

## Exempt excess sale proceeds from the Age Pension means test for Home Care Package (HCP) recipients over 80, to support downsizing into age friendly homes.

### Overview

- The housing needs of people change as they age. Data suggests, for example, that 45% of households receiving a pension or government allowance have two or more bedrooms spare, some of which may be surplus to need.<sup>37</sup>
- Housing, which once might have been suitable, can become difficult to maintain and unsafe, due to changes to capacity and mobility. Properties with large yards, for example, may become difficult and costly to maintain.
- Older Australians may find the idea of moving to more suitable housing daunting. This is especially problematic when people begin to need assistance with daily living as is provided via the care at home system.
- While NSA surveys suggest as much as a third of older people are not interested in moving in later life, one-third are open to the idea of moving. In terms of reasons for moving, 50% of respondents want housing that meets ageing needs, 43% want a smaller property and 40% are seeking lifestyle improvements.<sup>38</sup>
- Our research also shows there are barriers to moving or downsizing in later life, including the cost of moving and impacts on pension entitlements. If barriers to moving were addressed, this could help older people gain access to more age-appropriate homes, improving the supply of housing more generally.

### WHAT ARE WE CALLING FOR?

- NSA recommends that excess proceeds from the sale of the family home be exempt from the Age Pension means test.
- The policy would be restricted to ensure it was targeted at those most in need. Eligible recipients should:
  - be assessed as requiring a Home Care Package;
  - be aged 80 or older; and
  - have lived in their home for a minimum of 15 years.
- The total amount able to be exempted could be capped, similar to the Downsizing into Super scheme. This will avoid people with significant property wealth receiving an unfair financial advantage from downsizing later in life.
- Those choosing to downsize could place excess funds into superannuation using the Downsizing into Super scheme and would then be able to purchase additional care and support.
- The exemption could apply to Age Pension means testing but not to aged care means testing to ensure those with adequate means contribute to the cost of providing care at home.

## Why is the policy needed?

---

- Many older people see the value in downsizing to make life more manageable or to provide access to age friendly or age-appropriate services and activities.
- If a person stays in a home that is inappropriate for their ageing needs, this could increase the risk of falls and precipitate early entry into costly residential care. A recent study showed every hour of service received per week was associated with a 6% lower risk of entry into residential care.<sup>39</sup>
- Supporting older people to downsize into more suitable homes would:
  - keep people out of residential care for as long as practical;
  - unlock capital that could be used to meet health and ageing costs;
  - free up larger housing for larger families or redevelopment;
  - stimulate demand for construction of seniors friendly, accessible housing; and
  - boost spending among older people, create jobs and boost economic development.

## Budget Impact

---

- The budget impact of this measure would be limited because many older people (80+) do not consider downsizing in later life and often continue living in their homes. People in this situation would receive the same level of pension if they were granted an exemption, which means there would be no cost for Treasury.
- While some people may benefit because they may have downsized regardless of the exemption, we believe the impact of this on the budget would be minimised by targeting the exemption and limiting the amount that can be exempted.
- The residential construction industry for age-friendly housing would get a boost and older people would have more money to spend in the economy and on care and support. This would have positive flow on impacts on the Federal Budget. These are not able to be estimated but could be significant.