

A step by step guide to obtaining a long  
and prosperous retirement

## Lesson 15 – Retirement Accommodation Options

Paul and Mary-Ellen Gadd



## Introduction

This document is part of the comprehensive training material written to assist Kiwi's in their 50's or 60's that are looking at retirement but have no idea what to do, what is needed, and how or where to get help.

The material provides a simple comprehensive step by step process to create your own retirement plan. It includes a summary guide, road map, lessons and discussion topics to help you prepare for your retirement. It will help you answer questions such as:

- *How much money do I need in retirement?*
- *How much money will I receive from Government Superannuation?*
- *How, and from where, can I get more money?*
- *Where can I safely investment my money?*
- *How much should I put into KiwiSaver?*
- *Should I buy a 2<sup>nd</sup> property, a business, or invest in the share market?*
- *How much do I need to keep aside for a rainy day?*

all from a very New Zealand perspective using case studies.

## Lesson outline

This document is "Lesson 15 – Retirement Accommodation Options" of the course material supporting our simple step by step approach to creating your financial retirement plan.

All planning material is free, and comprises:

- a summary 'Retirement Planning Guide'
- a 'Retirement Roadmap'
- a supporting 'Retirement Planning excel spreadsheet'
- more comprehensive training guides ("Lessons") for various tasks and topics along the way if you need them
- additional supporting forms and spreadsheets if you need even further assistance

All material can be downloaded and printed from the downloads page on our website:

<http://www.bizxtra.co.nz/>

Most people complete their retirement plan using just the Planning Guide, Roadmap and the Excel spreadsheet that supports the guide. Additional information is provided to support you along the way if you get stuck, don't understand a concept, or just need some further ideas to try out as part of your planning.

*"If you follow our easy step by step guide and RoadMap, you will increase your financial literacy while preparing your own retirement plan for a long and prosperous retirement."*

## Lesson Contents

Lesson 15 – Retirement Accommodation Options .....	4
Options Available .....	5
Key Differences .....	5
What do we need for our plan? .....	7
What are the typical costs involved? .....	7
What does the Government provide? .....	8
Calculating your Accommodation Costs .....	9
Step 1. Enter basic demographic information .....	9
Step 2. Village Costs .....	9
Step 3. Estimate additional assisted care Costs.....	9
Step 4. Estimate other one-off costs .....	10
Step 5. Estimate the year you plan to move.....	10
Step 6. Calculate Annual Costs.....	11
Step 7 Enter the numbers into you Retirement Planning Spreadsheet. ....	11
Useful Websites .....	12

## Latest Version

Market prices, superannuation and benefit rates, Government policies, inflation, costs of living, house values etc. all change on a regular basis. The numbers in this document have been updated to reflect the market position as at March 2026.

## Lesson 15 – Retirement Accommodation Options

When planning your future living arrangements in retirement, it's common for many people to confuse "retirement village", "rest home", and "Residential Care". This lesson breaks down the differences so you can confidently choose and estimate the costs of the option(s) that best fits your lifestyle and care needs.

Our free "Financial Planning for Retirement" material provides the opportunity to enter these costs as part of your retirement planning. But with the many options available it is difficult to provide a simple way to enter the wide variety of options.

As such, we have structured our planning spreadsheet to allow you to enter a start date for yourself and/or your Partner, when you think you will move into alternate accommodation, and allows you to enter the additional annual costs you may incur. This way you can enter alternate retirement accommodation into your planning, and ensure you can afford it when you need it.

There are lots of options, so for simplicity the costs need to be calculated on an annual basis. To do this we total all the one-off fees (entry fees, exit fees, upfront moving costs, legal fees etc.), and allocate those costs over the period of time you need the additional accommodation. We then add any annual fees (operational costs, care costs etc.) to calculate cost per year (per person) of the alternate retirement accommodation.

This lesson provides details of the various costs involved for the different types of accommodation, provides some examples of the average costs involved, and shows you how to calculate the annual costs that you need to enter into your retirement financial plan spreadsheet.

An additional support spreadsheet is available to allow you to enter the various cost components and will calculate the 'overall annual cost' of the accommodation type(s) you select for you.

For some people, their accommodation needs may encompass many of the different types of accommodation available (move into a retirement village, transfer to a retirement home, transfer again to some type of residential care or hospital care). For others they may want to stay in their own home or with family, and may only need alternate accommodation in their final phase(s) of retirement.

By converting everything into an annual basis, the main planning spreadsheet can cater for these multiple options.

