

ELDERCARE



By the numbers

- The population of Americans age 65 and older totals more than **45 million** people.¹
- About **1 in 9** people age 65 and older suffer from Alzheimer's disease.²
- More than **5 million** Americans are living with Alzheimer's disease.³
- The national median monthly rate for assisted living is **\$3,500**, which is 1.45% more than in 2013.⁴

¹ Source: www.agid.acl.gov.

² Source: Alzheimer's Association, *2014 Alzheimer's Disease Facts and Figures*.

³ Source: www.alz.org.

⁴ Source: Genworth 2014 Cost of Care Survey, www.genworth.com.

This material should be used as helpful hints only. Each person's situation is different. You should consult your investment professional or other relevant professional before making any decisions.

FINDING THE RIGHT CARE FACILITY

Over the past two decades there has been an explosion of supportive housing alternatives, and the options are no longer limited to a choice between staying at home or moving to a nursing home.

The two main alternatives to nursing homes are assisted living facilities and continuing care retirement communities (CCRCs).

Assisted living facilities

Assisted living facilities are designed to be a middle ground between staying at home and going to a nursing home. Housing is often in small apartments, and a premium is placed on privacy, individualized care and independent living. Even with the emphasis on independence, most facilities provide 24-hour care to help residents with the activities of daily living. Around-the-clock medical assistance may also be available.

Most states are in the process of adding or increasing the regulation and oversight of this growing industry. Find more information on your state's policies on the CCAL – Advancing Person-Centered Living Web site, www.ccal.org.

What will it cost?

Residents agree to pay a fee, which can range from under \$115 per day up to \$510 per day, depending on services offered and geographic location. According to the Genworth 2014 Cost of Care Survey, the average cost of residency at an assisted living facility in the United States is \$3,500 per month.⁴

If you are investigating assisted living facilities, be sure to obtain a thorough explanation of each facility's cost structure. It is not unusual for a facility to have an affordable fee for room and board, but that fee may cover only a few hours per week of actual assistance. If your family member needs additional assistance, there are likely to be additional charges. Be sure to ask how the assistance is delivered — by facility staff or contracted help — and find out how much it will cost. Some costs may be reimbursed by a long-term care insurance policy.

Key points

- Assisted living facilities are designed to be a middle ground between staying at home and going to a nursing home.
- The cost of residency at an assisted living facility reflects the level of care residents need; costs are highest for residents with dementia who need help with daily activities and have a complex schedule of medication.
- When touring a facility, ask thorough questions so you are made aware of any fees and gain a good understanding of the care delivered.

continued from page 1

Because assisted living facilities are usually less expensive than nursing homes, many state Medicaid programs now provide some type of funding for elderly residents in assisted living facilities who qualify for Medicaid.

Continuing care retirement communities (CCRCs)

CCRCs combine a variety of residential options under one roof — from independent housing to assisted living to 24-hour nursing services. Residents generally pay an entry fee and an adjustable monthly rent in return for the guarantee of care for the rest of their lives. Assisted living and even nursing homes make no such guarantees and, in fact, may ask a resident to leave if they believe they cannot provide adequate care.

Older people are usually healthy when they enter CCRCs. If and when it becomes necessary, they can move into living arrangements that provide the assistance they need. Nursing care is located either within the CCRC or at a related facility nearby. In addition to health care services, CCRCs also typically provide

- meals
- housekeeping
- maintenance
- transportation
- social activities
- security services

Some CCRCs provide units that are designed for people with special care needs, such as those that someone with Alzheimer's or dementia would require.

Is there an entry fee?

CCRCs generally charge a one-time entry fee, which can range from \$100,000 to \$1 million. Additional monthly charges range from \$3,000 to \$5,000 or more.⁴ Often, seniors use the proceeds from the sale of their homes to make the initial investment in the retirement community. Bear in mind, however, that the Internal Revenue Service does not allow home sellers to escape capital gain taxes that might be due by rolling those capital gains into the purchase of a CCRC unit.

Typically, 90% of the entry fee is returned if the resident moves out of the facility or upon his or her death. Some communities have also begun to make their services available on a purely rental basis.

Choosing a CCRC

Choosing a CCRC is a once-in-a-lifetime decision. Consult with an attorney and a financial advisor before signing a contract. Also, to make sure a facility is right for you, ask if you can rent a unit for a few days or a few weeks before committing to it.

Here are some questions to ask when investigating communities:

- What is the policy on obtaining a refund of the entry fee?
- What does the monthly fee cover?
- Does the monthly fee change when the resident's living arrangements or care needs change?
- Is any of the fee tax deductible as a medical expense?
- What if spouses require different levels of care?
- Is nursing home care guaranteed?
- Who pays for health care? Is the community approved for Medicare/Medicaid reimbursement?
- Who decides when a resident needs more care?
- What is the policy on visitors and overnight stays?
- What are the staffing levels?
- How financially sound is the CCRC?
- What are the grounds for eviction?

Choosing an assisted living facility or nursing home

CCRCs are not for everyone because of their cost, their limited availability and the fact that most people prefer to stay in their homes as long as possible. When people can no longer live independently, they are generally not good candidates for CCRCs. In such situations, finding a long-term care facility for a loved one can be a difficult job. Often the search takes place under the gun — when a

⁴ Source: aarp.org, "About Continuing Care Retirement Communities."

continued from page 2

hospital or rehabilitation center is threatening discharge or it is no longer possible for the loved one to remain living at home. And, in most cases, the task is one you must take on without the experience and insight gained from having done it before.

That said, there are a few rules of thumb that can help you.

Remember: Location, location, location.

No single factor is more important to a resident's quality of life than visits by family members. Make it as easy as possible for family members and friends to visit. In addition, care is often better if the facility knows that someone nearby cares and is paying attention.

Get references.

Ask the facility to provide the names of family members of residents so you can ask them about the care provided in the facility and the staff's responsiveness when the resident or relatives raise concerns.

Check licenses and certifying agency reports.

Is a valid license posted? Is a state inspection report available for your review?

Investigate care plans (for nursing homes).

Talk to the facility administrator or nursing staff about how care plans are developed for residents and how the staff responds to concerns expressed by family members.

Tour the facility.

Try not to be impressed by a fancy lobby or depressed by an older, more rundown facility. What matters most is the quality of care and the interactions between staff and residents.

Ask if you can stay for a meal.

This will help you gauge the quality of the food service. Eating is both a necessity and a pleasure that endures.

Resources

AARP

aarp.org

Leading Age

leadingage.org

Genworth

Genworth.com

With so many care facility options, it is important to investigate each choice thoroughly. Whether you are preparing for the care of a loved one or yourself, getting a complete understanding of the level of care delivered at each facility can save you time and money.

Contact your financial advisor for more information or visit mfs.com.

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