

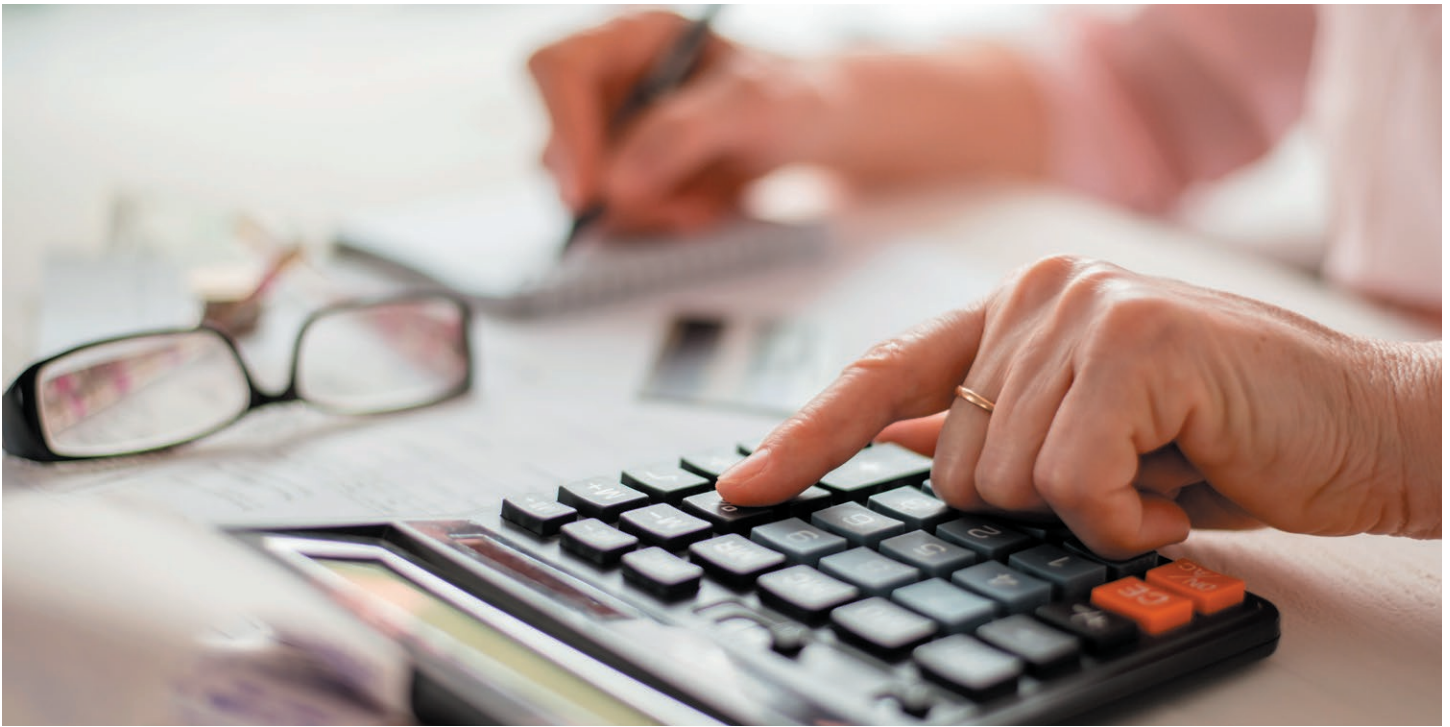


# Because You're Worth It: Your Guide to Financing Senior Living

*You don't have to be rich to find  
enrichment at a senior living community.  
You just have to be prepared.*



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SENIOR LIVING



## Your Best Investment Is Yourself

**A SENIOR LIVING COMMUNITY IS AN EXPENSE.  
BUT IT'S ALSO AN INVESTMENT.**

**Not tomorrow.  
Not eventually.  
Not sooner or  
later. But now.  
Because if not  
now, when?**

Financially speaking, adulthood is all about saving for the future. Wherever you put your money—stocks and bonds, a high-interest savings account, a tax-advantaged retirement vehicle, real estate or an ill-advised shoebox under your bed—you probably put it there for a singular purpose: so that you'd have it someday when you needed it. What you might not realize, however, is that “someday” is today.

If you or a loved one is approaching retirement age, or have reached it already, this is the moment you've been waiting for. It's time to decide what you want your golden years to look like, and to set in motion the well-laid plans that will help you make your dreams and goals a reality. Not tomorrow. Not eventually. Not sooner or later. But now. Because if not now, when?

That's not to say that cashing in your chips is easy. It isn't. If you're like most seniors, you probably feel like you don't have enough. Saving your money makes you feel secure. Spending it makes you feel anxious. If your retirement goals involve moving to a senior living community, however,



**Aging in place can be deceptively expensive whereas senior living communities can be surprisingly affordable.**

you should know that what initially looks like spending your money is actually re-investing it. Like a bank that's loaning capital to a small business, you're funding your future in exchange for a promising return. Only your return isn't principal and interest; it's health and happiness.

