

**We're all amateurs at aging
none of us have lived long enough
to have any experience**



Move On

Retirement Communities

Many Types of Communities

- ❑ Active Adult Communities
- ❑ Senior Apartments
- ❑ Congregate Housing (e.g., co-housing)
- ❑ Independent Living Retirement Communities (ILRCs)
- ❑ Continuing Care Retirement Communities (CCRCs)
[Also referred to as Life Plan Communities]
- ❑ Only cover two types:
 - ILRCs
 - CCRCs

ILRCs - CCRCs

- ❑ Take the “worry” out of aging by addressing most of the areas covered under aging-in-place
- ❑ Your Home – cottages / apartments incorporate principals of universal design and ADA compliant
- ❑ Your Community – provide local transportation and numerous cultural, social, and recreational activities
- ❑ Home/Health Care – home care services available; doctors/nurses on-site; rehabilitation on-site; provide assisted living care (some ILRC); and assisted living and skilled nursing care (CCRC only) on-site
- ❑ For a price – not cheap !

Benefits

- ❑ No burden on children
- ❑ Not dependent on neighbors or friends
- ❑ No concerns about safety or security
- ❑ No home maintenance (yard, painting, etc.)
- ❑ No household chores (cooking, cleaning, etc.)
- ❑ More time (hobbies, friends, travel, entertainment)
- ❑ Local transportation needs provided
- ❑ Many services on-site (banking; beauty salon; doctor/nurse appointments; library, fitness center; etc)
- ❑ Stimulating community environment (numerous resident activities and groups)

Differences

- ❑ All communities different from one another , when you get into the details
- ❑ Amenities (facilities, grounds, resident activities)
- ❑ Services (meal plans, housekeeping, home care)
- ❑ Long term care (home care, assisted living, skilled nursing)
- ❑ Costs (buy in, monthly fees)
- ❑ Commitment (ease of changing mind)
- ❑ Wait lists
- ❑ Culture

ILRCs / CCRCs

□ Key Similarities

- You must be healthy to enter (more later)
 - Healthy means you can live independently (i.e., do not need assistance for ADL's)
- Monthly fee for services (includes meal plan)
- Monthly fees usually increase annually (generally 3 - 4 %)

ILRCs / CCRCs

□ Key Differences

- Wait lists
- Entrance Fees
- Access to long term care services (e.g., assisted living, skilled nursing care; Alzheimer's care)
- Prepayment for future long term care services
- Financial oversight by State

ILRCs

- ❑ Most ILRCs focus on independent living
 - Often some options for home health care, but not always – usually no assisted living, skilled nursing care or Alzheimer’s (memory) care
 - If you can no longer live independently and need assistance with ADLs – you must move to assisted living facility or skilled care facility (i.e., nursing home)
- ❑ A very few ILRCs offer assisted living
 - Residents may transition from independent living to assisted living, when necessary
 - Outsiders may sometimes enter directly into assisted living **IF** space available (current residents always have priority)

ILRCs

- ❑ Usually little or no wait to move in (but not always)
- ❑ Small buy-in (generally \$ 2000 – \$ 3000)
- ❑ Monthly fee for services
- ❑ No financial “test” to enter
- ❑ No long term commitment or contract (monthly rental)
- ❑ No obligation to provide services, if your money runs out
- ❑ No financial oversight by State of NC

ILRC's

□ Monthly fee provides:

- Meal plan - one meal a day (can purchase more)
- Housekeeping / unit maintenance
- Utilities: electric, water, basic cable TV, internet
- Resident activities: library, fitness center, auditorium for lectures, weekly movies and other entertainment, hobby studios, book clubs, knitting clubs, etc.
- Often beauty shop and local bank office on site
- Local transportation to doctors appointments, shopping trips, cultural and recreational outings
- Emergency response system
- 24 hour security

ILRCs

We Visit

- Atria Southpoint

Others in Area

- Bartlett Reserve
- Durham Regent
- Emerald Pond
- Preston Pointe
- Gardens At Wakefield
- Heritage Raleigh
- Independent Village
- Jordan Oaks
- Magnolia Glen
- More