## Options Available

The different types of living arrangements available in the later phases of retirement serve very different purposes and are designed for distinct stages of life. People will enter these stages at different ages or for different circumstances, which if you are currently age 50 and preparing your plan – you may have no idea of your future desire or need for alternate accommodation. But that doesn't mean you shouldn't put some numbers in your plan, as you can always change them as you get closer to needing them.

### Key Differences

In New Zealand, the main difference of accommodation types lies in the level of independence and the type of care provided. Retirement villages focus on lifestyle and social community for independent seniors, while aged care facilities (like rest homes) provide 24/7 medical and personal support for those who can no longer live safely on their own.

#### Retirement Villages (Independent Living)

- Focus: Lifestyle and community for those who are largely independent but want to downsize.
- Accommodation: Villas, apartments, or units where you maintain your own private home.
- Services: Maintenance, security, and social amenities like bowling greens or gyms.
- Entry: Typically based on a minimum age (often 70+) and a private contract.
- Funding: Entirely self-funded; no government subsidies apply to the 'purchase' of a unit.

#### Aged Care Facilities (Rest Homes / Residential Care)

- Focus: Comprehensive 24/7 support for individuals with high dependency needs.
- Accommodation: Usually, a private room with an ensuite within a larger managed facility.
- Services: Assistance with daily tasks (bathing, dressing), medication management, and nursing care.
- Entry: Requires a formal Needs Assessment by Health New Zealand (Te Whatu Ora) to determine the level of care needed.
- Funding: May be eligible for a Government Subsidy depending on financial eligibility.

#### Retirement Homes

- This is often used as a general term by the public, but in a professional context, it most commonly refers to rest homes or care homes.

#### Managed Care / Levels of Care

- Managed care refers to the specific level of clinical support provided within a facility:
- Rest Home Care: For those who need some help but are still somewhat mobile.
- Hospital Level Care: For residents with complex medical needs requiring registered nurses 24/7.
- Dementia Care: Provided in secure units for those with significant memory loss or wandering behaviours.

Many modern New Zealand facilities offer a "continuum of care" accommodation. These are where independent villas and high-level care facilities are located on the same site to allow residents to transition as their needs change.

And just to make the options even more confusing, for some of the options available: you may receive Government funding, some are income and asset tested, some have minimum age requirements, some are based on needs (level of care needed – assessed by a Health professional), or have different rules based on if you are Single or have a Partner (and only one needs care).

This lesson is not about helping you select the accommodation you desire, need, or is suitable for you. This lesson is to help you select a start year that you may want alternate accommodation, calculating the additional costs you may incur from that time until your end of life, to enable you to enter these costs into your overall retirement planning spreadsheet and see any impacts.

As you get closer to wanting or needing alternate accommodation, and you start researching (or visiting) alternates, you can then enter more accurate numbers into your plan based on more informed choices. For many people, these events (and costs) may be 20 – 30 years in the future.

## What do we need for our plan?

As mentioned in the introduction, for simplicity we need three things to enter into our main planning spreadsheet:

1. The year you and/or your partner will move to alternate accommodation
2. The additional annual costs per person, your choice(s) of accommodation will cost
3. And if you own a home, what you plan to do with it when you change accommodation

If you own a home, you need to make a decision of what will happen to it at the same time. Many people thinking they might move into a retirement village at some stage during their retirement cannot afford the upfront fees without first selling their home.

Once agreed, these items are entered on the Goals worksheet.

The remainder of this lesson will explain how to calculate these costs. To make the planning as simple as possible, we look at all the costs associated with your option (upfront costs, recurring costs and exit costs), look at the number of years you will be living there, and convert these to an annual cost per person.

## What are the typical costs involved?

In New Zealand there are two distinct financial models: the private commercial model of retirement villages and the government-regulated model of aged residential care.

And based on comments above (i.e. many villages now provide a continuum of care) these financial models sometimes become blurred.

Another factor to consider if you are planning on moving into a Retirement Village is the location. Recent media articles suggest that Villages in Auckland can be 60% more expensive than other locations.

There are a number of websites available that provide an estimate of their costs. Some of these are listed at the end of the course. Where we have located a 'published average cost', we have tried to use that as a starting point, but as you will soon see when you start calculating your own costs, the amount is very dependent upon the length of time spent living at the various options.

The most common costs to consider are as follows:

### Retirement Villages

Retirement villages operate primarily on a Licence to Occupy (LTO) basis, which differs significantly from standard home ownership.

