is considered to be a pathological state	Ageing is considered to be a normal and valued part of the life course

8 Old Mutual. 2015. *Old Mutual Savings Survey 2015.*

Getting started

The start of retirement is the fun phase. Assuming good health, the world is still wide open to you. Here are some important points to consider, though:

- Whatever benefits your employer provided, such as life cover, disability cover and medical aid, find out which ones you could continue with after you have left employment.
- If you need to continue earning an income, there are options besides taking a life's worth of savings on the gamble that you might suddenly become a successful entrepreneur.
    - To find out if you have what it takes, talk to a group like the **Awethu Project.** They'll give you a sense of what's required and provide some measure of guidance. Or find a mentor you can partner with.
    - If you would rather just find a way to turn your skills or other assets into cash, go to **www.betterwages.co.za** and explore the myriad ways you could earn an additional income.
    - Find out if your employer (or other employers) will pay for you to provide continued training and mentoring.
- The medical profession is beginning to recognise that stopping abruptly may actually be bad for your health. Negative health shocks (and mortality) are higher following retirement. Maybe, don't retire completely – consider working part-time or at least stay active.
- Psychologically, our sense of self is often tied up with our profession or jobs. What happens when there's no work? What's your purpose? This sense of your self is inextricably linked to health and happiness. Don't retire *from* something but rather *to* something (and for more than a few months). If you don't have your 'to' then don't retire. Don't just exist, live with purpose.
- Studies suggest that as we get older, we get happier. That should be good news. That dividend pays out best, though, when we recognise that friendships, relationships and community are integral to our health and happiness.
- Withdrawing from work may be akin to withdrawing from a community. Frequently, people decide not to retire because they can't imagine how to fill that gap. Your significant other may not be ready to shoulder the full responsibility there.

Ageing is not a medical problem, it's a quality of life problem.

Three-phase retirement roadmap

Phase 1: Active retiree

	Question	Issues
Work	Would you like to keep working?	Consider jobs where you can apply valuable skills: ■ mentoring ■ training ■ consulting Consider looking at short-term gigs and part-time work: ■ BetterWages website Consider reskilling through company-paid fellowships and other such grants.
	Do you need to keep working?	See above
	Are you thinking of embarking on your own business? How could you take the skills you have acquired throughout your life and convert them into an additional source of income?	Determine if you have what it takes to be an entrepreneur (emotional and business skills). Link in to an entrepreneurship mentoring programme: see The Awethu Project for their entrepreneurship app.
	Are you looking forward to a well-deserved break and enjoying life?	Consider whether you have the financial wherewithal.
	Have you found this all too difficult to contemplate?	Consider working one-on-one with a financial coach to get this conversation rolling.
Housing	Want to still live alone?	
	■ Stay put, or stay put and consider renting out extra space.	Is your bond paid off? If not, are the repayments manageable? Can you Airbnb rooms or portions of the house?
	■ Downsize or consider moving into a rental property where maintenance and security are provided for.	Start with the endgame in mind – make sure you don't have to move more than once during this period. Consider what you will need to get all the way to the end.
	Are you contemplating retirement living eventually?	Start examining the options (see our list at the end of this section). Now is the time to get on the waiting list. These are very long.

	Question	Issues
Life cover (including funeral), disability and severe illness cover	Can you continue with the insurance cover you have with your employer? How many dependants do you have? What is their level of dependency?	If yes, consider the level of cover you will need. If no, speak to your financial adviser. Consider any maximum cover ages on these policies as this will affect the protection of your dependants. This, too, could be costly, so discuss your options with your financial adviser. Financial planning should consider total costs for the relevant period for life.
Medical aid (including gap cover)	Use the opportunity to reassess your medical aid plan – is it sufficient? Will you need gap cover?	As we get older, medical costs increase dramatically and a good medical aid will assist with this. You will need to apply for a medical aid plan in your personal capacity. Once you leave your employer, you will be responsible for continuing with your medical aid contributions. Delaying this may leave you without cover at a critical time.
	Will you need frail care cover?	This may well be far too expensive or too limiting – but it's worth checking out.
Health – other	Can you afford to join or continue your membership with a gym or other exercise programme?	The more you walk, the better for your brain. Make sure you know what your medical aid does and does not cover, and plan accordingly. This will be the last opportunity to get frail care cover, if necessary.
Short-term insurance	Are you downscaling or upscaling in respect of your assets?	Reassess your short-term insurance needs, such as motor vehicle and household insurance. Many insurers offer favourable premiums for older people, as generally your risk profile decreases as you get older.
Lifestyle financial planning	Do you want to leave your retirement savings in the fund or purchase an annuity? Will you take the cash component?	The longer you can defer paying yourself from these savings, the better. The cost of using an in-fund solution is significantly lower, so consider this first. This may be subject to your fund's rules. What will you do with the cash portion? Make sure you don't spend it until you have done a full financial plan for your future. The worst that could happen just might.
	Do you have a budget?	Start by setting out a full budget that accounts for all three periods of retirement. List essential costs (including transport) and nice-to-haves. To understand these costs, track your actual spending in all areas over three months. Working backwards, create the budget you will need to potentially pare down to. Learn to 'pay' yourself each month and stay within that limit.
	Are you likely to have enough to live off? If not, then what?	Look at the trade-offs you may need to make in order to fund your priorities. Start identifying discounted costs for seniors. Make sure all contracts are renegotiated to reflect senior citizen rates. Plan with your partner and let them know exactly what to expect financially when it comes to your retirement and on your death.

