Housing Options as We Age

Seeking answers to today's most pertinent questions

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> "While remaining in one's own home may be highly desirable for older adults, the wisdom of choosing that option depends on making certain that their health, social and financial needs are met."[1]

The decision on where to live as a senior is critical to the physical and emotional wellbeing of all involved. The sheer quantity of choices available today can be overwhelming. Below are some thoughts to consider regarding two popular options when thinking through the decisions necessary to "age well."

Option One – Staying at Home

Often the first choice, keeping aging seniors in their homes can be a daunting responsibility.

Q. *Is there a reliable caregiver who will manage all that is needed to foster independent living?*

A. A caregiver will be needed to manage a variety of medical and dental care along with regular home maintenance such as yard and garden work and snow removal. While such coordination is not always a full-time job, this role typically requires more than casual weekly or monthly interaction.

Nursing care could be provided intermittently or around the clock to ensure medications are taken, and that nutrition and fluid consumption are appropriate. A home health professional can also assist with personal hygiene and the ongoing assessment of physical health. A 2019 Genworth Study reported the national median hour rate for home health aide to be $23.[2]

Q. *Will there be enough socialization for one who stays home?*

A. Adult Day Care can be an excellent compromise to provide social and support services one or many days a week during the day. Participants in day-time care programs find friends, hobbies, medical support and meals while caregivers can take a break. A family visitation schedule may work and many communities provide transportation to senior centers for activities and engagement.

WHEN TO TAKE THE CHECKBOOK

- Are the bills being paid correctly and on time?
- Is your parent becoming secretive about money?
- Do conversations about money turn defensive?
- Have services been cut off for lack of payment?
- Is there a durable power of attorney on file?
- Is there a new passion for an unfamiliar "charitable" organization?

1. Robinson, H., (n.d.) Housing Options for Older Adults, Retrieved from www.n4a.org.
2. Genworth Financial Inc.(2019) Genworth Cost of Care Survey 2019, Retrieved from www.pro.genworth.com.

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Q. *Does the senior need help managing finances?*

A. Is there someone to assist or take over day-to-day finances from paying bills on time to balancing the checkbook? This can be a bigger issue than most other options simply because of the complexity of managing an individual home. Protect against fraud and identity theft with Lifelock Senior or similar service.

Q. *How will transportation and shopping be handled?*

A. If driving is no longer an option, consider Uber or Lyft. Leverage online shopping to have groceries and medication delivered.

Q. *Can the home be modified if needed?*

A. Modifications may be needed to make the home safe when/if there is physical decline. Handholds, ramps, lifts to safely move between floors, walk-in tubs and pocket doors are just some of the physical alterations that can be made to extend ones time in the home.

Various monitoring systems can prove invaluable in providing both safety and independence.

» There are a number of devices that can automatically dispense medication throughout the day. The units span from simple to complex and can even connect to Wi-Fi in order to notify family members when doses are taken or are missed. Mismanaging medication is one of the leading causes forcing the move into assisted living or skilled care. Therefore, this investment can be a worthwhile expense.

» Other systems include fall detection and GPS monitoring with a service that can notify caregivers and/or first responders as needed. Wearable devices come in a variety of styles and many can be worn in the shower or bath.

» More broadly, home monitoring systems are available that use strategically placed sensors to monitor daily activities. You can then interact with the system to send reminders and you will be notified if something is amiss. While somewhat invasive, if living at home is best for your loved one's mental, social, and emotional wellbeing, such systems may extend the ability to remain there.

» Leverage cell phones. Include your loved one on your cell phone plan and offer encouragement to use the phone. Find a cell phone model that is easy to use, with large buttons and clear text. Use the speakerphone or Skype option to stay in touch, and to participate in doctor's appointments and care meetings from a distance. Use tracking to stay up to date on locations.

