

# Where Will I Live as I Age?

Senior Australians' Needs and  
Concerns about Future Housing  
and Living Arrangements

A report by

**National Seniors Australia  
and Group Homes Australia**

December 2012

**National Seniors**

Australia

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# Where Will I Live as I Age?

## Senior Australians' Needs and Concerns about Future Housing and Living Arrangements

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## Foreword

One important aspect of the wellbeing of mature age Australians is their ability to, where possible, remain living independently in adequate and affordable housing. Hence, an understanding of their needs and concerns regarding future housing and living arrangements is important to achieve this aim.

Using data from the National Seniors Social Survey Wave 2 conducted amongst National Seniors members aged 50 years and over, this report entitled *Where Will I Live as I Age?* analyses respondents' concerns and steps taken to plan for getting older, thoughts about higher care needs, and issues surrounding affordability of alterations to the family home and residential care costs. The report is the result of a joint project between National Seniors Australia and Group Homes Australia.

The results confirm the findings from previous studies that the majority of mature age Australians would prefer to live in their own home as they grow old. However, only about one third have plans in place to prepare for getting older and becoming frailer. Furthermore, a significant number of those who intend to remain in their own home have houses that do not have any design features to assist frail people and do not think they could afford appropriate improvements. As the authors state, "...the findings suggest that there is a significant disconnect between the stated desire of many Australians to age in their own home and their ability to do so."

Important issues surrounding the affordability of aged care will be key to help offset increasing aged care costs due to population ageing in future. The report reveals that just one in four respondents believe they could afford the costs of aged care, while 40% of respondents simply do not know if they could afford their aged care costs in the future, which suggests there may be insufficient planning on the part of many seniors. Interestingly, there is significant support for a co-contribution model of aged care funding that is means tested with a contribution on behalf of the person receiving the care.

The past 18 months has seen significant activity in aged care reform, with the release of the Productivity Commission's report *Caring for Older Australians* and the Government's response with the *Living Longer Living Better* package. This report sheds further light on key issues that need to be considered in planning for the living arrangements of senior Australians in future decades.

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December 2012

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## Introduction

The ability of senior Australians to remain living independently in the community in adequate and affordable housing is an important factor to promote productive and healthy livelihoods and to help offset increasing aged care costs due to population ageing.<sup>1,2</sup> As an example, concerns about housing affordability and housing quality have all been offered as reasons why a person's place of residence may influence mental health.<sup>3</sup>

Previous studies have indicated that many mature age Australians do indeed prefer to age in place – that is, remaining living in the local community, and in many cases, their own home.<sup>4,5</sup> This is consistent with the Australian government's policy of ageing in place, by promoting independent living through community care services.<sup>6</sup>

Although ageing in the community is strongly preferred by mature age Australians, research indicates that about 28% of males and 46% of females will be admitted to residential care at some point after the age of 65.<sup>7</sup> Therefore, although many mature age Australians are able to age in their own home, a sizeable proportion of people spend at least some time in residential care during later life.

Given this apparent disconnect between preferences and reality about housing circumstances in later life, in this study, we seek to understand the plans mature age people have for their future housing requirements – as they relate to ageing in their own homes, or in residential care. Utilising new data from the 2012 National Seniors Social Survey Wave 2 (NSSS) – a nationally representative survey of 2,000 people aged 50 and over – we examine:

- (1) concerns and steps taken to plan for getting older – covering current home suitability and intended residence in old age
- (2) thoughts about higher care needs – covering preferences for accommodation in the event that higher care needs become essential in the future, and
- (3) affordability issues – covering both changes to the family home and for residential care costs.

The structure of the remainder of this report is as follows:

- Firstly, we give an overview of recent studies on ageing in place and affordability issues regarding residential living.
- Secondly, we overview the data and method used in this study.
- Next, we review the survey results covering the three research questions outlined above.
- Finally, we draw out the key findings from this research.

## Previous Studies

### Ageing in Place

As noted earlier, the Australian Government actively promotes the concept of ageing in place. For example, this is supported through measures such as home nursing, personal and health care subsidies through the Home and Community Care (HACC) program. Indeed, many Australian studies show that a sizeable proportion of baby boomers have a strong preference to stay in their current home as they age, with a major reason being the desire for continuity with respect to living arrangements and lifestyle more generally.<sup>8,9</sup> For example, a large national Australian study with a sample of 7,000 people age 50 and above, showed more than almost two thirds (65%) intend to remain in their current place of residence as they age.<sup>10</sup> A number of reasons are offered for this motivation. These include familiarity with their home/neighbourhood, comfort, emotional attachment, and proximity to friends and family.<sup>11</sup> On the other hand, push factors may drive older people to move out, including difficulties with house and garden maintenance, security concerns<sup>12</sup>, death of their spouse, declining health<sup>13</sup>, and a desire to be closer with friends and family living elsewhere.<sup>14</sup> Of these factors, the most commonly cited are house maintenance and declining health. In addition, problems of affordability and costs are cited as major considerations, in particular for those reliant on government support (e.g., Age Pension), women and residents from regional Australia.<sup>15</sup>

More generally, older people have a strong preference for certain characteristics of their living arrangements regardless of the residential setting; for example, independence and privacy, lifestyle and social mobility, proximity and location.<sup>16,17</sup> Studies have shown that location which they will live and proximity to people they know are particularly important, although living in close proximity to their current home less so.<sup>18</sup> About 1 in 3 older Australians who had moved from their home in the past have ranked location highly.<sup>19</sup>

## Ageing in Residential Care

In the event that people require higher levels of care, research has shown that a multitude of features are ranked as important. For example, the quality of services provided, suitability of contractual arrangements and availability of care is seen as important, but interestingly, the reputation of the village, its affordability, availability of services, and resident amenities are more important.<sup>20</sup> In addition to these more concrete preferences, there is a strong demand for residential care with high levels of privacy, coupled with many opportunities for social activities.<sup>21</sup>

Issues regarding affordability of aged care have come to the fore recently, given the Productivity Commission's 2011 report *Caring for Older Australians*.<sup>22</sup> The Government's response has been detailed in the *Living Longer, Living Better* aged care package released in April 2012.<sup>23</sup> Indeed, reform in this area is well overdue given that the number of residential and community care places increased by nearly 52 per cent between 1998 and 2007.<sup>24</sup> More generally, there have been changes sector wide – including a decreasing number of small residential facilities, increasing emphasis on community care and reliance on user contributions, as well as increasing investments by private income generating providers.<sup>25</sup>

## Data

### National Seniors Social Survey Wave 2

The data in this report are taken from the National Seniors Social Survey Wave 2. This survey was conducted in August 2012 amongst members of National Seniors Australia aged 50 years and over. A total of 10,000 members were selected to complete the survey. The sample was stratified by age (50-64, 65-79, 80+ years), sex and state/territory. The number of respondents allocated to each of the 48 strata (3 age groups x 2 sexes x 8 states/territories) was calculated proportionally to reflect the Estimated Resident Population in Australia aged 50 years and over in June 2010. The respondents within each stratum were selected randomly from the database of over 200,000 National Seniors Australia members. Selection was undertaken ensuring two members from the same family were not chosen.