Phase 2: Passive retiree

Things may start to slow down here. This is where the planning needs to begin in earnest with whomever will look after you and wherever you think you will likely live in the last phase. Consider reading Atul Gawande's book, *Being Mortal*. This book provides invaluable insights into how to master the story of your life.

Relationships are what will matter most in this period. What the Harvard 80-year study on ageing has highlighted is that the role of genetics and ancestors with long lives proved less important to longevity than the level of satisfaction with our relationships. Now, it's about securing that quality of life to the end. Make sure you are ready for this now and in Phase 3.

	Question	Issues
Work – or perhaps now it's life without work **What will now occupy your life**	Are there ways to still generate small amounts of income?	■ BetterWages website ■ Mentoring, teaching Find ways to stay connected with people – this is a longevity booster.
Housing	Want to still live alone?	Make sure to plan how people can keep touch with you.
	Downsize – renovate with age-friendly adaptations while you still can?	Start with the endgame in mind – make sure you don't have to move more than once during this period. Consider what you will need to get all the way until the end.
	Retirement housing? Make sure plans here are in order	Consider options such as nursing homes, retirement rental, life right schemes, sectional or full title, long lease, retirement villages, frail care and dementia centres. Ensure you are on a waiting list for when these become available. Consider moving now while you are still physically able.
	Moving in with family?	Now may well be the time, as you can still add value as a family member before they would need to reciprocate.
Medical aid (including gap cover)	What does your medical aid cover and what are the gaps?	Plan accordingly. Your healthcare needs will be different now. Make sure to focus on healthy winding down by meeting with a gerontologist (specialist in ageing). If you have issues such as dementia it may be good to start talking to your loved ones about administration or executorship. Many people get too far without having planned for this.
Health-related issues	Are you keeping active? Do your medical specialists know everything?	Focus on balance, bones and brain. Keep walking. Make sure every doctor is aware of any prescriptions other doctors may have made.

	Question	Issues
Short-term insurance	Are you downscaling or upscaling in respect of your assets?	Keep revisiting these. Cancel what's not needed.
Other considerations	Do you need a companion or caregiver? Will they live in or out? Will you need full-time or periodic care?	Make sure you know the range of options here and how these may affect your budget.
Lifestyle financial planning	Are you reassessing your budget and income generation each year?	Fine-tune budgets where required, bearing in mind the costs of the last five years of life.
	Are you likely to have enough to live off? If not, then what?	Look at the trade-offs you may need to make in order to fund your priorities. Start identifying discounted costs for seniors. Make sure all contracts are renegotiated to reflect senior citizen rates.

Phase 3: Frail retiree

At this stage, companionship, exposure to people of all ages, and being around living things are crucial to seeing out your days. Make sure you are familiar with community services that provide the kind of interaction you seek.

	Question	Issues
Housing	Who will be your caretakers and how does that inform where you live?	Look at where can you afford to live and how your life will become restricted.
Medical aid (including gap cover)	What does your medical aid cover and what are the gaps?	Your healthcare needs will be different now. Make sure to focus on healthy winding down by meeting with a gerontologist (specialist in ageing).
Short-term insurance	Do you need all this cover?	Cancel any policies you no longer need. Make sure you know where to find the ones you do need.
Lifestyle financial planning	Is your budget still adequate?	By working backwards, create the budget you will need to potentially pare down to. Track your spending over three months to get an accurate picture. Learn to 'pay' yourself each month and stay within that limit.
	Determine whether you are likely to have enough to live off of. If not, then what?	Play with scenarios that allow you to look at different trade-offs you may need to consider to satisfy your new priorities.

Keep on top of paperwork

Throughout each phase, it's important that you and the people who help to manage your affairs have easy access to important information and documents throughout your retirement:

	Question	Issues
Will and beneficiaries	Are your will and the beneficiaries on your investments up to date? Make sure you have someone you trust who will be able to make decisions on your behalf. Have a living will in place.	The trustees of your retirement investments have to consider your legal and financial dependants when distributing your death benefits.
Important records	Does your family know where to find important documents?	Store important documents and information somewhere that's easy for them to access. Include: ■ certified copies of your identity document, legal certificates, title deeds, etc. ■ insurance policies ■ bank accounts and policies ■ passwords ■ income tax number and records ■ consumer accounts ■ details of your will and executor ■ details of your investments

Weigh up your options for long-term care

Table 3 gives examples of housing and care arrangements you can consider at or during retirement, and suggests some pros and cons for each.

