

Retirement Communities



Early retirement is an exciting time when you finally have time to pursue your lifelong bucket list. As you age, you begin thinking about what the later part of your retirement years will look like, especially when you want to cut back on homeowner responsibilities and maybe access some senior services.

There are a lot of good options for seniors who want to look at a moving to retirement community, **but there are important differences between what, on the surface, seem to be similar communities.**

If you are interested in Continuing Care Retirement Communities, we have created this guide to better prepare you when walking through this process. Our goal is to help you and your family **make the choice that best suits your individual needs.**

What are Continuing Care Retirement Communities (CCRCs)

CCRCs are communities for older individuals seeking to stay in one place through all their aging phases. **This option combines independent living, assisted living, and skilled nursing all in one community.** Continuing Care Retirement Communities are often looked at as a campus with all the necessary care you might need as you age. As your care needs increase you can move to a different part of the campus while remaining in the same community.

If you are interested in **living in one location without having to arrange for future care needs**, this might be worth looking into.

Aside from care benefits, CCRCs often provide their residents extra services and amenities. For example, many campuses have swimming pools, fitness centers, banks, beauty salons, housekeeping services, daily activities, and more all in one place.



The Different Types of Contracts for CCRCs

The cost of a Continuing Care Retirement Community is usually composed of **1) an entry fee, and 2) a monthly fee**. The entry fee varies depending on the type of community and the size of your unit. The monthly fee generally covers utilities, amenities, a meal plan, and, depending on the type of contract you get, it can cover long-term care services. The monthly fee typically increases annually with inflation. Your contract should spell out any non-inflationary increases.

Once you review your contract you can generally get a good idea of how much you will spend without big surprises.

The types of contracts you get from CCRCs can be complicated, which is why it is very important to:

- 1** Ask questions
- 2** Work with your financial advisor
- 3** Possibly talk to a lawyer to understand what contract best suits your needs

Contracts will vary depending on the community you choose. The following pages present a brief breakdown of the common types of contracts that CCRCs offer.

Extensive Life-Care Contract (Type A)

This contract carries the highest fees; however, it also includes a wide range of lifetime services. **It provides assisted living and skilled nursing care with minimal to no increase in your monthly fees** if you come to need a higher level of care.

The entry fee you pay will vary depending on what unit you choose and the community's location. This type of contract essentially acts like a long-term care insurance policy.



Modified Contract (Type B)

This type of contract is more affordable than type A when it comes to entry fees, but long-term care services are provided as needed with an increase in your monthly fees. Under this contract, **long-term care services are still generally lower than the market price.**

The way you receive your health care service may vary depending on the community. If this plan interests you, be sure to understand the specific ways that the community you choose offers you long-term care.

Fee-for-Service Contract (Type C)

Type C contracts usually offer lower initial entry fees and monthly fees, **but you pay market price for all long-term care services** such as assisted living, skilled nursing or memory care, and others as needed.

Type A, B, and C are the most common contracts offered in CCRCs. However, in some community you might also have additional options.

Rental Contract (Type D) & Equity/Co-op (Type E)

Some communities operate with a rental contract (Type D). There is no entry fee, however if you need care, you pay market price on top of your monthly fees. **This might be a good option if you want the flexibility to move around instead of tying up a large amount of your money in an entry fee.**

Type E contracts allow you to buy a property in the community instead of paying an entry fee. In this case, you would still pay for your monthly fees. Some communities may offer discounted health care service fees while others might charge market price for those services.



Susan Warren CFP®

Susan's Tips

After recently helping my parents choose a retirement community, I have some extra tips that may be helpful:

- **Get on the waiting list early:** Even if you are years from being ready to move, get on the waiting list for the community of your choice now! This will give you priority for the type of unit you are looking for, and you won't have to settle for something that doesn't have all the features you want if your move becomes urgent.
- **Consider moving before you need to so you can enjoy activities:** Many people we spoke with said they wished they had moved sooner. They found so many things to do, and it was so easy to access gym facilities, classes, and social events.
- **Think about personal outside space:** Especially during COVID, residents enjoyed having a patio or a balcony where they could easily get outside. Not all communities have units with outside space, so if this is important to you, you may want to prioritize it over other features.



Susan Warren CFP®

Susan's Tips

- **Consider mobility:** Big communities may have long hallways and long distances between your apartment and the restaurants and other activities. If you have mobility concerns, be sure to find a solution (walker with a seat, scooter) so you don't feel stuck in your apartment if a long walk feels daunting.
- **Evaluate flexibility:** The entry fee for some types of communities can be partially refundable if you decide to leave the community or when you die. If flexibility or a legacy for your heirs is important to you, make sure you understand your options.
- **Make memories:** Downsizing and leaving your home is hard. Making a photo book with pictures of your special things along with the family stories that go with them is a good way to preserve memories. It also gives you something to share with your new friends.

Sources & Helpful Links With More Information:

- **Where you live matters:**
<https://www.wherelyoulivematters.org/senior-living-contracts-explained/>
- **AARP:** <https://www.aarp.org/caregiving/basics/info-2017/continuing-care-retirement-communities.html>
- **Acts Retirement:** <https://www.actsretirement.org/retirement-resources/resources-advice/retirement-communities-resources/ccrc-types/>
 - <https://www.actsretirement.org/retirement-resources/resources-advice/saving-money-after-retirement/retirement-senior-living-options/>
- **Find Continuing Care:** <https://findcontinuingcare.com/blog/learn-about-ccrc-contract-types>

Again, details vary depending on the community you are looking at.

When making your decision be sure to contact your financial advisor or lawyer to help you understand the best option for you and your family.

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 afi@advisorsfinancial.com

 www.advisorsfinancial.com



If you have any questions,
please give us a call

703-883-0300