The selected members each had a paper survey questionnaire mailed to them at the beginning of August 2012. Respondents had the option to complete the paper questionnaire and return by mail, or to complete the questionnaire online. Surveys were completed and returned by 31 August 2012. Data entry was conducted at the Canberra office of National Seniors Australia in September 2012. Results from a total of 1,993 questionnaires were entered.

Survey weights were applied to each combination of age, sex and state/territory, to adjust for differences in response rates. Although stratifying by age, sex and region increases the representativeness of the sample considerably, characteristics of the NSA membership have been shown to differ from the broader over 50s population. McRae et al. show that the NSA population has generally higher levels of education, as well as higher levels of health insurance coverage and higher levels of self-reported health when compared to the general population.<sup>26</sup> These selection biases should be kept in mind when interpreting the results.

## Results

### Concerns and Planning

#### *What Are Senior Australians' Concerns?*

Supporting results of previous studies, findings here indicate that maintaining independence is a key priority among mature age people (Table 1). Well over 90% of respondents stated 'losing independence' or 'losing mobility' as key concerns associated with ageing. Similarly, ending up in residential care (80%), not having enough money to stay in their own home (82%) and not getting enough care to stay in my home (82%) were all cited as key concerns.

**Table 1:** How concerned are you about the following issues that may be associated with getting older? (%)

|  | Level of Concern         |         |                    |           | Total |
|--|--------------------------|---------|--------------------|-----------|-------|
|  | Not at all /<br>Not very | Neutral | Somewhat<br>/ Very | Can't say |       |
| Losing touch with family/friends           | 12.1                     | 7.9     | 78.6               | 1.4       | 100.0 |
| Losing independence                        | 2.6                      | 2.8     | 94.1               | 0.5       | 100.0 |
| Losing mobility                            | 1.7                      | 2.5     | 95.3               | 0.6       | 100.0 |
| Ending up in Residential care              | 6.6                      | 11.3    | 80.2               | 1.9       | 100.0 |
| Becoming isolated/lonely                   | 8.3                      | 9.0     | 81.3               | 1.3       | 100.0 |
| Not getting enough care to stay in my home | 6.3                      | 9.5     | 82.0               | 2.3       | 100.0 |
| Not having enough money:                   |                          |         |                    |           |       |
| (a) pay for housing / everyday costs       | 11.1                     | 11.6    | 75.7               | 1.7       | 100.0 |
| (b) pay for health care costs              | 9.2                      | 8.9     | 80.1               | 1.8       | 100.0 |
| (c.) pay for aged care costs               | 7.7                      | 8.2     | 81.9               | 2.2       | 100.0 |

### Do People Have Plans in Place?

Given that the vast majority of respondents highly value their independence, what proportion of people have strategies in place to work towards this goal?

Results in Table 2 show that less than half (about 38%) of over 50s have taken steps to prepare themselves for frailty and getting older more generally. Interestingly, preparedness:

- tends to increase with age. 51% of those aged 75 and over have taken steps, compared with just 32% of those in the 50-64 year old group;
- tends to be higher for the retired group, when compared with the currently working;
- and is also higher for people with higher levels of education. For example, 42% of those who have finished year 12 education have plans in place, compared with just 34% of those who have not finished their schooling.

Logistic regression models are also fitted that indicate that these patterns persist once extensive controls are included.

**Table 2:** Have you taken any steps to prepare yourself for getting older and becoming frailer? (%)

|                          | Yes  | No   | Can't Say | Total |
|--------------------------|------|------|-----------|-------|
| <b>Age</b>               |      |      |           |       |
| 50-64                    | 31.9 | 64.6 | 3.5       | 100.0 |
| 65-74                    | 43.7 | 50.8 | 5.5       | 100.0 |
| 75+                      | 51.2 | 36.9 | 11.9      | 100.0 |
| <b>Sex</b>               |      |      |           |       |
| Male                     | 35.8 | 59.1 | 5.1       | 100.0 |
| Female                   | 39.7 | 55.2 | 5.1       | 100.0 |
| <b>Household Income</b>  |      |      |           |       |
| Less than \$40,000       | 41.4 | 54.9 | 3.8       | 100.0 |
| \$40,000-\$79,999        | 39.9 | 57.7 | 2.5       | 100.0 |
| \$80,000+                | 33.0 | 59.3 | 7.7       | 100.0 |
| Can't Say / Missing      | 35.2 | 55.6 | 9.2       | 100.0 |
| <b>Employment status</b> |      |      |           |       |
| Not employed             | 43.9 | 50.2 | 6.0       | 100.0 |
| Employed                 | 29.9 | 66.3 | 3.9       | 100.0 |

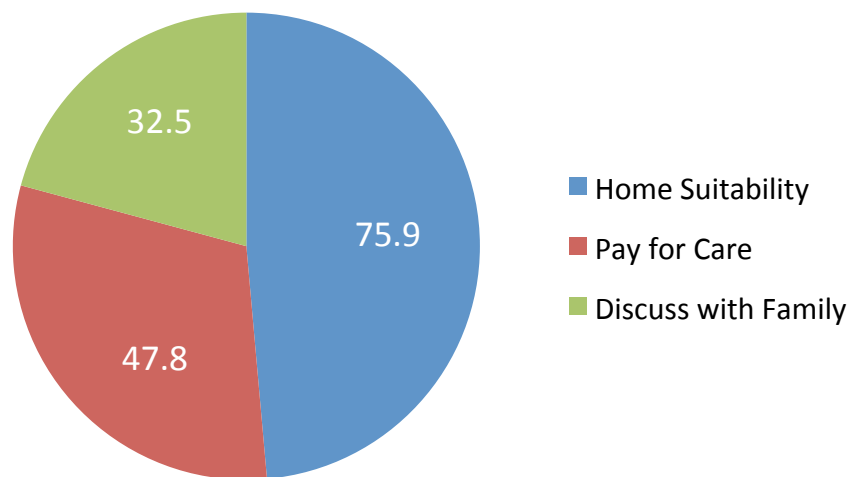


|                          | Yes         | No          | Can't Say  | Total        |
|--------------------------|-------------|-------------|------------|--------------|
| <b>Marital status</b>    |             |             |            |              |
| Married/ de facto        | 34.9        | 61.1        | 4.1        | 100.0        |
| Not married/ de facto    | 42.4        | 50.8        | 6.9        | 100.0        |
| <b>Education</b>         |             |             |            |              |
| Not finished high school | 34.9        | 61.1        | 4.0        | 100.0        |
| Finished high school     | 41.5        | 55.0        | 3.4        | 100.0        |
| <b>Total</b>             | <b>37.8</b> | <b>57.1</b> | <b>5.1</b> | <b>100.0</b> |