- Entry Payment: You pay an upfront capital sum for the right to live in the unit for life.
  - This is typically 75% to 100% of the value of a similar freehold property in the area.
- Deferred Management Fee (DMF): Often called an "exit fee," this is the most critical cost.
  - It is usually capped at 20–30% of your original entry price.
  - When you leave, this amount is deducted from your original payment before the balance is returned to you or your estate.

- Weekly Fees: These cover village maintenance, rates, insurance, and amenities (pool, gym, bowling green etc.).
  - Some villages offer fixed weekly fees for life, while others increase them annually in line with the Consumer Price Index (CPI) or NZ Superannuation.
- Capital Gains: In most cases, the village operator keeps all capital gains when the unit is resold; you only receive your original entry price minus the DMF. Some smaller Villages have started sharing the capital gains on a % basis between the village and the occupier e.g. 50/50 or 25/75 although any costs associated with the sale of unit revert to the occupier. In addition, under this model the occupier may become liable for any Capital Loss.

### Aged Residential Care

If you move into a rest home or hospital-level care, the costs and funding are strictly regulated by the government.

- Maximum Contribution: This is the maximum weekly amount anyone pays for standard residential care in their region.
  - The highest rate is currently in Auckland, approximately \$1,571.57 per week.
- Residential Care Subsidy: If your assets and income fall below certain limits, the government pays for some or all of your care.
  - Asset Limits (Effective 1 July 2025): For a single person or a couple where both are in care, the limit is \$291,825.
  - For a couple where only one partner is in care, you can choose to keep your home and car exempt with a lower asset limit of \$159,810.

### Other Costs

With any alternate accommodation there are other incidental costs that need to be considered:

- Legal Fees: The cost of getting your lawyer to review any contracts involved
- Entry Fees and Setup Fees: Initial fees charged by the provider to get you registered
- Moving Fees: The costs to relocate personal items or furnishings into (or out of) the new retirement accommodation
- Real-estate fees: If you own your home and plan to sell it, there will generally be additional real-estate commissions, legal fees, along with marketing fees.

### What does the Government provide?

As previously mentioned, if you plan to move to a Retirement Village, the Government offers no financial support. Limited Government support is only provided when you need assisted living, and is only provided if you (or your Partner) meet specific criteria.

### The Needs Assessment Process (NASC)

To access government-funded services or entry into a rest home, you must undergo a formal Needs Assessment.

- Who does it?: The Needs Assessment and Service Coordination (NASC) agency.
- How to start: Your GP or hospital staff can refer you, or you can self-refer by calling your local health district.
- The Assessment: A health professional (often a nurse) uses a tool called interRAI to evaluate your physical and mental health, safety at home, and daily support needs.
- Outcomes: The assessment determines your "level of care" (e.g., Rest Home, Hospital, or Dementia) and whether you are eligible for the Residential Care Subsidy.

## Calculating your Accommodation Costs

To calculate your retirement accommodation costs, you need to first download the supporting 'Lesson 15 – Retirement Accommodation Worksheet', so you can populate the required fields (coloured grey) and calculate a cost number. The spreadsheet has typical average cost figures included. Feel free to use these or modify them as required.

### Step 1. Enter basic demographic information

Copy your names, and demographic details from your Roadmap or Section A of your Planning spreadsheet into the spaces identified. These should be the same as the information you are using in your Retirement Plan.

### Step 2. Village Costs

If you plan to utilise a Retirement Village, then these numbers need to be estimated.

If you have no expectations of moving into a village, then you can set 'Your Guess' of these Village numbers to \$0 and move to the next Step.

<https://www.villageguide.co.nz/retirement-villages> lets you view Villages currently available, entry prices, and allows you to filter results to a location.

You can then select some suitable units to 'compare' them and view any exit costs.

From the comparison you should get a feel for the 'Typical Entry Fees', 'Deferred Exit Fee', 'Capital Gain' sharing, and any other 'Exit Fees' of the type of unit you might like in the future.

Many sites will provide 'additional information and prices upon request' and if you are interested, feel free to start collecting brochures or attend some open days.

Ongoing fees typically range from \$100 – \$250 per week per unit. Additional costs are on a 'pay as you use' basis. For example if you select a 2br unit with a Kitchen, you will pay for any additional meals in the restaurant. If you plan to go on a village outing, you will pay the extra costs. Ideally these are already included in your retirement lifestyle costs.

For capital gains, if you are looking to select a Village that offers you a share of this at exit (and more and more are slowly moving to this model), ensure you have also recorded the deferred exit fee correctly, and entered an appropriate capital gain increase % (defaults to 2.0% per year as we can't find any published economic data for retirement villages). Typically when you share in the capital gains, the % retained by the Village operator replaces the exit fee %.

