

Sharing a home with family or friends



Are you thinking of moving in with family or friends?

Do family or friends want to move in with you?

This may be so you can spend more time with family, or you may need extra support to continue to live independently. You may plan to provide extra support and care to your family or friend.

Before you move into your family or friend's house or let them move in with you, there are many things to think about to avoid difficult legal problems later.

We recommend that you speak to a lawyer and financial advisor before you make these changes.

If you have any concerns about your situation, you can talk to us.

Call 1300 366 611 and ask to speak to our Senior Assist team.

Some things you should consider:

- Is this your decision or are you feeling pressured by family or friends?
- Will you be able to live your life the way you want to and feel safe and secure?
- Do you want to bring another person or pet to your family or friend's property?
- What if the person who you allowed to move in with you wants other people to move in, but you do not want them to?
- Is your family or friend going to be your carer, look after your financial affairs or day to day health needs?
- What will happen to your home or rental property?
- Are you contributing money to your family or friend as a gift, or a loan?
- Can you afford to make a gift and will it affect your pension?
- Will you pay rent or become a legal owner of the property you move into? Will your family or friends pay you rent or money (financial contribution) to stay with you?
- If family or friends are moving in with you, do they want to become a part owner of your property if they have made a financial contribution?
- Who will pay for water, electricity and other bills?
- Do you have a plan in case things go wrong and you need to leave, or you want your family or friend to leave?
- What if you need to move into a nursing home? Where will the money for the bond come from if your family/friends are still living in your home? Will your Centrelink payments be affected if you allow family or friends to live in your home?
- Should you prepare a Will or update it? What do you want to happen to your home when you pass away?
- Do you need to get an enduring power of attorney, enduring guardian or an advance care directive?

Do you receive a Centrelink pension?

If you are paid an age pension and contribute money towards someone else's property (e.g. mortgage, renovations or maintenance), Centrelink may find you have an interest (often called a 'granny flat interest') in the property. This may reduce your pension rate. Centrelink also has rules about giving money or assets away.

If someone gives you money to live in your property, it may also affect your pension. You should check with Centrelink before paying money to live in another person's property, or getting money or assets from family or friends.

What if you want to contribute money to someone else's property?

If you decide to move into someone else's house and contribute money (e.g. for renovations or to build a granny flat), this may mean you have a legal interest in the property even though it is in another person's name. This type of legal interest can be complex and expensive to prove when things go wrong, if it is not documented legally.

We recommend you get legal advice before you hand any money over. A written agreement or legal ownership protects your rights if things go wrong.

Family agreements

Family agreements are sometimes called 'assets for care' agreements. These are formal legal documents that protect you financially when you pay money to another person and move into their property, or another person pays you money to live in your property.

An agreement protects your interests if there is a breakdown in the relationship between you and your family/friend or they don't provide the care that was agreed. An agreement provides a process to resolve disputes. We recommend that you get help from a lawyer to prepare a family agreement before you live with family or friends.

Case study



Anna paid \$100,000 for renovations to her daughter (Sally) and son in law's (Charlie) house. Anna agreed to this on the

understanding that she would move in with Sally and Charlie and they would look after her for as long as she needed. However Sally and Charlie separated two years after Anna moved in.

The house needed to be sold and Anna was asked to move out. There was no paperwork regarding the loan and care arrangement. This meant it was difficult, slow and expensive for Anna to get her money back. She had to move to a rental far from her friends and Sally.

This caused a lot of stress for Anna and affected her health. Sally and Anna barely talk now. Anna has not been repaid the money and is finding it difficult to manage on the pension. This could have been avoided if there was a written agreement that included what would happen if Anna needed to move out.

What if you don't have a family agreement or other legal arrangement?

If you have contributed money to live with family or friends, and you don't have a family agreement, you should get legal advice as soon as you can about your options and whether you should have a written arrangement to protect your interests.

Keep records of payments of money you make and receive, conversations about what is agreed and other details of your arrangement. Keep these documents in a safe place, and record what was agreed in a notebook or your diary.

What should you do if things go wrong?

Get legal advice as soon as you realise there is a problem. This is important as legal action often needs to be taken within a certain time frame.

You can start by calling Tasmania Legal Aid's free legal advice line

Once you know your legal rights, mediation can be a good option to resolve a dispute quickly and cheaply.

If court action is needed, it is helpful to have records of transactions, conversations, agreements and other details of the arrangement and the dispute written down.




Scan the QR code for more information about Senior Assist.



Need legal advice?

Chat, call online or visit us
Monday to Friday, 9am - 5pm

 **1300 366 611** (ask to speak to Senior Assist)

 **senior.assist@legalaid.tas.gov.au**

 **www.legalaid.tas.gov.au**

 **HOBART** **BURNIE**
LAUNCESTON **DEVONPORT**

Our partners

Tasmania Police Assistance Line
131 444

Tasmanian Elder Abuse Helpline
1800 441 169

Advocacy Tasmania
1800 005 131

Relationships Australia
1300 364 277

COTA Tasmania
03 6231 3265

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Tasmania
Legal Aid