Of the 38% of respondents who have plans in place, they were asked what kinds of steps considered. They could nominate from (1) I've considered whether my home will be suitable, (2) I've made sure I've got some money to pay for care when I need it, (3) I've had discussions with my family about who will care for me, and (4) other preparations.

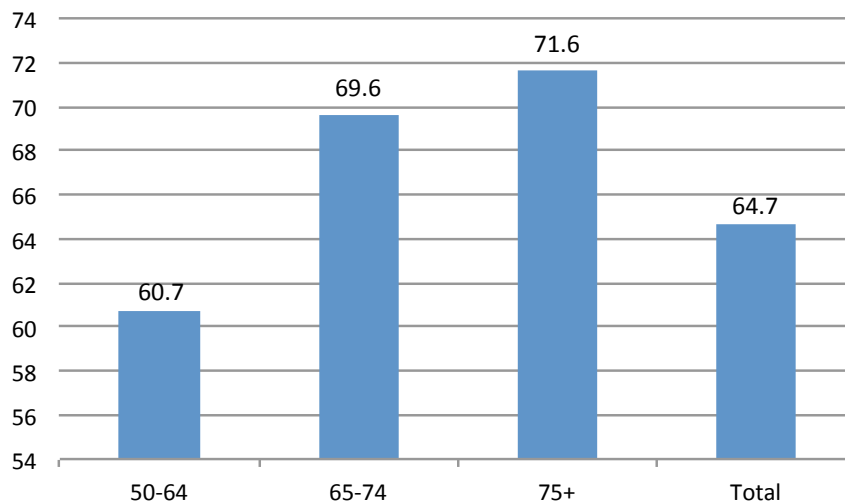
Considerations around the family home were clearly most prevalent (76% of respondents), followed by financial plans for care (48%), while just 1 in 3 had had discussions with family about future care needs (Figure 1). Not surprisingly, it is the oldest age group who were more likely to have considered the suitability of their home into advanced age, to have plans in place to pay for care needs and to also have had discussions with family (see Appendix).

**Figure 1:** What steps have you taken to prepare yourself for getting older and becoming frailer? (% if taken any steps)



Worryingly, although only 38% of respondents who have plans in place for getting older, about 2 in every 3 intend to remain in their current home as they age. The prevalence here was once again greatest among the older respondents (Figure 2).

**Figure 2:** Do you intend to remain in your own home as you age (% , those who have plans in place for getting older)



Of the 27% who do not intend on remaining in their current home, about half (54%) indicate they will move to a home that is easier to manage, and a quarter intend on moving to a retirement village (23%) or aged care residence (3%) (Table 3). Only a small minority intend on moving in with relatives (3%). However, there are significant differences in the intended residential pathways within population subgroups:

- Those aged 75 and over were more likely to indicate movement to a retirement village (34%), an aged care residence (18%) or moving in with a relative (14%).
- Those who are not married were more likely to indicate options other than moving to a home easier to manage when compared to those who were married or in a de facto relationship.

**Table 3:** Where do you intend to live as you age? (% , If do not intend to remain in own home)

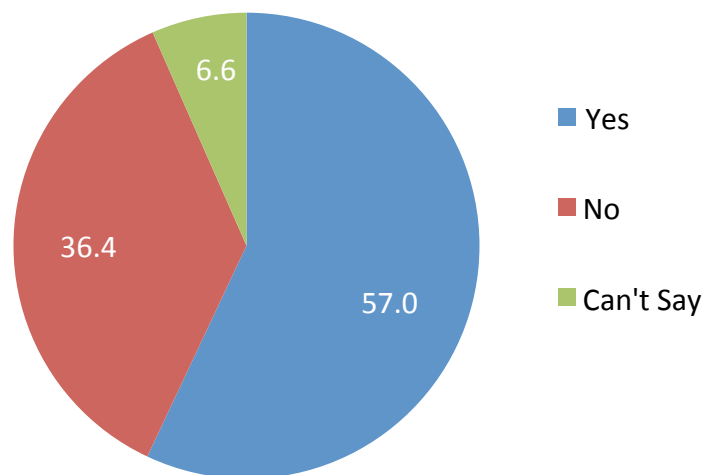
|                           | Home easier to manage | Retirement village | Aged care residence | Relative | Other | Can't Say | Total |
|---------------------------|-----------------------|--------------------|---------------------|----------|-------|-----------|-------|
| <b>Age</b>                |                       |                    |                     |          |       |           |       |
| 50-64                     | 59.2                  | 19.6               | 1.2                 | 2.3      | 10.7  | 7.0       | 100.0 |
| 65-74                     | 49.3                  | 27.2               | 4.0                 | 1.8      | 7.5   | 10.2      | 100.0 |
| 75+                       | 19.6                  | 33.7               | 17.5                | 14.4     | 6.0   | 8.9       | 100.0 |
| <b>Sex</b>                |                       |                    |                     |          |       |           |       |
| Male                      | 54.3                  | 20.9               | 4.1                 | 3.2      | 8.6   | 8.9       | 100.0 |
| Female                    | 53.6                  | 24.1               | 2.0                 | 2.7      | 10.5  | 7.1       | 100.0 |
| <b>Household Income</b>   |                       |                    |                     |          |       |           |       |
| Less than \$40,000        | 44.4                  | 25.0               | 5.1                 | 5.7      | 7.7   | 12.2      | 100.0 |
| \$40,000-\$79,999         | 55.7                  | 27.3               | 2.2                 | 1.0      | 8.9   | 5.0       | 100.0 |
| \$80,000+                 | 59.1                  | 13.3               | 2.7                 | 4.0      | 11.8  | 9.1       | 100.0 |
| Can't Say / Missing       | 59.2                  | 24.4               | 1.3                 | 0.0      | 10.7  | 4.5       | 100.0 |
| <b>Place of residence</b> |                       |                    |                     |          |       |           |       |
| Not capital city          | 55.7                  | 20.3               | 2.5                 | 3.8      | 10.2  | 7.5       | 100.0 |
| Capital city              | 52.1                  | 23.8               | 3.9                 | 1.1      | 9.9   | 9.2       | 100.0 |