### Step 3. Estimate additional assisted care costs

These costs are complex to estimate as some may be supported by Government – but only once you have sold or spent all your existing retirement funds. Generally, these costs apply to final years of a persons life, so we have provided the range of costs and the ability to enter the number of years you may incur these costs. Many people leave these as 0 if planning to move into a Village as they are generally for the last few years of life,

### Assisted living Costs

In New Zealand, the median length of stay in a rest home (aged residential care) for a person receiving government funding is approximately 1.7 to 1.8 years (roughly 18 to 21 months).

Residential care costs range from about \$75,300 a year (approx \$1,450 per week) for a very basic package to \$122,000+ a year if extras like ensuites are included, according to a Stuff article from 24 June 2025 and Eldernet.

### Dementia Care

In New Zealand, the average duration a person spends in specialized dementia residential care is approximately 75 weeks to 1.8 years (about 21–22 months).

However, the total time a person needs care for dementia is much longer, as the condition often requires several years of home-based support before moving into residential care.

A survey of NZACA members indicated the average stay in a dementia care facility is 75 weeks. Other Ministry of Health figures have suggested a similar median stay of around 1.8 years for those receiving government funding.

Dementia Care costs range from about \$78,000 a year to \$130,000+ a year. Typically people move into assisted living care (with mild Dementia) and then move into the specialised Unit. As such we have setup the spreadsheet so you can add the extra costs of Dementia on top of the assisted living care costs.

Generally, you would only plan for this if you or your partner have a history within your family of similar health issues.

### Step 4. Estimate other one-off costs

In this section we only include legal and moving costs. If you plan to sell any existing property, then all property related sale fees are calculated as part of determining the sale price, so are not included here. Additionally for many Villages the sale costs (marketing, sales commissions) are part of the deferred exit fee, but if they are extra (re your selected Village) then you can enter them as 'Other Exit Fees (\$'s upon Exit)' line.

If you plan to move into a Village, it is recommended that you get legal assistance to understand the contract, what is included, and what are extras. You can reduce this estimated cost if you are not planning to use a Retirement Village.

To move into a Village or a home, you are often able to take some furnishing and items with you. Depending upon the type, size or location of the chosen facility these costs will vary. We have estimated average costs based on what we can find on the internet. Feel free to change them.

### Step 5. Estimate the year you plan to move

Once you have chosen the type of accommodation you think you may move into, populated the required cost details as per above, you can finally enter the year you think you might move into the facility.

This will calculate the number of years you will be in the alternate accommodation, and convert all the entered costs into a total annual figure to enable you to populate the main planning spreadsheet.

If you are planning as a couple these costs will be split evenly between both people.

### Step 6. Calculate Annual Costs

The spreadsheet will calculate the annual costs per person, but you should still check the calculation to make sure it appears correct, and you have included everything you have researched.

### Step 7 Enter the numbers into you Retirement Planning Spreadsheet.

The numbers you have calculated can now be entered onto the Goals worksheet of the Retirement Planning Spreadsheet. In the spreadsheet we have shown an example of where to enter them.

If you own a home, you need to decide what you plan to do with it. Common options are to sell it (to fund the entry fee) or if you can afford to keep it, rent it out for additional income. Examples of where to enter these options are also provided

Depending upon what you have researched and based your numbers on, you may want to adjust your retirement lifestyle costs (in the later phases of retirement) to remove any duplicated or unnecessary costs. This is updated on the Tables worksheet in table T7 as shown.

If you are unsure then leave them un-changed, but just remember if you are moving to a Village, then things like Rent, Rates, Body Corporate, Building Insurance will cease if you sell a property. If you are moving to assisted care, then things like meals, medical bills etc are included in the fee you just calculated.

For many people, the date of moving into alternate accommodation can be quite a few years into the future. As such, there is a good chance these costs will have increased by the time you need the accommodation. By default, we increase the amount you enter as the annual costs (that you calculated at today's prices) on the Goals worksheet by inflation, and use the inflated annual rate from the selected year for planning purposes in the Details worksheet. You can turn this off at cell Details!H50

## Useful Websites

This lesson was compiled using information from the following websites:

<https://www.villageguide.co.nz/>

<https://www.healthnz.govt.nz/hospitals-services/services-support/support-services/older-people/residential-care>

<https://www.workandincome.govt.nz/products/a-z-benefits/residential-care-subsidy.html#:~:text=Asset%20limits,your%20family%20home%20and%20car>.

<https://compareretirementvillages.co.nz/>

<https://www.moneyhub.co.nz/rest-home-costs.html>