Introduction to Retirement Communities (RCs)
Stay Put Or Move On
Duke Osher Lifelong Learning Institute
Fred Porter
Copyright 2017 ©

I apologize for the length of this introduction, it is very long; but, please read it to the end.

There are two pdf files which contain your homework :-) for next Tuesday's class.

The first is entitled "What Are RCs," and contains a short presentation on the subject of retirement communities. I will not go over this presentation in class - but it is important background.

When I started offering Stay Put or Move On, the only retirement communities in the greater Durham area were either independent living or continuing care retirement communities. Thus, when I used the term "retirement community," everyone knew exactly what I meant: independent living or continuing care retirement communities.

Today, Carolina Arbors - an Active Adult 55+ retirement community - has opened and continues to expand, adding new residents by the day. Also, a number of new "retirement communities" have been announced (e.g., Briar Chapel; Creekside at Bethpage; Courtyards at Andrews Chapel), all of which, appear to be Active Adult 55 + retirement communities, similar to Carolina Arbors.

The term "retirement community," therefore, now refers to more than just independent living or continuing care retirement communities; it includes Active Adult 55+ retirement communities. In addition, if considered in the broadest sense, the term "retirement community" can refer to even more types of communities than just these three.

When discussing retirement communities, however, the primary focus of Stay Put Or Move On is continuing care (and to a some extent) independent living retirement communities.

I feel, therefore, that some transition, from "retirement communities" in a broad sense, to a focus on continuing care (and independent living) retirement communities is in order.

The first file, "What Are RCs?," therefore, presents a general overview of retirement communities.

This short presentation briefly discusses how broadly the term "retirement community" can now be used and then narrows the discussion to the three types of retirement communities I believe those taking Stay Put Or Move On are most interested in:

> Active Adult 55+ retirement communities;
> Independent living retirement communities; and
> Continuing care retirement communities.
It goes on to outline the primary differences between these three types of retirement communities and concludes by stating our focus: continuing care - and, to a limited extent - independent living retirement communities.

The second pdf file entitled "ILRCs and CCRCs," contains the retirement community overview I will present in class.

My initial experience in offering Stay Put or Move On was that many in the class were overwhelmed with the amount of information presented in the retirement community overview. It is a long presentation - 50 slides. In addition, during visits to retirement communities, I often heard some in the class asking questions, which are clearly addressed in the overview.

So, I started emailing the retirement community overview to the class in advance, for everyone to review before the in-class presentation. This seemed to work - in the sense that I didn't often hear questions being asked during our visits that the overview addresses.

Please take some time to look over the retirement community overview presentation and become familiar with it before we meet next Tuesday. Doing so will be to your benefit, because the retirement communities we visit have become accustomed to - and now expect - our class from Stay Put Or Move On to have a basic understanding of much of the terminology surrounding retirement communities.

They expect you to know, for example, the difference between an independent living retirement community (ILRC) and a continuing care retirement community (CCRC). They expect you to understand the basic distinctions between a fee-for-service, modified plan, and life care CCRC.

They also expect you to know that moving into a CCRC requires passing a financial assessment, as well as a health assessment. How detailed and in-depth these assessments are, depends on the type of retirement community, although they are generally less involved and in-depth at fee-for-service CCRCs than at life care CCRCs.

Finally, they also expect you to know that there are wait lists to enter - particularly at CCRCs and the time one will typically wait to enter a CCRC is in the range of 3 to 5 years. However, if you are very particular about the type of residence you want and/or its particular location, then the wait could as long as 10 years, or more.

Now to the Retirement Community overview itself. There are several things I want to convey in this overview.

**First**, independent living retirement communities offer many of the same services as continuing care retirement communities and in many cases they are just as "nice" as continuing care retirement communities.

Independent living retirement communities, however, have no large buy in fee, operate on a month-to-month rental basis, and frequently offer a short wait of a 3 to 6 months to move in, although it can be longer.

While many independent living retirement communities do not offer assisted living or memory care services - some do and you will visit one which offers assisted living services.
There are no nursing home (i.e., skilled care) offered at independent living retirement communities (that would make them a continuing care retirement community).

