

human good



THE COMPLETE

Guide

to the Costs
of Senior Living

introduction

Many older adults would love to spend the next chapter of their lives in an all-inclusive Life Plan Community (also known as a continuing care retirement community or CCRC). However, if you're among those with concerns about paying for community living, you may be surprised to learn that—with a value beyond compare—it's more affordable than you think.

If you or a loved one is thinking about making the move to a Life Plan Community, it can be helpful to first understand the costs involved, which is why we've created this comprehensive guide.



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When you're ready, explore Life Plan Communities in your area and find the right fit for yourself or a loved one.



“ Most people who have owned a home can afford to live in a retirement community. The average school teacher, postal employee or mid-level professional can generally afford it.”

Daniel S. Ogus

Chief operating officer of HumanGood

“ Although it was a significant change for my parents to move from the home they’d had for decades, they seem happier, less stressed and healthier. They’re also more fit than ever because it’s so easy for them to take advantage of the gym and water aerobics classes right on campus.”

Kim Stafford

whose parents Shelby and Lorna Wagner
live in a HumanGood Life Plan Community





chapter 1

Understanding the Benefits of a Life Plan Community

Life Plan Communities offer an all-inclusive, maintenance-free and low-stress lifestyle. These communities are thoughtfully designed to provide maximum independence and a feeling of security, creating peace of mind for both residents and their families.

Each community includes a variety of benefits and amenities, such as:

- ✓ Low-stress, maintenance-free living.
- ✓ An independent lifestyle.
- ✓ Easy access to social opportunities.
- ✓ Peace of mind about advanced health care services.
- ✓ Opportunities for staying active and engaged.
- ✓ Less responsibility for caregivers/family members.
- ✓ A measure of predictability about future living and care costs.
- ✓ Benevolence fund or residents who have depleted their financial resources through no fault of their own.

A growing number of older adults in the United States are seeking out all-inclusive communities, a trend that is likely to continue in the future. In fact, research has found that interest in senior living communities will increase by as much as 75 percent by 2030.

Life Plan Communities help meet the unique needs of older adults, because they cater to every need, allowing all residents to live well—regardless of their individual health care needs. Life Plan Communities offer a full range of living options and care levels, including:

RESIDENTIAL LIVING, OR INDEPENDENT LIVING:

Residential living offers a lifestyle that is similar to what you have at your current home, but with fewer daily worries. You'll have the independence you have always loved, plus all-inclusive services such as meals, housekeeping and home maintenance. Should the need arise, you'll also have priority access to advanced levels of care.

ASSISTED LIVING, OR PERSONAL CARE:

Here, residents receive a more personal level of care, with dedicated staff who are closely familiar with your medical history, medication needs and other important health information. You will receive assistance with everyday tasks, such as bathing and getting dressed, and enjoy all the benefits of all-inclusive living.



MEMORY CARE LIVING:

Memory care services include 24/7 support and care for residents with dementia, in the comfort of a homelike setting at an all-inclusive community. As a memory care patient, you also benefit from meaningful, personalized activities that are specially designed to improve your quality of life, encourage independence and promote self-esteem.

SKILLED NURSING:

Skilled nursing services include 24/7 care from certified medical professionals for patients who need short-term post-acute recovery care or long-term skilled nursing and hospice care. Today's skilled nursing communities are a far cry from "nursing homes" of the past. In a Life Plan Community, residents requiring skilled nursing live in private or semi-private suites as they receive round-the-clock care.

By offering a range of care options, Life Plan Communities also provide peace of mind, a sense of security and predictability about the future. No matter what level of care you require, a Life Plan Community can accommodate your needs.

A Fulfilling Lifestyle

Life Plan Communities also provide all residents with a variety of opportunities for an active, engaged lifestyle. You can decide how full your days will be as you select from activities that include:

- ✓ Art classes.
- ✓ Volunteer opportunities.
- ✓ Clubs and community boards.
- ✓ Lecture series.
- ✓ Musical performances.
- ✓ Special events.
- ✓ Fitness and wellness classes.
- ✓ Travel and outings.

Research has shown the importance of older adults staying active and mentally engaged. The Age Well Study found that residents of Life Plan Communities tend to have better social wellness compared to older adults in the community at large, a finding that is particularly true for those who experience decreases in mobility. As people age, it can be challenging to stay active and keep up with the activities they love. However, Life Plan Communities provide a robust calendar of opportunities for residents at all care levels to ensure everyone enjoys the social and cognitive benefits.





chapter 2

Understanding Entrance Fees

If you decide to move into a Life Plan Community, you will typically be required to pay a one-time, upfront entrance fee. Today, about **two-thirds of the nation's nearly 2,000 Life Plan Communities** require an entrance fee.