There can be financial returns, too. Although the costs often are incremental and therefore less obvious, aging in place can be deceptively expensive whereas senior living communities can be surprisingly affordable. Especially today. Thanks to a "retirement renaissance," senior housing has proliferated. Forget the nursing home of decades past. Today, there's an unprecedented array of choices for seniors who want to live their best lives, regardless of their age, health status, retirement income or budget.

To find a senior living community that meets your needs without exceeding your means, you'll need to understand the costs involved, then investigate what assets and options you have available. Here's the good news: There are more assets and options available than you probably realize. Once you have a sense for them, what once felt extremely daunting might suddenly feel entirely doable.



## First, Make a Budget

**STEP ONE IS DETERMINING WHAT YOU HAVE AND WHAT YOU NEED.**

No matter what kind of senior living community you want to live in—a retirement community with independent living, an assisted living community or a memory care community that offers Alzheimer’s and dementia care—the first thing you need to do is determine what it will cost you to live there.

**It’s a good idea to take inventory of what resources you have to help you cover the costs.**

The sales counselors at prospective communities can help you estimate your costs. Depending on the community, for example, you’ll have to pay either monthly rent or a larger entry fee that’s akin to the down payment on a house. You’ll also have to consider ongoing expenses like meals, utilities, home maintenance, housekeeping, transportation and entertainment, which communities may or may not offer in exchange for a monthly service fee. And don’t forget health care, including medical needs you have now and those you might have in the future.

Once you have a grip on how much money you’ll need to live in a senior living community, it’s a good idea to take inventory of what resources you have to help you cover the costs. This includes not only savings and income—Social Security and pensions, for example—but also assets like your home, vehicle, investments and even valuables like art, antiques, jewelry and collectibles. Some of your assets might be liquid while others might take more time and effort to convert into cash. Talking to a financial advisor can help you understand what money you have and how to best access it for purposes of funding senior housing.

Your timeline should figure prominently. Do you want to move immediately or a few years down the line? Understanding when you will need money is just as important to your calculations as understanding how much you’ll need.



## Making Aging Affordable

THERE ARE MORE WAYS THAN YOU THINK TO FILL THE GAP.

Proceeds from a home sale may cover all or most of the entry fee at a senior living community that charges one.

If your budget reveals a shortfall between what you have and what you need, don't fret. There are myriad ways to finance your move to a senior living community. Here are a few of the most common that you might consider.

**REAL ESTATE** If you own your home, it's probably your biggest asset. That means it might also be your easiest ticket to a senior living community.

If you have enough equity, you might consider selling your home outright, in which case you'll basically be exchanging one home for another. In fact, proceeds from a home sale may cover all or most of the entry fee at a senior living community that charges one. And the money you'll save on real estate taxes and future home repairs can be directed instead toward monthly service fees and various other daily living expenses.

Of course, home sales can take a while. If time is of the essence, a bridge loan might be helpful by giving you short-term capital with which to finance your move to a senior living while you wait for your home to sell; when it does, you can use the proceeds to repay the loan.



Of course, all of this assumes that you can sell your home quickly and for a fair price. If you can't, there are other options. You might look into a reverse mortgage, for example, wherein you sell your home a little bit at a time back to the bank, which cuts you a monthly check in exchange for your returned equity. Or, if your home is in good shape and your local rental market is strong, you might consider renting your home until you're ready to sell it. Although being a landlord can be quite onerous, a good property manager typically can do everything for you.

**INSURANCE** If you have a life insurance policy that you no longer need, you may be able to sell it to a life settlement company in return for a lump sum that you can apply toward your entry fee at a senior living community or other senior housing costs. Although the company won't purchase it for the policy's full value, you typically can get more money than you otherwise would if you were to simply surrender the policy or allow it to lapse. Before you go this route, however, you should be certain that you want to give up your life insurance—you may not be able to qualify for a new policy if you decide later that you want one—and should be prepared to shop your policy around to different companies to ensure you're getting a fair price.

Before you sell your life insurance, there are other options to consider. You should check with your insurer, for example, to find out whether you can borrow against your policy. If you're ill, you might also be eligible for accelerated death benefits that cover the costs of a long-term, catastrophic or terminal illness while you're still alive.



If you or your spouse is a veteran who served in active duty during wartime, you may be able to receive the Veterans Aid & Attendance benefit.

If you have long-term care insurance, that might also come into play. Depending on both the policy and your health status, you may be able to access benefits to help you pay for the cost of an assisted living, memory care or skilled nursing community.

**VETERANS BENEFITS** If you or your spouse is a veteran who served in active duty during wartime, you may be able to receive a federal benefit known as the Veterans Aid & Attendance benefit. Provided above and beyond a veteran's regular pension, it can be used to cover your care in an assisted living, memory care or skilled nursing community.