Recall, however, from some of the discussion we've had Stay Put Or Move On, that nursing homes have evolved over the past decade and, with the emergence of assisted living communities, few of us will ever need the level of care or skilled care services - on a long term basis - which skilled care facilities (i.e., nursing homes) now mostly focus on. We may need these services on a short term basis, such as for recovery from major surgery and/or rehabilitation, but most of us are unlikely to need these services on a long term basis.

Also, there is no "life contract" associated with independent living retirement communities (see next point).

**Second**, while continuing care retirement communities (CCRCs) have a large buy in fee and long wait lists, once you move in, you are covered by a "life contract" - meaning you are guaranteed access to long term care services (e.g., assisted living, memory care, skilled care), should you need them. In addition, most "traditional" CCRCs include an obligation (not a guarantee) in the life contract stating they will try to care for you if you should run out of money. At "rental" CCRCs, this is not the case. With rental CCRCs, if you should run out of money, you must leave.

There are numerous "exceptions" to this obligation offered by traditional CCRCs in the "fine print," however, which protect the CCRC from those who would give, gamble, or otherwise foolishly deplete their assets. Thus, if you run out of money at a traditional CCRC and are judged to have mismanaged your assets in some unreasonable manner, you will probably be asked to leave.

**Third**, to enter a traditional CCRC, you must pass a "financial test" to determine if you can afford to live in the community. If you pass this financial test, what it really means is that the CCRC believes you have sufficient assets and income that you will not run out of money. Thus, CCRCs only admit those they believe will not run out of money and then need to be taken care of at the expense of the CCRC.

**Fourth**, CCRCs have long wait lists of 3 to 5 years, typically. If this is a viable option for you, you should put down a deposit to "get your number" and hold a place in line. When your number comes up, you may asked to be passed over to the next in line - but you keep your original number and place in line.

**Fifth**, there are three basic life contracts with traditional CCRCs: fee-for-service, modified plan, and life care. (Note that "rental" CCRCs, by their very nature, are fee-for-service"). The difference between these contracts is the degree to which you pay toward future long term care services (if you need them).

With fee-for-service, you pay little or nothing toward future long term care services. Hence these communities are often less expensive. If you need long term care services, however, you pay full price for them.

With modified plan contracts, you pay something toward future long term care services. If you then need these services, they are discounted (typically ~ 50%), but if you never need them you paid for something you didn't need.
With life care contracts, you pay for all future long term care services in advance. Thus, if you need these services, there is no additional charge. Again, however, if you never need these services, you paid a lot for something you didn't need.

**Sixth**, to enter most traditional CCRCs, you must be "healthy". This means you must be able to live independently (i.e., not requiring any assistance or care) and are expected to be able to continue to live independently into the near future (usually a period of 3 - 5 years).

At some traditional CCRCs, this may apply to each person. At others, it may apply to the couple - meaning that if one spouse needs some assistance or care - which the other spouse can provide - the couple may be considered healthy.

This requirement that you be healthy to enter, is always the case at modified plan and life care traditional CCRCs. At fee-for-service CCRCs, however, it varies.

At many fee-for-service traditional CCRCs you must be healthy to enter but, at a few, you may be able to enter even if you need some assistance or care. Even at these fee-for-service traditional CCRCs which permit direct entry into assisted living, it depends on whether space is available and current residents always have priority.

Adopting a plan to wait as long as possible and then hoping to enter a CCRC directly into assisted living is not a good plan. It is unlikely space will be available at that particular moment in time when you need to move in. Knowing that there are some fee-for-service CCRCs that will permit entry directly into assisted living is comforting, however, should find yourself in that situation.

The prudent plan, is to enter a traditional CCRC when you are healthy - before you need any assistance or care. If you wait until you need assistance and care, you may very well find that you are denied entry.

**Seventh**, in this retirement community overview I want to give you an appreciation of the costs to enter and live in an independent living community and/or a continuing care community before you visit - so you are not surprised when you hear during our visits how much this type of retirement living costs.

Also, keep in mind that the retirement community overview presents a sample of the costs associated with each community. Depending on your choice of residence, these costs may differ significantly (both lower or higher).

As an example, Croasdaile Village has fifteen different apartments and twelve different cottages - each with a different entrance fee and monthly fee. The overview shows the entrance fee and monthly fees associated with just two of these apartments and two of these cottages.

Study hard :-)