|                          | Home easier to manage | Retirement village | Aged care residence | Relative   | Other      | Can't Say  | Total        |
|--------------------------|-----------------------|--------------------|---------------------|------------|------------|------------|--------------|
| <b>Employment status</b> |                       |                    |                     |            |            |            |              |
| Not employed             | 45.5                  | 29.1               | 6.2                 | 4.4        | 6.4        | 8.4        | 100.0        |
| Employed                 | 62.7                  | 15.8               | 0.0                 | 1.7        | 12.4       | 7.5        | 100.0        |
| <b>Marital status</b>    |                       |                    |                     |            |            |            |              |
| Married/ de facto        | 60.4                  | 20.9               | 2.3                 | 1.1        | 8.5        | 6.7        | 100.0        |
| Not married/ de facto    | 42.3                  | 25.8               | 4.5                 | 6.7        | 11.6       | 9.1        | 100.0        |
| <b>Country of birth</b>  |                       |                    |                     |            |            |            |              |
| Australia                | 54.3                  | 23.1               | 3.2                 | 1.7        | 10.2       | 7.5        | 100.0        |
| Other                    | 52.4                  | 19.9               | 1.8                 | 7.6        | 8.0        | 10.3       | 100.0        |
| <b>Education</b>         |                       |                    |                     |            |            |            |              |
| Not finished high school | 51.3                  | 26.2               | 5.0                 | 2.5        | 6.6        | 8.5        | 100.0        |
| Finished high school     | 56.3                  | 18.7               | 0.8                 | 3.6        | 13.1       | 7.5        | 100.0        |
| <b>Total</b>             | <b>54.0</b>           | <b>22.5</b>        | <b>3.0</b>          | <b>3.0</b> | <b>9.6</b> | <b>8.0</b> | <b>100.0</b> |

### Is the Current Family Home Conducive to Ageing in Place?

Although many mature age Australians prefer to remain in their own home or neighborhood, a significant proportion (36%) live in a home that does not have design features suitable for ageing (Figure 3).

**Figure 3:** Does your current home have design features that would suit you when you are in your 80s and 90s? (% of those who intend to remain in own home)



When asked what kinds of changes to their dwelling would be required, handgrab rails (65%), toilet/bath/laundry modifications (57%) and ramps (51%) were the most prevalent responses. Major structural changes were suggested by only 14% of respondents (Table 4).

**Table 4:** Which types of changes to your dwelling would be required? (% of current home does not have appropriate design features)

|                                      | %    |
|--------------------------------------|------|
| Structural changes                   | 14.3 |
| Ramps                                | 50.8 |
| Tele-monitoring system               | 13.2 |
| Doors widened                        | 17.3 |
| Hand grab rails                      | 64.6 |
| Remote control                       | 9.2  |
| Changed Heating and/or Air Condition | 13.9 |
| Home automation system               | 3.4  |
| Toilet/Bath/Laundry modifications    | 56.3 |
| Other changes                        | 7.6  |

Answers sum to more than 100% because respondents could select more than one category.

Importantly, just under one third of mature age people (29%) say that they will not be able to afford these changes, and a further one third (28%) say they can't say whether this will be an affordable option (Table 5). Affordability tends to be lowest for lower income earners, and those not currently married or in a de facto relationship.

**Table 5:** Do you think you will be able to afford the cost of these changes? (% of current home does not have appropriate design features)

|                           | Yes  | No   | Can't Say | Total |
|---------------------------|------|------|-----------|-------|
| <b>Age</b>                |      |      |           |       |
| 50-64                     | 44.1 | 30.0 | 25.9      | 100.0 |
| 65-74                     | 40.4 | 28.4 | 31.2      | 100.0 |
| 75+                       | 43.9 | 20.1 | 36.0      | 100.0 |
| <b>Sex</b>                |      |      |           |       |
| Male                      | 46.0 | 26.8 | 27.2      | 100.0 |
| Female                    | 40.1 | 31.2 | 28.8      | 100.0 |
| <b>Household Income</b>   |      |      |           |       |
| Less than \$40,000        | 30.9 | 46.6 | 22.5      | 100.0 |
| \$40,000-\$79,999         | 35.2 | 27.5 | 37.3      | 100.0 |
| \$80,000+                 | 61.4 | 18.0 | 20.6      | 100.0 |
| Can't Say / Missing       | 55.0 | 12.6 | 32.4      | 100.0 |
| <b>Place of residence</b> |      |      |           |       |
| Not capital city          | 37.9 | 32.3 | 29.9      | 100.0 |
| Capital city              | 48.5 | 25.4 | 26.1      | 100.0 |
| <b>Employment status</b>  |      |      |           |       |
| Not employed              | 41.8 | 29.5 | 28.7      | 100.0 |
| Employed                  | 43.6 | 28.7 | 27.7      | 100.0 |

|                          | Yes         | No          | Can't Say   | Total        |
|--------------------------|-------------|-------------|-------------|--------------|
| <b>Marital status</b>    |             |             |             |              |
| Married/ de facto        | 47.7        | 26.2        | 26.1        | 100.0        |
| Not married/ de facto    | 32.5        | 36.4        | 31.1        | 100.0        |
| <b>Country of birth</b>  |             |             |             |              |
| Australia                | 46.3        | 25.3        | 28.4        | 100.0        |
| Other                    | 29.7        | 43.2        | 27.0        | 100.0        |
| <b>Education</b>         |             |             |             |              |
| Not finished high school | 45.1        | 30.3        | 24.6        | 100.0        |
| Finished high school     | 41.5        | 26.3        | 32.3        | 100.0        |
| <b>Total</b>             | <b>43.0</b> | <b>29.0</b> | <b>28.0</b> | <b>100.0</b> |

Not surprisingly, if affordability was not a key concern, the vast majority (92%) would stay in their current home once the changes had been made to ensure their current home had design features suitable in their 80s and 90s (Table 6).