In an all-inclusive Life Plan Community, you enjoy peace of mind about today and the future. Plus, the benefits of an entrance fee are numerous.



Here are three ways that entrance fees benefit both residents and their communities:

1. THEY LOWER MONTHLY FEES

When you pay an entrance fee, you enjoy lower, more predictable monthly payments, regardless of the level of care you require. This means you typically pay less every month compared to many other types of retirement communities with month-to-month rentals.

2. THEY PROVIDE PEACE OF MIND

Entrance fees guarantee you priority access to advanced levels of care should you develop a need, and at contracted rates that are often lower than the market. This brings some predictability to future care costs. In addition, many nonprofit Life Plan Communities guarantee lifelong care as part of your entrance fee contract, meaning you can stay in the community even if you (through no fault of your own) outlive your financial resources.

3. THEY IMPROVE THE COMMUNITY

Entrance fees tend to fund capital improvements in the Life Plan Community, helping to ensure that new amenities can be added on a consistent basis and that the community is always beautiful and well-maintained. This means, while you live there, you will actually directly benefit from your investment. In contrast, at a traditional assisted living community, the condition of the community and its amenities is often closely tied to the economy and market demand.



Types of Entrance Fees

Life Plan Communities typically have two types of entrance fees:

Non-rebatable (or fully amortized) fees tend to be lower. However, with this option, there is usually no rebate given after several years in the event that a resident moves out or dies.

Rebatable fees carry a higher price tag, but a portion is rebatable. If a resident moves out or dies, their estate will get back a percentage of the entrance fee (typically 50 percent or 75 percent) based on specific contract terms. Rebatable fees are growing in popularity, in large part because they give residents a guaranteed asset to leave for their heirs—an important consideration for anyone planning a financial inheritance for their children or grandchildren. Today, nearly half of all HumanGood contracts include a rebatable entrance fee.

Typical Entrance Fee Amounts

Entrance fees range anywhere from \$50,000 to \$350,000 for a one-bedroom home, but the entrance fee will vary depending on several factors, including:

- ✓ Location.
- ✓ Home size.
- ✓ Desirability/demand.
- ✓ Views.
- ✓ Level of care.

Although this fee may seem like a lot of money, residents of Life Plan Communities agree it is well worthwhile when you consider how much it may cost to stay in your current home, where expenses include home maintenance, living expenses and health care—not to mention unpredictable home repairs and other costs. (More on this in the next chapter!)

Certain Life Plan Communities do not require an entrance fee and instead charge residents monthly rent and/or offer a la carte services. In these communities, the monthly rent for an independent living home can start at \$3,000 to \$6,000.





chapter 3

Understanding Monthly Fees

At a Life Plan Community, monthly fees are not the same as simply “paying rent.” Your monthly fees go toward:

- ✓ Delicious, chef-prepared meals.
- ✓ Housekeeping services.
- ✓ Cable, internet and utilities, which are included
- ✓ Transportation.
- ✓ Opportunities for the mind, body and spirit.
- ✓ Home maintenance, inside and out.
- ✓ Security services.
- ✓ Fitness and wellness classes.
- ✓ And more!

With all of your daily needs covered, you can do more of what you love every day.

To get the greatest financial benefit from your monthly fees, consider moving to a community before you need advanced care. “If you move at an appropriate age, then amortize what you’d pay over, say, a period of 15+ years, it’s often cheaper over the long term,” explains Dan Ogus, chief operating officer of HumanGood.

This approach will maximize the length of time you can take full advantage of all your community has to offer, which can help improve your health and happiness over the long run. Of course, it’s important to first understand what you could afford. To get started, take some time to review your monthly expenses.



“ Don’t wait until you have to move. Move when you are still able to take advantage of all the social and wellness opportunities. I found the costs compared quite well to our prior condo, and we have the peace of mind that everything is taken care of.”

Russell Mitchel, resident of a HumanGood Life Plan Community



Compare Monthly Costs

As you plan your future, be sure to consider your monthly costs. When you assess your expenses, you'll see that the monthly fees of a Life Plan Community likely compare quite favorably to the cost of staying in your current home.

Your current expenses may include:

- ✓ Rent or mortgage.
- ✓ Property taxes and insurance.
- ✓ Homeowner association fees.
- ✓ Cable, internet and utilities.
- ✓ House cleaning services.
- ✓ Home maintenance and repairs.
- ✓ Transportation.

These costs add up and require time and energy to manage. If you're a homeowner, you also have to plan for unexpected costs, such as replacing broken appliances, repairing the sewer line or patching up a damaged roof.

At a Life Plan Community, monthly costs are more predictable and manageable—and you'll never be caught by surprise by unforeseen expenses.



chapter 4

Understanding Health Care Costs

One of the greatest benefits of choosing a Life Plan Community is that you can stay in the same community—and typically on the same campus—even if your health care needs change over time. Once you make the move into a Life Plan Community, you can call it home no matter how your needs change.