Table 3: Weighing up the options for long-term care

Type of housing	Old age or nursing homes (subsidised or free care)	Home-based care	Retirement villages *Life right schemes*	Retirement villages *Rental schemes*	Retirement villages *Sectional, full title or long lease*	Retirement villages *Specialised care: Alzheimer's or dementia*
Examples	■ TAFTA (Durban NPO) ■ La Gratitude (Newcastle and Cape Town)	■ TAFTA (Durban NPO)	■ Elphin Lodge (Lyndhurst, Johannesburg) ■ Avondrust (Cape Town)	■ La Gratitude (Newcastle and Cape Town) ■ Thembalami Care Centre (Lombardy East, Johannesburg)	■ Retire@ Midstream (Centurion, Pretoria) ■ Waterfall Mature Lifestyle Estate (Midrand, Johannesburg)	■ La Gratitude (Newcastle and Cape Town) ■ Livewell (Bryanston, Johannesburg and Cape Town) ■ JURA Care Village (George) ■ The Camphors (Hillcrest, Pietermaritzburg) ■ Ron Smith Care Centre (Lyndhurst, Johannesburg)
Funding examples	**Government:** Full subsidy for retiree receiving full South African Social Security Agency (SASSA) pension: R2 857 a month Part subsidy based on income **Donations:** Trusts Foundations Corporates Religious groups Individual donors (estates)	**Donations or contributions** **Retiree's own cost**	**Retiree's own cost:** From **R1.3 million+**	**Retiree's own cost (per month)** Flat: **R3 560+** Cottage: **R2 800+** Frail care (single): **R7 160+** Frail care (sharing): **R6 340+**	**Retiree's own cost** **Property price market value** **Sectional title:** R2.3 million + **Full title:** R3.2 million + **Long lease (99 years):** R2.8 million +	**Retiree's own cost (per month):** Base rate: **R15 000 +** Extras (toiletries, medical care) for own account – no medical aid or government subsidy

Type of housing	Old age or nursing homes (subsidised or free care)	Home-based care	Retirement villages *Life right schemes*	Retirement villages *Rental schemes*	Retirement villages *Sectional, full title or long lease*	Retirement villages *Specialised care: Alzheimer's or dementia*
Range of services	■ Daily housekeeping ■ Three meals daily ■ Transportation for medical appointments ■ Recreational activities ■ Personal grooming ■ Frail care	■ Three meals daily ■ Telephonic check-in ■ Emergency response ■ Rental equipment ■ Care companion ■ Repair person ■ Housekeeping ■ Personal grooming ■ Transportation for medical appointments	■ Daily housekeeping ■ Three meals daily ■ Transportation for medical appointments ■ Recreational activities ■ Personal grooming ■ Frail care	■ Daily housekeeping ■ Three meals daily ■ Transportation for medical appointments ■ Recreational activities ■ Personal grooming ■ Frail care	■ Recreational activities ■ Frail care ■ Nurse home visit ■ Access to private hospital	■ Couples' residence ■ Day care ■ Frail care ■ Support groups ■ Companionship ■ Recreational activities ■ Occupational therapy ■ Palliative care ■ Pet therapy ■ Personal grooming ■ Sensory stimulation ■ Assistance with daily living ■ End-of-life care
Pros	Free or subsidised	Freedom of living in one's own home	■ Lower monthly levies ■ Less capital required to invest (no transfer duty or bond costs) ■ Maintenance costs borne by developer or managing agents ■ Access to care facility	■ Maintenance costs borne by managing agents ■ Access to care facility	■ Prices on market forces ■ Ability to sell or transfer ownership ■ Maintenance costs borne by managing agents or developer	■ Specialised care facility

Type of housing	Old age or nursing homes (subsidised or free care)	Home-based care	Retirement villages *Life right schemes*	Retirement villages *Rental schemes*	Retirement villages *Sectional, full title or long lease*	Retirement villages *Specialised care: Alzheimer's or dementia*
Cons	Perceived lower standard of living	Medical response times may be slower	■ Life rights terminate on the death of the holder (cannot be bequeathed) ■ No ownership ■ Downsizing ■ May be lack of privacy ■ Some have a no-pets policy	■ Rental inflation may render retiree unable to keep up with payments ■ Downsizing ■ May be lack of privacy ■ Some have a no-pets policy	■ Inherent risks[9] faced by investing in a retirement village off-plan, taking occupation of unit in incomplete development ■ Levies may be high ■ Downsizing ■ May be lack of privacy	■ Entirely for the retiree's own cost ■ May be lack of privacy

Make a point of investigating facilities that subscribe to The Eden Alternative model.

9 Kilbourn, L. 2008. *Retirement villages: an introduction to their legal nature, applicable legislation and the risks faced by investors in such schemes (2).* Smith Tabata Buchanan Boyes.