You may be eligible for this benefit if you receive a VA pension and meet at least one of these requirements:

- You need another person to help you perform daily activities like bathing, feeding and dressing, or
- You have to stay in bed or spend a large portion of the day in bed due to illness, or
- You're a patient in a nursing home due to the loss of mental or physical abilities related to a disability, or
- Your eyesight is limited, even with glasses or contact lenses

If you are a veteran or the surviving spouse of a vet, it's well worth your time to explore this option as a potential supplement to your other benefits and resources.



## Frequently Asked Questions

IN YOUR SEARCH TO FIND SENIOR HOUSING—  
AND PAY FOR IT—KNOWLEDGE IS POWER.

By now you can see that there are numerous financial paths one can follow to put life in a senior living community within reach.

By now you can see that there are numerous financial paths one can follow to put life in a senior living community within reach. But you and your bank account probably still have some questions. That's normal. Although you should discuss any lingering concerns with your financial advisor and with the sales counselors at communities you're considering, here are a few of seniors' most common queries.

### Will Medicare pay for a senior living community?

Unfortunately, Medicare does not cover most costs associated with living in a senior living community. One exception is skilled nursing: Medicare will pay 100 percent of the cost of care up to 20 days at a skilled nursing facility and approximately 80 percent of the cost up to 80 more days. However, that care must be for recovery following an inpatient hospital stay.

Medicare doesn't cover room and board or custodial (personal) care costs in assisted living communities, although some Medicare Advantage plans may pay for personal care assistance in assisted living or memory care (but not room and board).



Medicare also will pay for “medically necessary” care outside of a hospital, which means some medical services that may be offered at an assisted living or memory care community—physical or occupational therapy, for example, or diagnostic testing. That won’t eliminate all your senior housing expenses, but it might make a dent in them if you need a certain level of care.

### **What about Medicaid?**

Although Medicare won’t pay for a senior living community, Medicaid might. Like Medicare, Medicaid in some states will pay for medically necessary care outside of a hospital setting, including some medical services that might be available at an assisted living or memory care community. In the case of memory care, Medicaid might also cover the larger costs of living in a community—provided that community has a Medicaid contract. Of course, you must be eligible for Medicaid in the first place, which means you must have a very low income and few assets.

### **I have the money now. But what if I run out of money later?**

Policies vary from community to community and from circumstance to circumstance. Some communities are structured like apartment rentals, in which case nonpayment of rent will be a breach of your lease that leads to eviction. Other communities—including many life care communities—offer contracts that guarantee lifetime residence; as long as you pay your entry fee, you’ll have a home there for life. Some senior living communities also offer benevolence programs and subsidies for qualifying residents, who may be able to continue receiving care if health care costs deplete their assets. Because communities vary, it’s important to ask what a community’s policies are before you sign a contract or lease.

**Some senior living communities also offer benevolence programs and subsidies for qualifying residents.**



**If you move to a community that charges an entrance fee, that fee may be refundable.**

### **How will senior housing affect my taxes?**

You can't talk money without talking taxes. Fortunately, moving to a senior living community might actually help your tax bill. That's because residents of some communities may qualify for a substantial tax deduction. Specifically, residents of life care communities or other "entry fee retirement communities," who may be able to deduct a portion of their entry fee as well as a portion of their monthly service fees—provided those fees qualify as a prepaid health care expense. Whether they do will depend on what type of contract you sign with a community. If you sign a life care contract, for example—which provides for your changing health care needs as you age—you almost certainly qualify for a tax break. If you sign a modified life care contract that provides for some but not all medical needs, you might still qualify for some deductions. And if you sign a fee-for-service contract, your deductions will be minimal.

### **Will I still be able to leave an inheritance for my loved ones?**

If you move to a community that charges an entrance fee, that fee may be refundable up to a certain amount in the event of your death. A refundable entrance fee is typically higher than a non-refundable one, but may provide reassurance for residents who wish to leave something behind for their loved ones.



## Life on Your Terms: Priceless

**YOUR WELLBEING IS AN INVESTMENT WORTH MAKING.**

**You're not  
just spending  
money. You're  
getting  
something  
in return.**

At first glance, the cost of senior housing can feel overwhelming. Like every investment you've ever made, however—your first home when it was time to start a family, the new car you couldn't wait to drive, the dream vacation you'll always remember—the price tag on a senior living community tells only part of the story. Just as important as the cost is the benefit. Because you're not just spending money. You're getting something in return. And what you're getting isn't merely a place to live. It's health and happiness. It's independence and autonomy. It's safety and security. It's community and comfort. More than anything, though, it's a future. And isn't that what you've been saving for all along?

When you take a thorough look at the resources you have and the life you'll be able to live, you might realize that a senior living community is more attractive, attainable and affordable than you imagined.



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2. Hold your device over a QR Code so that it's clearly visible within your smartphone's screen. Two things can happen when you correctly hold your smartphone over a QR Code: the phone automatically scans the code, or you have to press a button to snap a picture, not unlike the button on your smartphone camera.
3. If necessary, press the button. Done!



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