

# Living Choices in Retirement

BY TERRY SAVAGE

One of the most difficult choices retirees must make is where to live in retirement.

By this stage of your life, the family home might be too large and burdensome. Downsizing is one option. And these days, more seniors are turning to continuing care retirement communities (CCRCs).

These communities offer a variety of costs and promises, and comparisons are not easy. So in this column, I'll explain generally how they work and what the alternative plans are. CCRCs typically offer a wide range of independent living dwellings, from small villa homes or townhomes to apartments or studios, along with a meal plan. The best (and most expensive of them) offer everything from exercise facilities to clubs for activities and transportation to the local town center or other activities. The monthly fee typically includes cleaning services, utilities, internet and other amenities.

Most importantly, CCRCs offer advanced care options, including assisted living, memory care and even skilled nursing care within the community. And the cost can be locked in as part of a contract you sign upon entrance. Or you may get guaranteed access but at additional cost. And that's where things get complicated. Some CCRCs offer what is called a life care or life plan contract. This type of contract involves an upfront entrance fee, along with a contract that defines your responsibility for future care costs — no matter how your needs change. Some options:

- Type A (life care): This contract typically has the highest entry fee and highest monthly fees. It's designed for seniors who have sold their home and can pay the upfront fee (currently averaging \$414,000 nationally) and can afford the larger monthly fee, which may be as high as \$5,000 or more, depending on the contract and the location.

In exchange, you will only pay the same monthly fee — except for inflation adjustments and additional meals — even if you need to move to assisted living, memory care or skilled living within the community. You are essentially paying more monthly now to lock in the costs of future care that may be needed.

All or a portion of the upfront entrance fee is typically refundable to you or your heirs. However, you can lower the monthly costs of this contract by selecting a lower percentage refund or no refund at all upon leaving the community. Each community offers a different trade-off of monthly cost vs. percentage of deposit returned.

- Type B (modified life care): This contract usually requires a lower entry fee and lower monthly fees. If additional care is needed in the future, it will cost more. But because you

paid the entry fee, it will still be less costly than if you sought care outside the community.

- Type C (fee for service life care): This program offers the lowest entry fee but promises you will be given priority for moving into a higher level of care if needed. At that point, you will pay market rates, which could be very expensive. If you have long-term care insurance, it might partially offset the higher costs of assisted living or skilled care.

Also on your checklist: "Benevolent care" promises that you will never be asked to leave the community if you run out of money through no fault of your own. And, since inflation will raise the monthly fee, ask about recent increases.

Carefully read the restrictions around the return of your deposit. Many communities hold the deposit until your space can be filled by a new resident. And understand that your entry fee is not a savings account. It immediately goes to general corporate purposes, such as upkeep and repairs to the facilities. So, you'll want to check the financial solvency of the community. Many are owned by large companies and run as nonprofits. But each community may have separate finances, so size of the organization is not necessarily a factor.

Finding and comparing local options isn't difficult. But most services such as [SeniorLiving.org](http://SeniorLiving.org) or [APlaceForMom.com](http://APlaceForMom.com) are compensated by the senior living communities with a referral fee.

Do your homework on this decision. The financial choices you make today about retirement living will impact every aspect of your remaining years. And that's The SavageTruth.