

STRAIGHT TALK WITH

Breaking Down the Finances of Senior Living

THE COST OF SENIOR LIVING – WHAT CAN I AFFORD?

You've been investing, saving, and making savvy decisions about money your whole life — so now what?

More choices await you as you plan your next chapter — and as you consider whether to move to a retirement community, financials will likely be an important piece of the equation. So take the time to gather the information and resources you need around the cost of senior living to make the right decision for you.



"GOOD FORTUNE OFTEN
HAPPENS WHEN OPPORTUNITY
MEETS WITH PREPARATION."

-THOMAS EDISON

START WITH CLARITY

By this point in life, many seniors may have paid off their mortgages and other assets and are living comfortably.

As you're starting your research on retirement communities, you may be venturing into some uncharted financial territory. Feeling a little sticker shock as you look into the cost of senior living? You're not the only one.

What's more, weighing the pros and cons of Life Plan Communities, rental communities, aging-in-place scenarios, and more can often feel like an apples-to-oranges comparison.

We'll help you understand some important financial differentiators among the different types of senior living facilities.

AN INVESTMENT IN YOUR FUTURE

As a first-time homeowner, you likely wouldn't have purchased a one-bedroom condo if

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you knew you wanted to have children. You'd have invested in a home you and your family could grow into comfortably as your life progressed.

The same goes for senior living: It pays to weigh what you want and need today and anticipate what your future needs will look like.

In general, aging in place at home or moving into a rental community can be an affordable solution for your life now and in the immediate future. But in terms of future care, there are variables to consider. Should your needs change over time, you'll have to figure out solutions as you go and pay the current market rates.

Life Plan Communities take the big picture into account: where you are now as well as what care you'll need as you continue to age. And because of this, they come with a higher up-front price tag.

No matter what you choose, each living situation comes with a different set of cost considerations. Let's take a look at some of them.

AGING IN PLACE

If you've thought about staying at home and aging in place, you're in good company: AARP found that a whopping 76 percent of Americans over 50 would prefer to stay in their current residences as long as possible.¹

Remaining at home is a viable option for many seniors who are enjoying their current lifestyle. But is it the most affordable option for now and for your future? You might be surprised.



The ***national median*** rate for home health aides is **\$22 per hr.**

If you choose to age in place, you can enjoy all the comforts and benefits of living at home. But you're also responsible for the costs associated with those comforts: property taxes, utilities, cable and internet, security, groceries, landscaping, cleaning services, dog walking, gym membership, general upkeep on your house, and more.

Then, consider this: 40% of the 137 million homes in the United States now are more than 50 years old² — and newer-construction homes generally haven't been built for aging in place safely and comfortably.

Have you considered what modifications may need to be made to your existing home as you age?

According to the American Seniors Housing Association, it could cost tens of thousands of dollars to modify your existing home for your changing accessibility needs, from slip-resistant bathroom renovations to wider doors, stair glides, and smart home technology.³ (And

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because time is money, consider, too, the time and effort it takes to coordinate renovations on this scale.)

Then there's home care. According to the Genworth Cost of Care Survey 2018, the national median rate for home health aides is \$22 per hour. (If you require only sporadic care, there's a good chance you'll save some money in the short term by aging in place.) If you need around-the-clock care, costs average just over \$16,000 per month.⁴

RENTAL COMMUNITIES

The costs of life in a rental senior-living community are a little more black and white — though monthly rental expenses vary greatly based on the types of amenities as well as geographical location. (Think about the average cost of living in New York City versus... well, everywhere else!)

In a rental community, you'll typically pay a one-time "community fee" (usually in the neighborhood of a few thousand dollars), followed by a single monthly fee that covers many aspects of your life there:⁵

- Meals (some or all of them)
- Utilities
- Light housekeeping, including linen service
- Landscaping
- Exterior and interior maintenance
- Activities and transportation
- Security

Rental communities can be a great option for your life now — but they don't take into account the care you may need later, or the costs that come with it.

If you require assisted living, skilled nursing, or memory support during your time in a rental community, you may be able to bring some of those services to you, but others will require a move to another facility. Either way, you'll pay the current market rate for those services.

STANDALONE CARE FACILITIES

Assisted living, memory support, and skilled nursing are alternative residential options for those who need more hands-on care after aging in place at home or living in a rental community. The costs can vary by location — just as home prices do — as well as how much care you need.

In general, the monthly fee for these options accounts for the cost of community living, plus the cost of ongoing medical care, ranging from supervision and assistance with daily activities in an assisted-living facility to rehab or longer-term nursing care at a skilled-nursing facility.⁶

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The median assisted living cost is \$4,000 per month, and that number increases to more than \$7,000 when you include skilled nursing or memory support services, according to the Genworth Cost of Long Term Care survey.⁷

LIFE PLAN COMMUNITIES

As in rental communities, Life Plan Community residents pay a monthly fee to cover the cost of daily life — but because they take future care into account as well, there are a few notable differences where finances are concerned:

- **Entrance fee:** Life Plan Communities charge a one-time entrance fee (some folks call it “buy-in”). At Vi, the entrance fee is paid when you move into the community and is based on the floor plan, care option and return option you choose.
- **Return option:** Though you don’t own your apartment or villa outright in a Life Plan Community, you can choose a return option that essentially refunds a portion of the entrance fee to the beneficiary of your choosing upon termination of your life-care contract, in accord with the terms of that contract. There are return options ranging from 0% to 90%, and what you choose depends on your estate goals.

NOT ALL LIFE PLAN COMMUNITIES ARE CREATED EQUAL

Many retirement communities claim to be Life Plan Communities but don’t get specific — and the details matter.

Here’s a refresher on the differences among the three types of senior-living facilities.

Type A (Extensive): Includes unlimited access to all available care services for little to no additional fee. The monthly fee in a Type A community doesn’t change as you move between independent living and assisted living, skilled nursing, or memory care. (The monthly fee does increase slightly over time — at Vi communities, at a rate of 3%-5% — to account for cost of living, staff raises, and more.)

Type B (Modified): A hybrid of extensive and fee-for-service communities. The model varies by community but typically includes a set number of days of care services in the monthly fee. After exhausting those days, care is then billed at market rates.

Type C (Fee-For-Service): Does not factor care services into ongoing fees. If a resident needs care, they will be billed separately for all services at the market rate.

LIFE PLAN COMMUNITIES AND LONG-TERM CARE INSURANCE

Many seniors ask us whether they can use the benefits from their long-term care insurance to save money or cover the cost of care in a Life Plan Community.

If you’re wondering the same, congratulations! You’ve made a wise investment in planning for your future. The good news: Long-term care insurance benefits can dovetail nicely with

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the services offered in Life Plan Communities. But these policies are tailored to individuals — so contact us to discuss your personal circumstances.

WHAT'S YOUR BOTTOM LINE?

It pays to have a complete picture of what you'll be paying for and why over the life of your senior-living investment — not just how much you'll be paying out of pocket but also how those investments will serve you in the future. (Just think what it would've been like trying to raise a family in that one-bedroom starter condo...)

Yes, taken at face value, options like assisted living over aging in place with home care, or Life Plan Communities over rentals, can seem like disproportionately large investments.

But when you look at the big picture and take ongoing and long-term costs into account, an apples-to-oranges comparison can suddenly seem more apples to apples.

Some senior living companies, including Vi, offer pricing sources right on their website. Others require a call to sales or a request for more information.

Do you want to talk more about your financial options? We're here to help. Contact our sales counselors with your questions around paying for senior living.

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