# Retirement Housing Options – Important Questions

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1. **Financial considerations are critical for many aging seniors. Key questions to ask when evaluating "aging in place" versus a retirement community include:**

    a) What is the total buy-in cost at the retirement community? Typically, if your parents die (or just decide to move out) within a certain period after moving in, their entrance fee is wholly or partially refundable. But watch out; in some cases, communities can hold the entrance fee until they refill your parent's spot. Understand your refund options, especially if the level of care you need changes.

    b) What is the monthly cost for every level of care?

    c) What is the cost if one spouse stays in independent living and the other goes to assisted living?

    d) Ask about the *actual* history of monthly cost increases for *all* levels of care.

    e) Discuss the retirement communities' financial history and operations. Is there anything we should be concerned about? May we see your financial statements?

**Share any red flags you discover with your CPA and financial planner or, better yet, take these advisors with you and let them ask the tough questions.**

2. **What's included and what costs extra?**

    Almost all retirement communities offer guaranteed access to health and personal care services, but not all include it in their basic monthly fee. The broadest coverage, where the cost of care is really included, is a Type A Life Care contract. You're basically buying into an insurance pool for the long-term care needs of you and your fellow residents. In Life Care contracts the basic premise is that your base monthly fee does not change based upon your care needs, in other words, should you need to move to the health center your monthly fee stays essentially the same as it was in your independent living apartment or cottage.

    Modified (Type B) contracts limit the number of days a resident may stay in assisted living or skilled nursing before getting dinged with an add-on fee. With fee-for-service (Type C) contracts, you pay the full cost of any time spent in the health center. Finally, a small number of retirement communities offer rental (Type D) contracts where there is no entrance fee and everything is a la carte.

3. **How good are the medical facilities?**

    You would think this is a given, but there are aces and jokers in the medical profession in every community. This applies to the facilities on-site and the hospitals that are nearby. Are seniors afforded special healthcare programs on-site and at local hospitals or YMCAs?

## 4. What transportation is available?

Many seniors go into a retirement community being able to drive and most have to give up their car and license at some point. Check if the community is near public transit, and if not, what sort of transportation is provided. For example, do you pay out of pocket for transport to a medical appointment?

Another key question is whether you, your parents and your children and grandchildren can easily connect to one another. Easy driving distance is ideal if you have a larger family. Good airport connections are helpful if the grandkids are coming to see your parents; travelling with young children is a three-ring circus because of long airport security lines and new guidelines from most airlines that no longer allow parents travelling with children to board first.

## 5. Are there special amenities?

What is the average age of the facilities? Is the community reinvesting by upgrading the facilities on a regular basis or just fixing things when they break?

The "Golden Years" are increasingly being used by active seniors to reinvent themselves, to explore new hobbies, travel and spend quality time with grandchildren. Assuming your parents still have three years or more of reasonable health ahead of them, make sure the retirement community has all the amenities that are important to them. If a "social cocktail" is important, ask if alcohol is allowed. **Remember, if one of your parents is bored to death, it will affect the quality of their experience at the retirement community.**

Also do a thorough review of the amenities available within easy driving distance of their new home. Do they like Broadway shows or the symphony? Will they miss not volunteering at their favorite community organization?

## 6. Are these "my kind of people?"

It is very important that the culture of the community fits your parents. It is likely that one or both of your parents have become less flexible in building new relationships and tolerating eccentricities that they would have shrugged off even 10 years ago. Visit the community several times at different times of the day before signing your parents up. If something makes you uncomfortable, talk it out with members of your support team.

This is a big decision and needs the "measure twice, cut once" approach that you have likely used for other big decisions in your life. If other friends of your parents have moved to the same community, this is an ideal opportunity for your parents to visit often and see first-hand how the place runs when no one assumes you're taking notes. If their best friend moves to a retirement communities and begins pressuring your parents to do the same, slow down and make sure both your parents will love it as much as their friend does.

**As your parents (or you) are investigating retirement community options, ask residents you meet what they like and dislike. Find opportunities to get alone with residents without the marketing rep hovering over your shoulder. You may uncover something important as you and your parents make a final decision.**

## 7. What about Alzheimer's patients?

Newer communities are setting up separate wings dedicated to care for people with Alzheimer's and other forms of dementia and older communities are adding on services in memory care. If the community your parents like doesn't have longstanding memory care or special Alzheimer's services, **find out what happens to people at the community who develop dementia**. There may be great resources available in the surrounding area, but make sure you're comfortable with the level of care and cost if this becomes an issue with your parents.

**The following are a few of the key mistakes we have seen our clients make when selecting a retirement community:**

1. **Failing to understand the culture** – we have seen many people make a snap decision on moving to a particular retirement community without first spending several visits, including overnight, to evaluate the fit between their own stage of life and values versus the residents of the community. While it is true your parents can find likeminded friends almost anywhere, it is much more difficult if the majority of the community doesn't share their love for a particular hobby, sport or activity.

   **By spending more time and several visits talking to residents, you'll not only learn if the people are compatible with your parents, you'll also get an idea of the community's weaknesses. Ask a lot of questions and don't be afraid to talk one-on-one with residents.**

2. **Not understanding the cost structure** – many retirement communities use different pricing structures to run their business model. Depending on the contract type, some communities charge more upfront for apartments or cottages and less on monthly fees. Some charge additional fees for the use of their assisted living and nursing facilities than others. **Investigate and understand every type of potential fee.**

   Also look at (and/or have your financial advisor and CPA review) the balance sheet of the retirement communities –many retirement communities are traditionally financed with long term debt and some may have assumed too much debt which can result in short term financial pressures especially during downturns in the economy. Living in a community in financial distress can be disconcerting and could end up costing more than you anticipate. Many states require retirement communities to publish a Disclosure Statement similar to an investment prospectus, so be sure to ask the retirement community representative about state regulations and statutes for disclosure.

3. **Moving too early** – some parents are not ready to move to a community where many residents are in the stage of travelling less or are less engaged in life and activities. We have also heard of situations where one parent moves to the community (more often than not, the woman) and the other parent elects to stay in the home and "age in place" a while longer. This can be expensive and usually does not bode well for the relationship.

4. **Moving too far away from family or social networks** – social networks are usually in the top three most important attributes of happiness in retirement. We have seen clients make decisions to move to retirement communities they perceive as less costly. They end up being too far away from children and grandchildren, resulting in greater effort and cost for trips to see each other. Help your parents visualize week-to-week life in the new location.

5. **Waiting too long to move to a retirement community** – a growing trend today is for seniors to want to age in place in their home or a downsized home for as long as possible. This is usually because they really like their home, have negative perceptions about retirement communities (perhaps from their parents' or grandparents' experience in an old-style nursing home) or are in the 10-year decline to dementia (referenced earlier) and experience growing aversion to change of any kind. It's interesting to note that many who enter the "right retirement community" at the "right time" (different for everyone) find that their health improves and they are happier and less stressed.

   **Many retirement communities have screening processes that preclude certain types of pre-existing conditions (this step depends on business model). So the retirement community you or your parents really like may not allow you to become a resident if one of them are in the early stages of dementia or Alzheimer's Disease.**

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**More information regarding Family Wealth Advisors Council can be found at www.FamilyWealthAdvisorsCouncil.com**

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