

# **UCTRF SEMINAR**

## **NOTES ON RETIREMENT CHOICES**

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27 July 2016

# INTRODUCTION

1. Aim of presentation is not to market Pinewood Village; for two reasons:
  - Pinewood Village has at present far more applicants than it can hope to accommodate.
  - Retiring in a Village such as Pinewood may be a choice many either cannot make or do not wish to make.
2. Presentation will begin by highlighting some features of the Pinewood Village, and will then raise the issue of choice.

# PINEWOOD VILLAGE

## 3. Basic facts about Pinewood Village are these:

- it has 197 units for independent living and 260 residents in these units;
- it has space for 50 residents in assisted living;
- it is not permitted to offer frail care.

4. Life rights in Pinewood's independent-living units are sold at the following basic prices:

- One-bedroom unit: R1 350 000
- Two-bedroom unit: R1 850 000
- Three-bedroom unit: R2 250 000

5. These are in the mid-range for retirement village homes in Cape Town

5. Life right price has to be paid in cash before applicants move into Village. Other costs related to living in an independent unit could range from R3 000 to more than R5 000 per month.
  
6. Pinewood Village closed its waiting list in December 2014. It did so, because of the high number of applications remaining on the list, and the low annual turnover of independent living units.
  
7. The waiting list will re-open in January 2017, with new sets of entry conditions.

# PINEWOOD VILLAGE AS RETIREMENT CHOICE

8. Number of issues make a village such as Pinewood an uncertain and even problematic choice for applicants:

- First, is high cost of purchasing life right agreement;
- Second, is assumption that a retiree has been able build a capital amount which would not be needed for either (a) day-to-day expenses during retirement or (b) as an asset to be passed on to family members;
- Third, is the length of waiting lists and low probability of applicant being able to choose exact entry date into a village.

9. Pinewood has at present more than 500 applicants on its waiting list; of whom about 150 want to move into Village in either 2016 or 2017 or 2018.
10. Expect at most 50 independent-living units to become available over next 2.5 years; so at least 100 of these applicants will not be able to exercise choice to move into Pinewood Village.
11. They, and many of the remaining 350 applicants on current waiting list, will have to make other arrangements for their retirement

9. Problem is that very few applicants have made alternative arrangements; having assumed that they will eventually be offered a place in the Village.
  
12. When Pinewood Village waiting list re-opens in 2017, applicants will not be merged with current list. They will be subject to new conditions regarding age of application and age of entry, and will be told that they will not be eligible for acceptance into the Village until at least 10 years after first application.
  
13. Major lesson from Pinewood experience has been that those about to retire must adopt flexible plans, and must have in place a number of alternative post-retirement choices.