**Table 6:** *If you can afford these changes, are you willing to stay in your current home? (%)*

|              | %            |
|--------------|--------------|
| Yes          | 92.0         |
| No           | 2.2          |
| Can't Say    | 5.9          |
| <b>Total</b> | <b>100.0</b> |

### Thinking About Higher Care Needs

Although the underlying preference of respondents is to age in their current home, statistics paint a different picture. From age 65, it is estimated that 28% of men and 46% of women will spend some time in aged care or some form of residential care.<sup>27</sup> In order to understand respondents' current preferences for higher care accommodation, a series of hypothetical questions were asked.

The first question asked was as follows: "If, in the future you had to move from your current accommodation in order to receive higher care, how important are each of the following considerations?" Topping the list of concerns were affordability (93%), proximity to health services (93%), being among like-minded people (83%). About 60% of respondents indicated it was somewhat or very important to be located in the same neighborhood as their current residence (Table 7).

**Table 7:** *If in the future you had to move from your current accommodation in order to receive higher care, how important are each of the following considerations? (%)*

|                              | Level of importance     |         |                   |           | Total |
|------------------------------|-------------------------|---------|-------------------|-----------|-------|
|                              | Not at all/<br>Not very | Neutral | Somewhat/<br>Very | Can't Say |       |
| Proximity to family          | 8.6                     | 8.6     | 81.1              | 1.8       | 100.0 |
| Proximity to friends         | 7.6                     | 13.0    | 77.7              | 1.6       | 100.0 |
| Located in same community    | 15.7                    | 20.8    | 60.4              | 3.2       | 100.0 |
| Among like minded people     | 4.8                     | 9.7     | 83.8              | 1.7       | 100.0 |
| Proximity to shops           | 6.3                     | 10.4    | 81.8              | 1.5       | 100.0 |
| Proximity to health services | 2.3                     | 3.3     | 93.2              | 1.2       | 100.0 |
| Affordability                | 2.5                     | 3.0     | 93.2              | 1.4       | 100.0 |

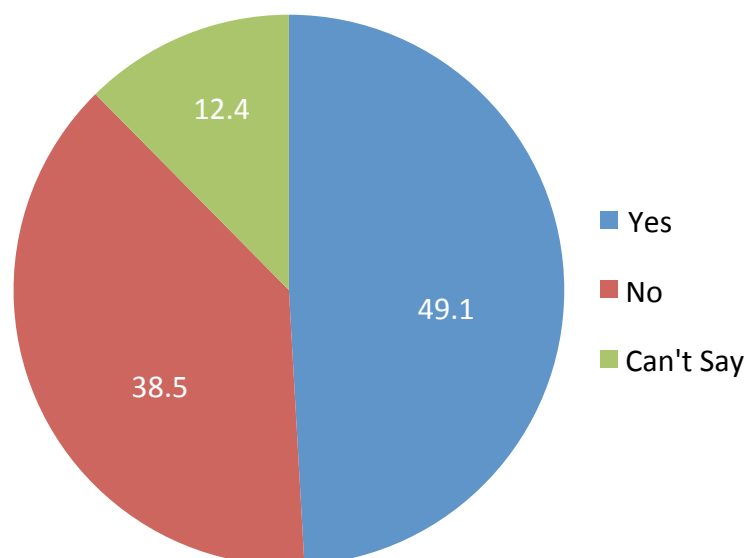
The second hypothetical question asked was “If you were living in accommodation where you were fully dependent on care, how important would the following be for you”. Again, consistent with the earlier findings that maintaining independence and mobility (see Table 1) is a key priority in the later life course, factors such as the following were highly cited (by over 90% of respondents): private bathroom, ability to choose what you eat, quality and friendliness of care and staff, accommodation that looks and feels like home and access to outdoor areas (Table 8).

**Table 8:** *If you were living in accommodation where you were fully dependent on care, how important would the following be for you? (%)*

|  | Level of importance     |         |                   |           | Total |
|--|-------------------------|---------|-------------------|-----------|-------|
|  | Not at all/<br>Not very | Neutral | Somewhat/<br>Very | Can't Say |       |
| Private Bathroom                         | 3.9                     | 4.4     | 91.2              | 0.6       | 100.0 |
| Ability to choose what you eat           | 2.9                     | 4.1     | 92.2              | 0.8       | 100.0 |
| Ability to shop for your own food        | 13.7                    | 22.6    | 61.4              | 2.4       | 100.0 |
| Ability to prepare your own food         | 17.4                    | 24.4    | 56.3              | 2.0       | 100.0 |
| Ability to choose when you wake up       | 6.0                     | 11.5    | 81.7              | 0.9       | 100.0 |
| Quality of care and staff                | 0.9                     | 1.2     | 97.1              | 0.7       | 100.0 |
| Friendliness of staff                    | 0.9                     | 1.2     | 97.0              | 0.9       | 100.0 |
| Accommodation that looks/feels like home | 1.9                     | 4.3     | 92.9              | 1.0       | 100.0 |
| Access to outdoor areas                  | 1.1                     | 1.7     | 96.4              | 0.8       | 100.0 |

Interestingly, the number of residents living in the facility for fully dependent care was important for about half of all respondents (Figure 4).

**Figure 4:** *Is the size of the facility important to you? (%)*



For the 50% of those who felt the facility size was important, there was a strong preference for small facilities (Table 9). For example, on a ranking of 1 to 5, about 37% respondents ranked a facility with a size of 10 or fewer residents as most preferable, compared with just over 6% of respondents who most preferred larger resident facilities (for 75 and 100+ residents).

**Table 9:** What size of facility would you most prefer, ranked from 1 to 5? (% of responses for each size of facility at each ranking)

| Ranking     | Size of facility |       |       |       |       |
|-------------|------------------|-------|-------|-------|-------|
|             | 100              | 75    | 50    | 25    | 10    |
| Highest - 1 | 6.5              | 6.2   | 29.6  | 33.2  | 36.5  |
| 2           | 2.8              | 17.5  | 16.6  | 45.8  | 17.9  |
| 3           | 7.2              | 16.6  | 53.4  | 7.9   | 13.0  |
| 4           | 9.2              | 59.7  | 0.1   | 12.7  | 11.7  |
| Lowest - 5  | 74.4             | 0.1   | 0.2   | 0.4   | 21.0  |
| Total       | 100.0            | 100.0 | 100.0 | 100.0 | 100.0 |

Of higher importance than the size of facility, however, was the ability to be jointly located with a partner or spouse (Table 10). When asked how important would it be if you or your spouse/partner required a higher level of care to still live together, just under 80% of respondents indicated it was somewhat or very important. Similar proportions indicated it is important to either share the same room (78%) or adjacent rooms (78%) with their spouse or partner.