For example, let's say you move into an independent living residence, and a few years down the road, you require a more advanced level of care. At a retirement rental community, you would likely have to move. At most Life Plan Communities, however, you stay in the same community, with the same friends, and enjoy all the same amenities. If you have a spouse, you can stay together on the same campus, no matter what your health care needs may be.



“ I like that my mom’s community is a nonprofit organization with an endowment fund. Also, here she can ‘age in place’ without disruptive moves, and there are services available to support any transitional health issues.”

Margaret Fuller,

whose mom Shirley Holland is a resident of a HumanGood Life Plan Community

“ My husband and I have been married for a very long time, and we didn’t want to be separated if one of us was to become ill, so it was important to us that our community had all levels of care. There is comfort in knowing that this support is available.”

Sheila Brody,

a resident of a HumanGood Life Plan Community





More Predictable Health Care Expenses

For many older adults, unexpected expenses are a reality of life—and often a result of health care needs. Among adults 75 or older, 23 percent experience a financial shock related to health care expenses each year, according to Boston College’s Center for Retirement Research.

In a Life Plan Community, residents have a measure of predictability and security regarding the cost of care that might result from a health condition. That’s because Life Plan Communities offer predictable, contracted rates set at move-in for advanced care, should the need arise.

Types of Advanced Care

Life Plan Communities offer several levels of advanced care, should the need arise, including:

ASSISTED LIVING (OR PERSONAL CARE)

Assisted living allows residents to enjoy independent living with additional health and personal care services as needed. Assisted living communities typically include:

- ✓ Three meals a day.
- ✓ Medication management.
- ✓ Personal assistance with daily activities, including bathing, walking, dressing and eating.
- ✓ Transportation.
- ✓ Housekeeping and laundry.

The national average for assisted living care is around \$4,000 per month. However, where you live is a big factor. Costs for assisted living range from \$2,881 per month in Missouri to \$11,288 per month in Washington, D.C.





MEMORY CARE

Memory care communities provide 24/7 support and care for residents with Alzheimer's or another form of dementia. These communities provide professional care and supervision, plus help with daily activities, meals, medication and social activities. Memory care communities also offer:

- ✓ A cozy, homelike environment.
- ✓ Specially trained caregivers.
- ✓ Opportunities for residents to socialize and relax.
- ✓ Customized health care based on personal histories.
- ✓ A focus on promoting self-esteem and maximum independence.

The national average is nearly \$6,000 per month; however, depending on your location, memory care can cost up to \$14,000 per month.



SKILLED NURSING

Skilled nursing communities provide the most advanced level of health and personal care. These communities offer short-term rehabilitation services for patients recovering from an injury, illness or hospital stay. Many also offer long-term nursing care, round-the-clock hospice and respite care from certified medical professionals. Skilled nursing communities offer:

- ✓ Assistance with daily activities, such as bathing, eating and going to the bathroom.
- ✓ Personalized health care focused on outcomes.
- ✓ Education to enhance recovery.
- ✓ Medication management and monitoring, as well as treatment services.
- ✓ Customized meals for specific diets.
- ✓ Physical, occupational, speech and IV therapy services.
- ✓ Restorative nursing focused on achieving optimal physical function.
- ✓ Respiratory treatment, including oxygen therapy, suctioning and BiPAP/CPAP.
- ✓ Wound management and surgical recovery.

Although costs vary depending on the length of care, the national average for a private long-term nursing care room is more than \$8,000 per month. Medicare typically covers short-term rehabilitation stays following a hospitalization.

Independent Living With In-Home Assistance

Many independent living residents experience a health event and need assistance with activities of daily living—but they don't want to make the move to assisted living. To respond to this growing need, many Life Plan Communities (including those operated by HumanGood) are now offering the option of in-home assistance for an additional fee, which means you can stay in your independent living home and receive assistance as needed from a licensed caregiver.

A Life Plan Community lets you live the life you want, even if your health care needs change over time. For many residents, this peace of mind gives them the freedom to live their retirement years to the fullest.





chapter 5

Understanding Contract Types

Life Plan Communities may offer several contract types to suit every stage of senior living. Whether you're ready to move into a community or you want to test the waters with a rental, you'll need to sign a contract that specifies what you will receive and what you will pay, both now and later.

Types of contracts offered will vary by Life Plan Community. Here are the four most common types:

1. TYPE A, OR EXTENSIVE LIFE CARE CONTRACTS

With a Type A contract, you enjoy a sense of stability, because your future costs are much more predictable—even if you need a more advanced level of care.

These contracts require a larger entrance fee than the other contract types, but the monthly fee remains steady regardless of your level of care.