Typical Costs - ILRCs

	Cottage		Apartment	
Community	Buy In	Monthly Fee	Buy In	Monthly Fee
Atria Southpoint ¹	\$ 5,000 (\$ 5,000)	\$ 5,600 (\$ 4,900)	\$ 5,000 (\$5,000)	\$ 5,100 (\$3,900)

○ Two adults / **One adult**

1. Cottage (2 bdrm – 1500 sq ft)

Apartment (2 bdrm - 1000 sq ft / **1 bdrm – 740 sq ft**)

CCRCs

- ❑ For marketing purposes, many CCRCs are trying to get away from the words “care” and “retirement”
- ❑ They are adopting the words “life” and “plan” and calling themselves: Life Plan Communities
- ❑ They believe it better conveys the concept of planning for an active and involved lifestyle
- ❑ Want you to be aware of this trend, but we’ll continue to use the terminology continuing care retirement communities or CCRCs

CCRCs

- ❑ CCRCs are regulated by the State (next speaker)
- ❑ Over the past several years, two new types of CCRCs have been approved in North Carolina:
 - Rental
 - Care at Home
- ❑ We will divide CCRCs into three categories:
 - Traditional
 - Rental
 - Care at Home

Traditional CCRCs

- ❑ In most cases, must be healthy to enter
 - Healthy means you're able to live independently
 - Some CCRCs apply this criteria to each person
 - Some CCRCs may apply this criteria to a couple
 - If one spouse can provide the assistance the other spouse needs, then the couple may be considered healthy
- ❑ CCRCs offer full continuum of long term care services (assisted living; skilled nursing care; Alzheimer's care), if and when needed
- ❑ Never need to move again

Traditional CCRCs

- ❑ Wait lists to enter
 - Deposit secures spot on list
 - Usually wait 2 - 4 years to move in (sometimes longer)
- ❑ Buy in to enter
 - Often substantial (\$200,000 – \$400,000 or more)
- ❑ Financial “Test” to enter
 - Rule of thumb: will pass if have assets 3 times entrance fee and monthly income 2 times monthly fee

Traditional CCRCs

- ❑ Sign “Life Contract” upon entry
 - Guarantees access to long term care services
 - Often includes obligation (**not** guarantee) to continue to provide services if you run out of money
- ❑ Classified as “Special Entity” by NC Legislature in 1989
 - Financial oversight by Department of Insurance
 - Next speaker will elaborate

Traditional CCRCs

- ❑ Primary difference among traditional CCRCs
 - Payment for future long term care services
 - Form of buy-in
- ❑ Payment for future long term care services
 - Fee-For-Service - no prepayment
 - Modified Contract - partial prepayment
 - Life Care – full prepayment
- ❑ Form of Buy-In
 - Entrance fee
 - Equity purchase

Fee for Service

- ❑ No prepayment for future long term care services
- ❑ When services needed resident pays full cost
- ❑ Monthly fee decreases when using long term care services (but overall monthly payment increases due to the additional cost of long term care services)
- ❑ Generally the lowest buy in and monthly fees
- ❑ Works well for those with long term care insurance

Fee for Service

- ❑ Because one is not prepaying for future long term care services, some – **not all** - permit outsiders direct entry to assisted living (i.e., not required to enter independent living)
- ❑ Opportunity to enter in this manner, however, is limited
 - Space must be available
 - Current residents always have priority
 - Should **NOT** wait and plan to enter in this manner – you'll likely not be able to enter when you need to

Modified Contract

- ❑ Prepay a portion of future long term care services
 - Pays for a number of days at no cost
 - Resident pays for additional days at discounted rate
- ❑ Monthly fee decreases when using long term care services (but total amount paid each month will increase after using up “free” days)
- ❑ Generally lower buy in and monthly fees than “life care” model

Modified Contract

- ❑ Works well for those without long term care insurance and, in some case, those with long term care insurance – depends on the circumstances
- ❑ Because you're prepaying for some long term care services, you must enter through independent living – NO opportunity to directly enter assisted living