Q. *Are finances available to support some or all of the above options?*

A. After determining the level of comfort and safety of continuing in the home, costs should be summarized and compared to cash flow and assets on hand. Costs to include are regular upkeep of the home and property, property taxes and utilities, modifications and updates to maintain a safe environment, home health care and technology. For those living at home but no longer driving, transportation can be an additional expense.

Q. *Are there contingency plans for when the status quo no longer works?*

A. Seniors can decline quickly. It is best to consider other options before they are needed. Many hospitals and rehab facilities will not release a senior patient to go back home without a home visit to ensure proper modification have been made for a safe return.

AGING AT HOME

- Who will provide medical care and supervision for medication?
- Who will coordinate home maintenance and cleaning?
- Can modifications be made to the house to ensure safety?
- What are the transportation options (during the day and after dark)?
- Who will manage the household finances and assist with paying the bills?
- Is there enough social engagement?
- Can lifelong interest still be pursued?

Option Two – Continuing Care Retirement Community (CCRC)

A continuing care retirement community includes independent living, assisted living, and skilled nursing care within a single campus. This option can require a sizeable financial commitment that can be complicated. A full understanding of terms and costs is critical to properly evaluate this option.

Financial Considerations

Q. *What is the initial buy-in cost (entry fee) to join the community?*

A. The lump sum entry fee to join a community can be significant and is impacted greatly by the flexibility of the refund policy. In other words, the promise of a 90% refund if the resident dies or changes her mind costs more up front than the promise of a lower or no refund in the same circumstances. According to myLifeSite, a database of more than 500 CCRCs nationwide, the average entry fee ranges from $107,277 to $427,054.[3]

But watch out; in some cases, communities can hold the funds until the spot is refilled. Understand the refund options, especially if the level of care changes. Read contracts with a critical eye and get written clarification of questions.

Q. *How much is the monthly fee and what does it include?*

A. Almost all CCRCs offer guaranteed access to health and personal care services, but not all include it in the basic monthly fee. According to myLifeSite, average monthly fees range from $2,089 to $4,154.[3] Basically, if one pays less in the beginning, more will be paid at the end as the level of care increases. Specific types of monthly fee arrangements include:

» **Type A** is the broadest coverage, where the cost of care is mostly included in the contract. Here, one basically buys into an insurance pool that covers the shared long term care needs for all the participants. Often called Life Care contracts, the regular monthly fee does not change based on your level of care. In other words, should one move to a higher level of care, the monthly fee stays essentially the same as it was in the condo or cottage.

» Modified **Type B** Life Care contracts do not offer unlimited services, but generally do provide some services within the monthly fee arrangement. When additional services are needed, the resident pays à la carte at market rate.

» **Type C** monthly fee for service contracts, involve lower up front and monthly costs, but charge the full cost of all additional health care services or for higher levels of care if/when needed.

» **Type D** is similar to a rental arrangement with a contract where there is no buy-in fee and everything is a la carte. While this is most affordable up front, caution must be exercised to plan for the cost of a lengthy stay in skilled care.

Q. *Is the CCRC financially sound?*

A. Ask to see the financial statements or auditors report for the organization running the facility. The fact that they either readily provide information or avoid sharing will tell you a lot about the organization. Get online and "Google" the company to see what pops up. Share any red flags with your CPA or financial advisor. Better yet, take your professionals with you and let them ask the hard questions.

Quality of Care

Q. *Is the community accredited?*

A. Visit the Commission on Accreditation of Rehabilitation Facilities, www.carf.org, or other similarly reputable accreditation agencies.

Q. *How are costs addressed when one spouse lives independently and one spouse requires next-level care?*

A. Ask how monthly fees for two different levels of care will be charged. Consider ongoing social and emotional support for each spouse.

3. Breeding, B. (February 16, 2016) Senior Living Pricing: Snapshot of Average Cost of Senior Living. Retrieved from www.mylifesite.net.