2. TYPE B, OR MODIFIED CONTRACTS

Type B contracts are similar to Type A contracts. However, instead of covering all future health care needs for the same monthly rate, they include discounted or waived rates for those services.

Type B contracts require lower entrance fees than Type A contracts, but if you require an increase in care, you will be responsible for covering the increased monthly fees.





3. TYPE C, OR FEE-FOR-SERVICE CONTRACTS

Type C contracts offer housing, amenities and health care services on a pay-as-you-go schedule. You'll pay a lower entrance fee, and if you don't require advanced levels of care, you won't have to pay anything beyond your monthly service fee for using amenities like transportation or activities. This approach is ideal for older adults who are healthy and who don't foresee a need for skilled nursing care. However, although the upfront costs are lower, if you do have a sudden need for care, you run the risk of larger costs down the road.

A Type C contract may be your best option if you have long-term care insurance. With this option, you can enjoy an independent lifestyle and have priority access to advanced health care services, if you need them. And thanks to your insurance policy, you'll pay the current listed rate for those services.

4. TYPE D, OR RENTAL-ONLY CONTRACTS

Month-to-month rental contracts cover your residential and service expenses but are not considered continuing care contracts. If you're unsure about moving into a Life Plan Community, this option is a great way to try out the lifestyle without a commitment.

Type D contracts require higher monthly costs and fee-for-service rates. However, you can cancel them at any time.



chapter 6

How to Pay for Community Living

Older adults take a variety of approaches to pay for senior living. No matter what approach you choose, it all starts with planning ahead so you don't experience any financial shocks.

The good news is that moving to a Life Plan Community can actually provide a measure of financial predictability that you might not enjoy if you stay in your current home. And for many older adults, the cost of a senior living community may be comparable to or less than the cost of their typical recurring expenses.

People over the age of 65 spend roughly 77 percent of their retiree income on just five things:

- ✓ Housing.
- ✓ Health care.
- ✓ Food.
- ✓ Clothing.
- ✓ Transportation.

In an all-inclusive senior living community, many of these expenses are included in your monthly fees. Plus, you enjoy peace of mind because you have access to advanced health care services, at a predictable cost, if the need arises.

Next, consider some of the ways you can pay for the various costs associated with a Life Plan Community:

Entrance and Monthly Fees

Some of the most common ways older adults pay for their entrance and monthly fees include:

- ✓ Selling a home. Savings.
- ✓ Investment income.
- ✓ Pension funds.
- ✓ Retirement income.
- ✓ Bridge financing.





Also, you might consider some creative ways to pay for senior living. One couple refinanced their home to pay the entrance fee and then rented out the home to pay their monthly fees.

Health Care Fees

As people age, health care costs can become more unpredictable. But for residents of Life Plan Communities, there are several options for handling health care fees:

- ✓ You can defray health care costs by taking advantage of long-term care insurance.
- ✓ If applicable, you can consider leveraging Veterans Aid and Attendance or Housebound benefits.
- ✓ You can use Medicare—or, in some cases, Medicaid—to cover short-term rehabilitation following a hospitalization.

Financial Benefits

As you plan for the costs of senior living, it's important to remember that Life Plan Communities also offer several important financial benefits to residents. If you join a community that provides health care services, you will receive sizable tax breaks on both your entrance and monthly fees. Plus, you will never have to pay property taxes.

Many nonprofit Life Plan Communities also offer benevolent support, which ensures older adults who have depleted their financial resources—through no fault of their own—can stay in their senior living community and receive the care they need.

To get a better idea of what you could afford, start by speaking to your accountant. Then, you can contact a senior living community counselor in your area for a financial assessment to determine what is affordable.






chapter 7

Find a Community Near You

Many older adults are surprised to learn that Life Plan Communities can be less expensive than staying in their existing homes. This is especially true when you consider the peace of mind that comes from knowing that the advanced care services you may need are available at any time, at a predictable cost.

It is possible to make the dream of moving to an all-inclusive Life Plan Community come true. To get started, it can be helpful to evaluate your needs. Take our five-minute quiz to determine which level of care makes the most sense for you.

Once you have an idea of what level of care you'll need, the next step is to find the right community for you. Explore HumanGood communities near you. We would love to help you make the move a reality.



HumanGood is one of the nation's largest nonprofit providers of housing and services for older adults, serving more than 10,000 residents in 96 communities across Arizona, California, Idaho, Nevada, Pennsylvania and Washington.

Why we do what we do.

Everyone should have the opportunity to live life with enthusiasm, confidence and security, regardless of circumstances. We all want to be purposeful. Stay connected to family and friends. Continue to learn and grow. Become our best selves. We're here to help you make that happen.

Learn more about HumanGood communities at humangood.org.

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