Life Care

- ❑ Prepay for all future long term care services
 - Unlimited access to long term care services for life
 - No increase in monthly fees when using long term care services
- ❑ Generally the highest buy in and monthly fees
- ❑ Works well for those without long term care insurance
- ❑ Because you're prepaying for all long term care services, you must enter through independent living
 - **NO** opportunity to directly enter assisted living

Typical Long Term Care Costs

	Assisted Living	Skilled Nursing
Median Cost (Durham^a)	\$ 132 / day	\$ 264 / day
CCRC Type of Contract²		
Fee-for-Service¹	\$ 201 / day	\$ 311 / day
Modified Contract²	\$ 62 / day	\$ 103 / day
Life Care³	No Charge	No Charge

a. Genworth Annual Survey (2015) / Durham Area

1. Carolina Meadows 2. Carol Woods 3. SearStone

Buy In

❑ Equity purchase

- Resident buys unit then sells unit using CCRC as agent
- In some cases resident shares equity gain with CCRC

❑ Entrance fee

- No refund to estate upon death or option for refund
 - 90 % refund to estate
 - 50 % refund to estate
 - Declining refund (e.g., decreases 2 %/month)
- Refund options increase entrance fee

CCRCs and LTC Insurance

- ❑ Do not need LTC insurance to enter a CCRC
 - Considered a “plus” during financial test
- ❑ With LTC insurance
 - Fee-for-service and modified contract CCRCs usually more attractive from a purely financial viewpoint
- ❑ Without LTC insurance
 - Modified contract and life care CCRCs usually more attractive; essentially buying LTC insurance by prepaying for some or all future LTC services

Tax Deductions

- ❑ Prepaying future long term care costs are deductible as a medical expense on Federal income taxes
 - Fee-for-Service – No prepayment / No deduction
 - Life Care – Prepay for all / Deductible
 - Modified Contract – Prepay for some / Deductible
 - Ranges from 15 – 30 % of buy-in and monthly fees
- ❑ Buy-in medical expense deduction normally significant for Federal income taxes
- ❑ Monthly fee medical expense deduction often not significant for Federal income taxes – unless one has substantial other medical expenses

[Note: No prepayment at ILRC's – no deduction]

Traditional CCRCs

We Visit

- Carolina Meadows
- Croasdaile Village
- Twin Lakes
- Forest at Duke
- Carol Woods
- SearStone
- Cedars of Chapel Hill

Others in Area

- Village at Brookwood
- Glenaire
- Oaks at Whitaker Glen
- Springmoor Life Care
- Windsor Point
- Cypress of Raleigh
- Galloway Ridge
- More ...

Traditional CCRCs

Fee for Service	Modified Contract	Life Care
Carolina Meadows (Equity Purchase)	Carol Woods (Entrance Fee)	SearStone (Entrance Fee)
Croasdaile Village (Entrance Fee)	Forest at Duke (Entrance Fee)	
Twin Lakes (Entrance Fee)	Cedars of Chapel Hill (Equity Purchase)	

Buy In (Equity Purchase)

Community	Cottage		Apartment	
Carolina Meadows ¹	\$ 374,000 (- 0 -)	\$ 276,000 (- 0 -)	\$ 239,000 (- 0 -)	\$ 141,000 (- 0 -)
Cedars of Chapel Hill ²	\$ 595,000 (\$ 60,000)	---	\$ 435,000 (\$ 44,000)	\$ 265,000 (\$ 27,000)

(Values in parentheses considered as a medical expense by IRS)

Notes: 1. Fee-for Service / 2. Modified Contract

> Two adults / Two bedrooms

Cottage: ~ 1600 sq ft / Apartment: ~ 1200 sq ft

> One adult / One Bedroom

Cottage: ~ 1200 sq ft / Apartment: ~ 790 sq ft

Buy In (Entrance Fee)