**Table 10:** If you or your spouse/partner required a higher level of care, how important would it be to: (%)

|                       | Level of importance     |         |                   |           | Total |
|-----------------------|-------------------------|---------|-------------------|-----------|-------|
|                       | Not at all/<br>Not very | Neutral | Somewhat/<br>Very | Can't Say |       |
| Still live together?  | 3.9                     | 6.9     | 76.4              | 12.7      | 100.0 |
| Share the same room?  | 8.3                     | 9.1     | 78.4              | 4.2       | 100.0 |
| Share adjacent rooms? | 4.4                     | 8.0     | 77.8              | 9.7       | 100.0 |

### Affordability of Aged Care

In the event that respondents are required to move into higher care, whether that be aged care or another residential setting, how prepared are they financially for the move? And, where do respondents feel the responsibility for funding of aged care lies: with the individual, families, government or a mix?

Overall, about 24% of respondents indicated that they felt they could afford the costs of aged care (Table 11). Just under 28% indicated they would require assistance from government and 6% expected government to pick up the full bill. Only 4% indicated they would seek help from family to cover the costs of their aged care. Concerning, almost 40% of respondents simply could not say if they could afford it or not.

Of those who could afford, they were more likely to be:

- Male
- Higher income earners
- In a relationship (either married or de facto)
- With higher levels of education

Of those who simply can't say because they "don't know what aged care services I may need or how much they will cost", they were more likely to be:

- Older
- Female
- With lower levels of education

**Table 11:** Do you think you will be able to afford the cost of aged care? (%)

|                           | Yes         | No – Help from Family | No - Help from Government | No - Expect Government to Pay | Can't Say   | Total        |
|---------------------------|-------------|-----------------------|---------------------------|-------------------------------|-------------|--------------|
| <b>Age</b>                |             |                       |                           |                               |             |              |
| 50-64                     | 22.2        | 4.0                   | 29.2                      | 7.2                           | 37.4        | 100.0        |
| 65-74                     | 24.8        | 5.1                   | 26.8                      | 5.1                           | 38.3        | 100.0        |
| 75+                       | 28.0        | 5.4                   | 20.4                      | 1.1                           | 45.0        | 100.0        |
| <b>Sex</b>                |             |                       |                           |                               |             |              |
| Male                      | 28.6        | 4.4                   | 26.7                      | 6.8                           | 33.5        | 100.0        |
| Female                    | 19.2        | 4.6                   | 28.2                      | 5.0                           | 43.0        | 100.0        |
| <b>Household Income</b>   |             |                       |                           |                               |             |              |
| Less than \$40,000        | 16.5        | 4.8                   | 33.0                      | 8.0                           | 37.7        | 100.0        |
| \$40,000-\$79,999         | 24.1        | 4.4                   | 29.5                      | 4.2                           | 37.8        | 100.0        |
| \$80,000+                 | 33.1        | 5.4                   | 21.6                      | 4.9                           | 35.0        | 100.0        |
| Can't Say / Missing       | 19.0        | 1.8                   | 21.3                      | 7.4                           | 50.6        | 100.0        |
| <b>Place of residence</b> |             |                       |                           |                               |             |              |
| Not capital city          | 22.6        | 4.1                   | 27.5                      | 5.7                           | 40.1        | 100.0        |
| Capital city              | 24.8        | 4.9                   | 26.8                      | 5.9                           | 37.5        | 100.0        |
| <b>Employment status</b>  |             |                       |                           |                               |             |              |
| Not employed              | 26.1        | 4.5                   | 24.3                      | 4.3                           | 40.7        | 100.0        |
| Employed                  | 20.3        | 4.6                   | 31.9                      | 7.3                           | 35.9        | 100.0        |
| <b>Marital status</b>     |             |                       |                           |                               |             |              |
| Married/ de facto         | 25.4        | 4.5                   | 26.5                      | 6.2                           | 37.4        | 100.0        |
| Not married/ de facto     | 20.6        | 4.5                   | 28.8                      | 5.5                           | 40.6        | 100.0        |
| <b>Country of birth</b>   |             |                       |                           |                               |             |              |
| Australia                 | 25.0        | 4.2                   | 27.3                      | 5.9                           | 37.7        | 100.0        |
| Other                     | 18.7        | 5.7                   | 28.7                      | 5.7                           | 41.2        | 100.0        |
| <b>Education</b>          |             |                       |                           |                               |             |              |
| Not finished high school  | 18.3        | 4.0                   | 29.2                      | 6.6                           | 41.9        | 100.0        |
| Finished high school      | 29.5        | 5.0                   | 26.1                      | 5.1                           | 34.4        | 100.0        |
| <b>Total</b>              | <b>23.7</b> | <b>4.5</b>            | <b>27.5</b>               | <b>5.9</b>                    | <b>38.5</b> | <b>100.0</b> |

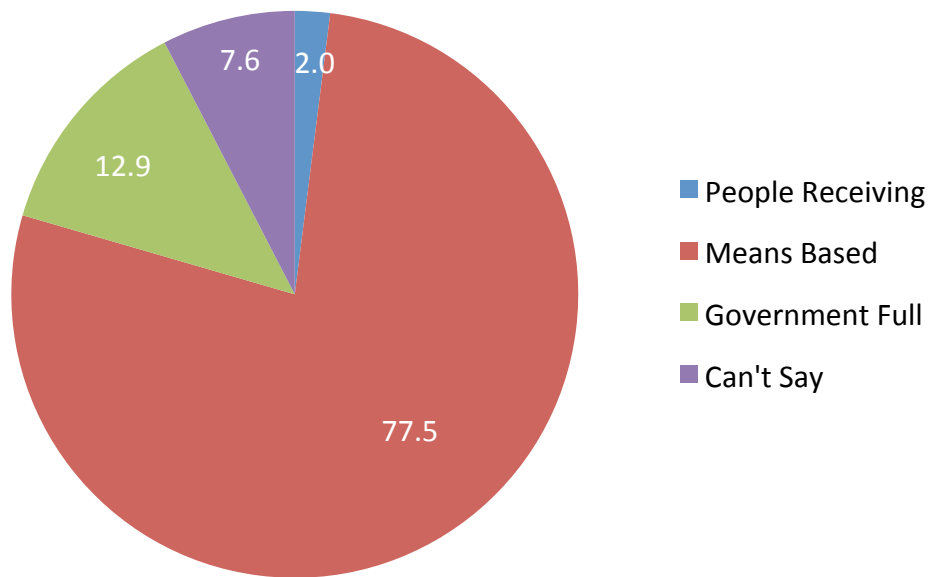
The responses to this question raise the important question of who should pay for the costs of aged care. Respondents were offered the following alternatives to choose from:

- People receiving care should be fully responsible for the cost of care
- People receiving care should make a contribution towards the cost of care, according to their means
- The government should be fully responsible for the cost of care
- Can't Say.