Quality of Care (Continued)

Q. *Is there a dedicated memory care unit and what is the cost?*

A. Statistically speaking, women live longer than men, and are more likely to be affected by memory related health issues. A level specializing in memory care should be a strong consideration when evaluating a community.

Q. *How good are the medical facilities?*

A. It should be a given, but there are aces and jokers in the medical profession in every community. Investigate both the on-site facilities and the hospitals nearby. Ask about the CCRC medical director and staff. Are they on-site? How often? Determine if the resident's own healthcare providers will oversee care or if the in-house staff will be in charge.

Programming and Amenities

Q. *Is transportation readily available?*

A. Many seniors go into a retirement community with a car and the ability to drive it. Often this privilege is lost over time and transportation becomes a key challenge to independence. Ask if the CCRC is near public transportation, offers shuttle service or regularly scheduled excursions. Another key consideration 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 visit their grandparents; travelling with young children is a three-ring circus because of long airport security lines and the loss of the ability for parents of young children to board first.

Q. *Are there special amenities?*

A. If the community is on the older side, make sure there are investments being made in upkeep and improvements. Make sure they are upgrading, not just keeping up. Find out what kinds of programs, shared hobby space and social interaction exists. With increased competition, communities realize they must excel at what seniors need in order to thrive. The "Golden Years" are increasingly being used by active seniors to reinvent themselves, to explore new hobbies, travel and spend quality time with children and grandchildren. Assuming a minimum of three years of good health, these amenities are invaluable to quality of life.

It is important to keep in mind both partners in a couple. If only one is bored, it will affect the quality of the experience for both of them.

Also, do a thorough review of the amenities available within easy driving distance of the new community. Are there regular performances by the symphony or theater productions? Are favorite volunteer opportunities nearby?

Q. *Is the community culture the right "fit?"*

A. It is very important that the culture of the community fit the new residents. It is likely that one or both spouses have become less flexible in building new relationships and tolerating eccentricities that they would have shrugged off even 10 years ago. Visit the communities you are considering several times at different times of day before deciding which is right. If something seems uncomfortable, talk it out with members of the support team.

As your parents (or you) are investigating CCRC options, ask current residents what they like and dislike. Find opportunities to be 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.

Q. *What programing is available for Alzheimer's patients?*

A. New communities are setting up separate wings dedicated to care for people with Alzheimer's and other forms of dementia. Older communities are adding services for memory care. If the community you favor does not have longstanding memory care or specialized Alzheimer's services, find out what happens to residents who develop memory related conditions. There may be great resources available in the surrounding area. But, make sure you are comfortable with the level of care and cost in case this becomes an issue.

Common Mistakes

The following are a few of the common mistakes we see clients make when selecting a continuing care or retirement community.

1. Failing to understand the culture

Many people feel pressure to make a snap decision about a retirement community without first making several visits, including overnight visits, to evaluate the fit between their own values and stage of life and the values and stages of the residents at large. While it is true your parents can find likeminded friends almost anywhere, it is much more difficult if the majority of the community shares a different outlook and perspective.

By spending more time and making several visits talking to residents, one can learn if people are compatible and interests are common. Ask a lot of questions and don't be afraid to speak one-on-one with residents.

2. Not understanding the cost structure

CCRCs have a variety of contract pricing structures. Some communities charge more up front for condominiums or apartments and include a lower monthly fee. Others charge additional fees for the use of the assisted living and nursing facilities. 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 CCRC – many are traditionally financed with long term debt. Some may have assumed too much debt that can result in short term financial pressure – especially during downturns in the economy. Living in a community in financial distress can be disconcerting and could end up costing more than anticipated. Many states require CCRCs to publish a Disclosure Statement, similar to an investment prospectus. Be sure to ask the representatives 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 stages of travelling less or are less engaged in life and activities. Occasionally one parent moves into the community while the other elects to stay 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 circles are usually in the top three most important attributes of happiness during retirement. Some seniors move to CCRCs they perceive to be less costly, but end up too far from family, resulting in greater effort and cost for trips. It is important to visualize week-to-week life in the new location.