Community	Cottage		Apartment	
Croasdaile Village ¹	\$ 245,000 (\$ 75,000)	\$ 201,000 (\$ 62,000)	\$ 198,000 (\$ 61,000)	\$ 116,000 (\$ 36,000)
Twin Lakes ¹	\$ 168,000 (\$ 48,000)	\$ 139,000 (\$ 48,000)	\$ 95,000 (\$ 48,000)	\$ 55,000 (\$ 48,000)
Forest at Duke ²	\$ 366,000 (\$ 85,000)	\$ 249,000 (\$ 72,000)	\$ 237,000 (\$ 85,000)	\$ 116,000 (\$ 72,000)
Carol Woods ²	\$ 374,000 (\$ 80,000)	\$ 217,000 (\$ 69,000)	\$ 315,000 (\$ 80,000)	\$ 146,000 (\$ 69,000)

(Values in parentheses considered as a medical expense by IRS)

Notes: 1. Fee-for-Service / 2. Modified Contract

> Two adults / Two bedrooms

Cottage: ~ 1500 - 1800 sq ft / Apartment: ~ 1000 - 1300 sq ft

> **One adult / One bedroom**

Cottage: ~ 1000 - 1300 sq ft / Apartment: ~ 600 - 950 sq ft

Buy In (Entrance Fee)

Community	Cottage		Apartment	
SearStone ^{1, 2}	\$ 631,000 (\$ 104,000)	-----	\$ 574,000 (\$ 104,000)	\$ 408,000 (\$ 52,000)

(Values in parentheses considered as a medical expense by IRS)

Notes: 1. Life Care

2. 80 – 85 % of entrance fee refunded to estate upon death

> Two adults / Two bedrooms

Cottage: ~ 1800 sq ft / Apartment: ~ 1200 sq ft

> One adult / One bedroom

Apartment: ~ 900 sq ft

Monthly Fees

Community	Cottage		Apartment	
Carolina Meadows ¹	\$ 3,800 (\$ 115)	\$ 2,800 (\$ 115)	\$ 3,700 (\$ 115)	\$ 2,800 (\$ 115)
Croasdaile Village ¹	\$ 4,800 (\$ 1,500)	\$ 3,400 (\$ 1,000)	\$ 4,400 (\$ 1,300)	\$ 2,600 (\$ 800)
Twin Lakes ^{1, 2}	\$ 2,600 (\$ 760)	\$ 2,000 (\$ 590)	\$ 2,400 (\$ 760)	\$ 1,400 (\$ 590)

(Values in parentheses considered as a medical expense by IRS)

Notes: 1. Fee-for-Service

2. Monthly fee does not include meal plan

> Two adults / Two Bedroom

Cottage: ~ 1500 - 1600 sq ft / Apartment: ~ 1000 - 1200 sq ft

> One adult / One bedroom

Cottage: ~ 1200 - 1300 sq ft / Apartment: ~ 600 - 800 sq ft

Monthly Fees

Community	Cottage		Apartment	
Forest at Duke ¹	\$ 6,400 (\$ 1,900)	\$ 4,400 (\$ 1,400)	\$ 6,100 (\$ 1,900)	\$ 3,300 (\$ 1,400)
Carol Woods ¹	\$ 5,800 (\$ 1,700)	\$ 3,900 (\$ 1,300)	\$ 5,500 (\$ 1,700)	\$ 3,000 (\$ 1,300)
Cedars of Chapel Hill ¹	\$ 4,700 (\$ 1,700)	-----	\$ 4,300 (\$ 1,600)	\$ 2,700 (\$ 1,000)
SearStone ²	\$ 5,800 (\$ 840)	-----	\$ 4,300 (\$ 620)	\$ 2,500 (\$ 360)

(Values in parentheses considered as a medical expense by IRS)