Not surprisingly, the vast majority of mature age people prefer a co-contribution model 78% indicating a preference for the means test approach (Figure 5). Just 13% believed the government should be left to pick up the bill and only 2% believed the individual receiving the care should be fully responsible for the costs. Interestingly, whereas almost 40% of respondents indicated that they could not say whether they could afford their care costs, only 8% indicated that they could not suggest a preferred funding model to cover their aged care costs.

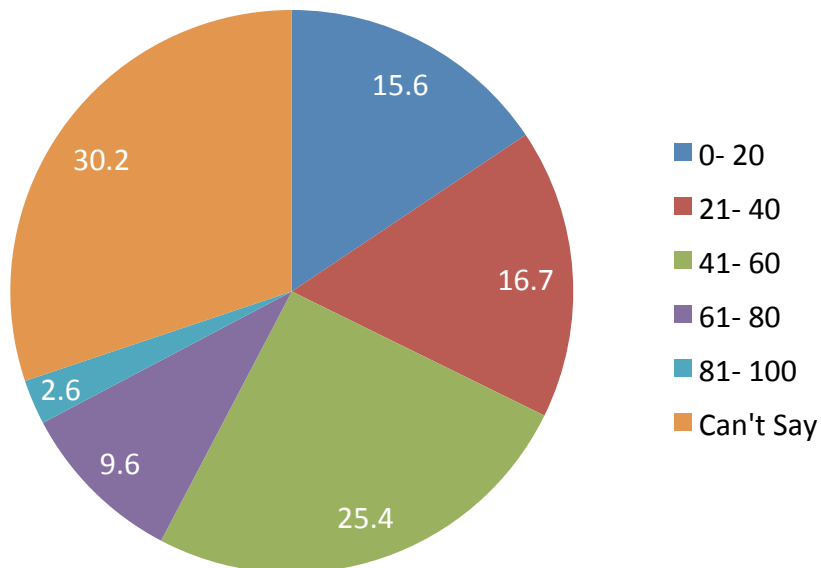


**Figure 5:** Who do you think should pay for the costs of aged care? (%)



Interestingly, when prompted to suggest what proportion of their own aged care costs they think is fair and reasonable to expect people to contribute, almost 1 in 3 (30%) could not nominate a figure (Figure 6). A further 1 in 3 indicated below 40% of their own aged care costs should be met individually (evenly split between the 0-20% and 21-40% groups). About one quarter believed between 41-60% of the total cost was a reasonable level of personal contribution. Just under 10% nominated 61-80% and less than 3% indicated that 81-100% of the total cost should be born entirely by the individual. Interestingly, there are few variations in the demographic characteristics of those nominating different contribution levels (see Appendix).

**Figure 6:** What percentage of their own aged care costs do you think it is fair and reasonable to expect people to contribute? (%)



## Discussion

This report has utilised new data from the 2012 National Seniors Social Survey Wave 2, to examine the concerns senior Australians for getting older and the steps they have taken to plan for this, their intentions for living arrangements as they grow old and in particular their preferences for higher care accommodation should that need arise, as well as their ability to afford changes to their family home and residential care costs. Overall, these results underscore the importance that mature age Australians place on maintaining independence – even into advanced age. Well over 90% of respondents indicated that they are 'very' or 'somewhat' concerned about losing independence or mobility.

Although maintaining independence is a key priority, just over one-third of Australians aged 50 years and over (38%) have plans in place to prepare for getting older and becoming frailer. Of those with plans in place, about three in every four have considered whether their home may be suitable and about one in two have considered how they intend on paying for their care.

Preparations in general are most common amongst the oldest group, suggesting that consideration is not given to some of these issues until they become older and a need becomes most apparent. Interestingly, planning is also more common amongst people with a higher level of education, consistent with other research into retirement planning in the financial, health and social domains.<sup>28</sup> Why may higher levels of education be associated with a greater prevalence of planning across both housing and retirement planning? One explanation is that higher levels of education tend to be associated with improved socio-economic status more generally, including higher levels of income and assets. That is, a resource effect that enables effective planning. Also, those with higher levels of education may also have greater cognitive skills with which to instigate and manage the planning process.

Despite these lack of preparations on the part of senior Australians for getting older and ensuring their home is suitable, over two-thirds intend to remain in their own home as they age. Furthermore, of these, 36% do not have any design features in their home to assist frail people, and 29% do not think they could afford such changes, reaching 47% of people who are in the lowest income bracket. These findings suggest that there is a significant disconnect between the stated desire of many Australians to age in their own home and their ability to do so.

This report has also provided an insight into the types of housing that senior Australians would like to reside in if in the future, they had to leave current accommodation to receive higher care. Proximity (to family, friends and facilities) and affordability were key considerations for respondents. If fully dependent care was necessary, privacy and independence was once more key. Over 90% of respondents indicated private bathrooms and control over their diet as being important, in addition to quality and friendly care as well as a homely feel.

Of the approximately 50% of respondents who indicated that the size of a facility is an important factor in deciding upon residential care setting, there was a strong preference for smaller size facilities. For example, 37% of respondents ranked as highest of five choices a residential setting with less than 10 residents, compared with under 7% of respondents with a strong preference for a facility in excess of 100 residents. For those with a spouse or partner, the ability to maintain living together in the same or adjacent rooms was regarded as important by about 80% of respondents.

Given that affordability was a key issue flagged by mature age Australians when considering higher care residential needs, in this report we also investigated affordability concerns and funding mechanisms for aged care more generally. Just one in four respondents believed they could afford the costs of aged care. Of concern, 40% of respondents simply did not know if they could afford their aged care costs in the future – underscoring the important of retirement planning more generally. The prevalence of uncertainty about affordability was highest amongst women, older persons and those with a low level of education. Affordability more generally, was strongly associated with income – 16% of persons from a household with an income of less than \$40,000 indicated they could afford aged care, compared with about one in three of those earning more than \$80,000 per year.