5. Waiting too long to move

A growing trend today is for seniors to want to age in place in their homes or a downsized home for as long as possible. This is usually because they really like their homes, have negative perceptions about CCRCs (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 CCRC" at the "right time" (different for everyone) find that their health improves, and they are happier and feel less stressed.

6. Check the waiting list

Popular communities are full. Most will allow you to join the waiting list and then defer when a home or condo that meets your liking comes available. Identifying the right community in advance and planning ahead is key to being at the head of the line when the timing is right to relocate.

7. Check the requirements

Many CCRCs have screening processes that preclude certain types of pre-existing conditions (this step depends on business model). So, the CCRC you or your parents really like may not allow you to become a resident if one of them is in the early stages of dementia or has been diagnosed with Alzheimer's Disease.

Conclusion

In conclusion, perhaps the most important take-away is to have these conversations early, and to tour different types of facilities without the pressure of making an urgent decision. There are many old ideas and misconceptions about different places to live and sometimes once they have been experienced first-hand, it is easier to talk openly about the possibility of change.

Should your loved one live in an area that doesn't have CCRCs, and if their level of care rises to that of nursing home care, you will want to complete much of the same due diligence process from above. The following resources may be helpful in identifying the best fit for your loved one.

To research and compare nursing homes visit: **www.medicare.gov/NHCompare/home.asp**. This useful site provides an overall star rating with sub-ratings for health inspections, staffing, and quality measures. You can click through to get actual inspection results, learn whether the home is a for-profit or not-for-profit institution, understand staffing levels and how much staff time your loved one would get on average while comparing to state and national averages. By spending some time working through details in advance, you can significantly narrow the number of homes you choose to visit.

Thoughts about Medicaid

You need to consider how this care will be paid for. If there is a chance the person might run out of funds while they are in a nursing home, you should explore the availability of Medicaid assistance as you identify the right fit.

The following link takes you to an overview of the various aspects being scored on the Medicare tool: **www.theconsumervoice.org/uploads/files/long-term-care-recipient/consumer-guide-to-choosing-a-nursing-home-final.pdf**. You will find a helpful explanation of each measure as well as over a page of helpful questions to ask residents and staff on your site visits.

If this is the right path for your loved one, The National Consumer Voice website offers a number of tips to ensure your loved one is well cared for.

- ✓ **Visit frequently and encourage others to visit.**
- ✓ **Speak up to raise concerns and complaints.**
- ✓ **Attend quarterly care plan conferences and advocate for individualized care.**
- ✓ **Follow up on the agreed upon care plan. Make sure the resident's doctor knows what is in the plan. Notice if the plan is not being followed and request another meeting if necessary.**
- ✓ **Get to know the staff and help them get to know the resident. Share details in writing about the resident's likes, dislikes, and daily routines.**

The Family Wealth Advisors Council hopes you have a successful search and find living circumstances in which your loved one can succeed even as the definition of successful living changes. Our member firms exist to serve clients completely and into successive generations. We hope this list of resources substantially eases what is inevitably one of the most difficult life transitions.

About Family Wealth Advisors Council

Founded in 1981, the Family Wealth Advisors Council (FWAC) is a national network of independent, fee-only wealth management firms that collectively manage or advise on more than $12.8 billion in assets. The firms in the FWAC share the belief that their clients come first in all dealings.

In a world where many large brokerage firms and major banks consistently look for ways to sell their customers high-cost products that those customers may not need, Family Wealth Advisors provide only that advice that meets a higher standard of ethics. Family Wealth Advisors are held to a higher fiduciary standard than are other advisors. They do not sell financial products, have no hidden agendas and are always "on the same side of the table" as their clients.

Professionals in the FWAC hold advanced designations, have extensive training, and are experienced in helping clients with aging matters. Many are leaders in the financial planning industry and regularly speak at industry conferences on best practices in planning and investment management.

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

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