



## *Understanding Life Rights*



Life Right is a way of purchasing the right to live in a specific unit in a retirement facility. It gives the purchaser the security of tenure for the remainder of his/her life.

The Sale of Life Right is a widely practiced and requested retirement model in the more developed markets worldwide. In South Africa, the Life Rights scheme has been officially recognized by the Housing Development Schemes for Retired Persons Act 65 of 1988 and is therefore legally clearly regulated.

Unlike with sectional title, one advantage of a Life Right purchase is that it is not a property transfer – there are no bond registration fees, no transfer duties and no VAT payable, thus avoiding the negative effects that such additional costs can have upon discretionary income and estate values. Additionally, the Life Right holder is given a draft levy budget for the first three years of occupation which ensures that there are no hidden costs and allows the Life Right holder to financially plan accordingly.

Life Right residents enjoy similar privileges to those in homes purchased by sectional or other title, only that the developer retains sole ownership of each unit and therefore carries the responsibility for external maintenance of the unit, the village and its facilities. This relationship therefore ensures that all facilities are regularly maintained and no special levies can be charged to the Life Right Holders.

When the Life Right terminates, through death or other circumstances, it reverts back to the owner of the village, who is then entitled to resell it. At CPOA, upon a successful resale, the estate receives the Life Right purchase price – if achieved – along with a profit share if the property sells over the original price (15% in the case of Quadrant Gardens) less the selling and refurbishment costs.

Essentially a Life Right scheme can be viewed as a housing product, an insurance policy and a worry-free existence rolled into one. This is not to say that peace of mind cannot be secured via other schemes but a well-run life right scheme offers all the ingredients for a successful, secure, and stress-free retirement.

**For more information on CPOA's Life Right model, please contact 021 686 7830.**