



UNDERSTANDING SENIOR LIVING COSTS

Anyone investigating senior living options has an important question on their mind — how much does it cost? And since not all communities offer the same pricing models and contract options, it can get a bit confusing.

This guide will give you the basics on senior living costs so that you can know what questions to ask, compare your options, and make a decision that makes financial sense for you.

WHAT COSTS ARE INCLUDED?

The monthly fee at most communities covers the use of your residence and a range of services, amenities and programming.

Monthly costs typically include:

- Use of all amenities
- Dining
- Yard maintenance, including leaf and snow removal
- Interior and exterior maintenance and repairs as needed
- Electricity, water and other utilities
- Cable, phone and internet service
- Housekeeping, typically once a week
- Flat linen laundry service
- Scheduled transportation

Life enrichment opportunities such as social activities; exercise classes; art, dance and music classes; and more are also included as part of a resident's monthly fees.

UNDERSTANDING CONTRACTS

Life Plan Communities (also known as Continuing Care Retirement Communities or CCRCs) offer independent living housing options, a wide range of services and amenities, and a continuum of on-site long-term care. These communities often offer Life Care contracts, which give you priority access to care at predetermined, substantially discounted monthly rates for as long as care is needed.

Here's an overview of the three basic types of senior living community contracts — Type A, Type B and Type C. Some communities will offer only one type, while others will give you options to choose from.

Type A, Life Care (sometimes called Extended Contracts/Agreements)

These agreements promise to deliver higher levels of care with little or no increase in monthly service fees. They're able to do this because you pay an entrance fee, which essentially prepays for future care. So while you pay more upfront, and your monthly fees may be higher, those fees will remain virtually the same even if you need care, which can give you substantial savings in the long run.

- Higher entrance fee with refundable options
- Provides lifetime priority access to on-site long-term care
- Little or no increase in monthly fee for higher levels of care
- Entrance fees vary based on your location, residence size and number of occupants

Type B, Modified Plan (sometimes called Modified CCRC or Modified Agreements)

These plans typically have lower entrance fees and provide health services as needed. While health care costs may be lower than you'd pay outside the community, your monthly fees will increase with care.

- There will likely be a lower entrance fee.
- A modified plan usually covers some future care; monthly fees would increase with care.
- You may receive a limited number of free days in the health center or an ongoing, minimally discounted rate.
- Care may be billed at an equalized rate, which means if you're an independent living resident and you need to move to a higher level of care, your monthly service fee will change to be equal to the average of all independent living monthly service fees being charged at that time. This is also true for Life Care communities.

Type C, Fee-for-Service

With Type C contracts, you only pay for the care you need. Entrance fees and monthly fees are typically lower than with other contract types, but if you need a higher level of care, you pay full market rates. If you're an independent living resident and need short-term care, in order to keep your residence, you'd still have to pay your monthly fee on top of the cost of accommodations and care you receive at a higher level of living.

THE VALUE OF ENTRANCE FEES

Entrance fees may give people some initial sticker shock. However, once you look at the long-term benefits, you may see that entrance fees offer a surprisingly good value.

- The entrance fee ensures priority access to all levels of long-term on-site health care, if ever needed.
- Your monthly fees will be predictable, even if you need care. If you're approved for a Life Care contract, your monthly fees won't rise significantly if you need a higher level of care — which can save you money in the long run.
- A portion of your entrance fee may qualify as a prepaid medical expense tax deduction. (Please ask your tax advisor.)
- Many contracts offer a partially refundable entrance fee to help protect your finances. Typically, from 50% up to 90% of your entrance fee may be refundable to either you or your estate.
- Some communities offer nonrefundable entrance fees, which are less expensive. However, they don't return money to you or your family in the event of a move or death after a specified number of years living in the community.



74% of adults say one of their top fears in retirement is health care costs going out of control.*

*Health Care Costs in Retirement Survey, Nationwide Mutual Insurance Co., 2016

HEALTH SERVICES-ONLY CONTRACTS

Contracts for assisted living-only or memory care-only communities are different than those for Life Plan Communities/CCRCs. Typically, you pay:

- **Move-In Fee** — This is a one-time fee that may need to be paid upfront, or it can be prorated monthly.
- **Rent** — This is the monthly cost of the residence, which will vary based on size and location in the community, as well as the number of occupants.
- **Services** — Part of the monthly fees go toward services such as house-keeping, a meal plan, transportation, activities and programs. Some levels of personal assistance may also be included.
- **Care Service Fees** — When it comes to paying for care services — assistance with Activities of Daily Living (ADLs) — communities differ in how they price them. But they're based on the amount of help the resident needs.

Still Have Questions?

We hope this has helped you better understand the costs and value of a senior living community.

We're happy to answer any questions you have about pricing and contracts. Please give us a call at 660.584.4416, and we'll set up a personal appointment so you can get the information you need.

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