Notes: 1. Modified Contract 2. Life Care

> Two adults / Two bedrooms

Cottage: ~ 1500 – 1800 sq ft / Apartment: ~ 1200 – 1300 sq ft

> One adult / One bedroom

Cottage: ~ 1000 – 1200 sq ft / Apartment: ~ 700 - 900 sq ft

Rental CCRCs

- ❑ New to North Carolina
 - The Cardinal (Raleigh)
 - Carolina Bay at Autumn Hall (Wilmington)
- ❑ Similar to ILRC
 - No large buy-in
 - Month to month rental
- ❑ Similar to Traditional CCRC
 - Full spectrum of long term care services available on-site (e.g., Home Care; Assisted Living; Skilled Nursing Care)

Rental CCRCs

❑ Entrance Requirements

- Health assessment: Must be healthy to enter
- Financial assessment: Minimal
“If you can pay, you can stay”

❑ Fee for service

- Pay full cost for any long term care services needed

❑ No obligations

- You can “move out” with one month notice
- No obligation by CCRC to provide services if you run out of money

“If you can't pay – you can't stay”

Rental CCRCs

- Monthly rental includes:
 - Meal plan
 - Housekeeping / unit maintenance
 - Utilities (basic cable / internet)
 - Resident activities (e.g., swimming pool, library, fitness center, auditorium, hobby studios and shops, etc.)
 - Local transportation
 - Emergency response system
 - 24 hour security

The Cardinal

Type of Unit	Buy In	Monthly Fee
Two Bedroom	\$ 5,600	\$ 6,400
One Bedroom	\$ 4,500	\$ 4,500

- Two adults - Unit size: 1265 sq ft
- **One adult - Unit size: 800 sq ft**

Care At Home CCRCs

- ❑ State permits CCRC to offer services to “residents” living off-campus
- ❑ Limits included on:
 - The number of off-campus residents allowed
 - The area served (e.g., within radius of 10 or 15 miles)
- ❑ Carol Woods is only local CCRC currently permitted to offer Care At Home
- ❑ Carolina Meadows applying to provide this service

Care At Home CCRCs

- ❑ Carol Woods and Carolina Meadows use this to:
 - Provide an “early entry” or “early admission” option
 - Generally expect you to move on-campus when residence of the type you desire become available
- ❑ Early Entry or Early Admission terminology misleading
 - One wait list for all prospective residents
 - Position on wait list determined by date of your deposit
 - Early entry or early admission does not change or advance your position on this wait list

Care At Home CCRCs

□ Normal Process:

- Place deposit and join wait list at bottom
- Over time, work up wait list to the top
- Once at top, when you decide you want to move in then you must under go health and financial assessment
- If you pass assessments, you may enter CCRC
- If you do not pass health or financial assessments, you are refused entry

Care At Home CCRCs

- ❑ Early entry or early admission process:
 - Place deposit
 - Undergo health and financial assessment when place deposit
 - If pass these assessments, join wait list at bottom
 - Over time, work up wait list to the top
 - Once at top, when you decide you want to move in, you may enter CCRC
 - Do not have to pass another health or financial assessment to enter

Care At Home CCRCs

- ❑ Early entry or early admissions:
 - You undergo financial and health assessment at time of early entry
 - Guaranteed full access to all services at CCRC (including long term care) if you should need them – even though you are not living on-campus
 - Guaranteed entry to CCRC when you reach the top of the wait list
- ❑ Better terminology would be “Guaranteed Entry”

ILRC/CCRC Cost Savings

- Food
- Real estate taxes
- Homeowners insurance
- Homeowners association fees
- Utilities (water, heating and cooling, trash/garbage)
- Telephone, cable TV, internet access
- Home cleaning service
- Landscaping and lawn care service
- Home maintenance / repair
- Home appliance repair / replacement
- Automobile insurance, gas, maintenance

Final Comments

- ❑ Need head count for lunch
 - Ask during visit “Who’s attending next week?”
 - Tuesday email for those not present – need response by COB Thursday
- ❑ Friday email
 - Reminder and CCRC website for information / directions
- ❑ Arrive at 9:45 am
 - Find parking space and meeting room
- ❑ Last class session – Carolina Meadows
 - Meet over box lunch to discuss thoughts and choices regarding “staying put or moving on”