Apart from low income earners, those mature age Australians who are not in a married or de facto relationships were more likely to report affordability problems with the cost of changes to their dwelling (just under 40% could not afford the changes) and only one in five indicated they would be able to afford the costs of aged care. Greater affordability constraints among those without a partner may be due to their reduced social and economic resources.<sup>29</sup> For example, Australian studies have shown that when asked about their financial wellbeing, older lone persons (whether male or female) are more likely to have more negative perceptions of their financial well-being when compared to couples of the same age.<sup>30</sup> The economies of scale generated from living with a spouse or partner in later life is undoubtedly a strong reason for the worse financial wellbeing of people living alone.<sup>31</sup>

Despite affordability of aged care being an issue for mature age Australians, there is a strong consensus for a means tested co-contribution model – between individuals and government. Just under 80% of respondents indicated that “people receiving care should make a contribution towards the cost of care, according to their means”. Just 13% of respondents believed that the government should be fully responsible for meeting aged care costs and only 2% believed that all costs should be left to the individual. Interestingly, a large proportion of respondents (about one in three) were uncertain about what constituted a fair and reasonable personal contribution to aged care.

Despite the detailed data provided in the NSSS Wave 2, there are several limitations to this study that should be kept in mind. First, as reported in the data and methods section, these data, although weighted and stratified, are taken from a sample of the National Seniors membership, who overall have a slightly higher socio-economic status than all Australians aged 50 years and over. Their higher levels of education and self reported health in particular may over estimate the prevalence of planning for future housing. Second, a further limitation of this study is the hypothetical nature of many of the future housing requirement questions. People’s intentions regarding future housing may not be matched by actual behaviour, as people’s circumstances and experiences closer to advanced age, will have a greater influence on their decisions.

### Concluding Comment

Understanding the plans mature age people have in place for their future housing and living arrangements is important as they are key indicators of need and wellbeing in retirement. In this study, we have sought to examine, (1.) what plans if any mature age people have in plan for their future housing; (2.) the preparedness of the family home to ageing; (3.) characteristics of the housing desired if a move to higher care becomes necessary, and (4.) attitudes about the affordability and funding of aged care in Australia.

Worryingly, two in three people aged over 50 intend to remain in their current home as they age, yet only 1 in 3 (38%) have plans in place to prepare for getting older and becoming frailer. Furthermore, for those who intend to remain in their own home, 36% do not have any design features in their home to assist frail people, and 29% do not think they could afford such changes. **These findings suggest that there is a significant disconnect between the stated desire of many Australians to age in their own home and their ability to do so.** Indeed this is not the only disconnect between preferences and reality - although ageing in the community is the ideal for many people, from age of 65 other research shows that about 28% of males and 46% of females will be admitted to residential care at some point in time.<sup>32</sup>

Furthermore, affordability, whether that be to ensure the suitability of existing housing, or affordability of aged care, is a key concern flagged by respondents. Just one in four respondents believed they could afford the costs of aged care. Of concern, 40% of respondents simply did not know if they could afford their aged care costs in the future – **underscoring the importance of retirement planning more generally.** However, there was a **strong consensus that mature age Australians strongly support a co-contribution model** for funding aged care in Australia – one that is means tested with a contribution on behalf of the person receiving the care.

There is a strong consensus about the types of dwellings that mature age Australians desire to live in if a move due to higher care needs becomes available. Generally, aspects of the housing arrangements that **support independence, and support existing relationships** are in high demand.

### Where to Next?

This study has taken a broad brush approach to measuring attitudes and perceptions of mature age Australians towards their future housing and living arrangements. Future studies at National Seniors Australia will seek to examine several of the issues outlined above in greater detail, including:

- What specific aspects of aged care costs are mature age people uncertain about?
- Why are a significant number of senior Australians not planning for their living needs as they age? Is there a lack of information available to support their decision-making, or is it related to an insufficient planning in other aspects of their lives, such as their finances?
- Furthermore, is enough consideration given to aged care costs as part of conventional financial planning for retirement?

With reference to the Productivity Commission’s Report *Caring for Older Australians* and the Government’s response with the *Living Longer Living Better* package, this report sheds further light on key issues that need to be considered in planning for the living arrangements of senior Australians in future decades.

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- <sup>18</sup> Olsberg, D. & Winters, M. (2005) op. cit.
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## Appendix

Appendix materials can be accessed from [www.nationalseniors.com.au](http://www.nationalseniors.com.au)

**Table 1:** Have you taken any steps to prepare yourself for getting older and becoming frailer?

**Table 2:** What Steps Have you Taken?

**Table 3:** Do You Intend to Remain in Your Current Home as you Age?

**Table 4:** Where do you Intend to Live?

**Table 5:** Does your current home have design features that would suit you when you are in your 80s and 90s?

**Table 6:** Which Types of Changes to Your Dwelling Would be Required?

**Table 7:** Do You Think You Will be able to Afford the Cost of These Changes?

**Table 8:** If You Can Afford These Changes, Are You Willing to Stay in Your Current Home?

**Table 9:** If, in the Future you had to move from your current accommodation in order to receive higher care, how important are each of the following considerations?

**Table 10:** Is the size of the facility important to you?

**Table 11:** What size of facility would you most prefer?

**Table 12:** If you or your spouse/partner required a higher level of care, how important would it be to:

**Table 13:** Do you think you will be able to afford the cost of aged care?

**Table 14:** Who do you think should pay for the costs of aged care?

**Table 15:** What percentage of their own aged care costs do you think it is fair and reasonable to expect people to contribute?

**Table 16:** How concerned are you about the following issues that may be associated with getting older?

## **ABOUT NATIONAL SENIORS AUSTRALIA**

National Seniors Australia is the leading independent voice of over 50s in Australia. As the nation's largest not-for-profit organisation for over 50s, we represent the views of older Australians and their families to governments of all levels, on issues ranging from age discrimination and mature age employment to the age pension and health and aged care. Founded in 1976 and now with more than 200,000 members, we provide unrivalled access to policy makers, innovative and practical research and a raft of commercial benefits to our members. Every day, National Seniors Australia seeks to improve the quality of life for mature age Australians.

For more information about National Seniors Australia visit [www.nationalseniors.com.au](http://www.nationalseniors.com.au) or call **1300 76 50 50**.

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