



**Hobart Community
Legal Service Inc.**

FINANCIAL MATTERS FOR OLDER PEOPLE

It is important to plan ahead for your finances. If you are an older person experiencing financial difficulty there are places you can go to get assistance. You can get help from a free and confidential financial counsellor who can help you negotiate your debts, organise your finances and create a budget.

The following offers some overview and information relating to:

- Gifts and loans made to family members;
- Renting out your property for income;
- Reverse mortgages;
- Financial abuse.

GIFTS AND LOANS MADE TO FAMILY MEMBERS

Before you consider making a gift or a loan to a family member it is best that you understand your rights and obligations. Disputes can arise where there is little written documentation about the money and where there may be different understandings as to whether it is a gift or whether it should be paid back to you. If things go sour you may need to commence legal action to get the money you loaned back. You have six years from when the money was loaned to take legal action.

Money that is gifted may affect your pension from Centrelink. Centrelink will allow aged pensioners to have a certain amount of money in the bank before it affects their pension. A gift of money may be considered to be “money in the bank” even though it is not in your bank account and is no longer available for you to spend. Depending on the size of the gift your pension may be reduced as a result. A financial services information officer at Centrelink can assist you with questions relating to gifts or loans that may affect your pension.

RENTING OUT YOUR PROPERTY FOR INCOME

You may decide to rent out a room or part of your house for some additional income. If you are considering doing this it is best to get some advice. Someone living at your house may be a lodger and you will retain the right to change the arrangements if it no longer suits your needs. It is sometimes hard to tell whether a person is a lodger or a tenant – a tenant has more rights and you may not be able to evict them.

Before you rent out your property get some advice to understand your rights and obligations. Some good questions to consider are: How much money do you need? How much do you value your financial and physical independence? Is it better to rent out your whole home and live elsewhere? You should speak to an accountant about possible tax implications and contact Centrelink about any arrangement that may affect your pension.

REVERSE MORTGAGES

A reverse mortgage allows a person over a certain age who owns their home to borrow money without the need to make regular repayments until the home is sold or no longer occupied by the borrower. When the home is sold the loan and interest is repaid from the money of the sale. This often happens after the homeowner dies but the loan can affect their life choices. For example, the homeowner cannot move out of their property without selling and repaying the bank. Selling the property may affect pension payments. Repaying the loan may mean there isn't enough left over to pay for a bond to move into a care facility or retirement home.

A reverse mortgage may not be the best solution to your financial needs. New regulations have been introduced to increase protection against lenders taking advantage of people in financial need. If you started a reverse mortgage after 18 September 2012 you won't end up owing the bank more than what your home is worth. If you suspect there may have been something unfair or unjust about the way your reverse mortgage was set up you should seek legal advice.

SIGNS OF FINANCIAL ABUSE

Older people can be vulnerable to experiencing financial abuse. Below are some signs that you are experiencing elder financial abuse:

- Your bank accounts are being controlled by someone else without your consent;
- You are being forced to change your will;
- Someone is putting pressure on you to appoint them as your enduring power of attorney;
- Large amounts of money are disappearing from your account without explanation;
- Your signature has been forged;
- You are being pressured to invest or do things with your money;
- You are made to feel guilty if you don't give money to someone.

If this is happening to you or to anyone you know you should seek legal advice immediately. Speak with Hobart Community Legal Service for assistance.

FAQs

How can I get free and confidential financial counseling? Call the National Debt Helpline 1800 007 007 between 9:30am and 4:30pm Monday to Friday.

How do I know if a financial advisor is legitimate? You can confirm whether a financial advisor is registered and their experience at www.moneysmart.gov.au.

I have received a letter demanding repayments, what should I do? You should get legal advice immediately. If you receive a statement of claim from a court you will have limited time in which to file a response. A lawyer will be able to help you do this.

How can I increase my income without impacting to my pension? You can receive free advice from a Centrelink financial information service officer. Call Centrelink on 13 23 00.

Notes:

Information taken from the Legal Aid Commission of Tasmania, myagedcare.gov.au, moneysmart.gov.au and Caxton Legal Centre.

Last updated August 2018.

This factsheet is intended to give general information about the law in Tasmania. While every effort has been made to ensure accuracy at the time of writing, the law is complex and constantly changing. Moreover, legal exactness is not always possible in a publication of this nature. The factsheet should not be used as a substitute for legal advice.

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