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ASK ENCORE

The Best Time to Move Into a Continuing Care Retirement Community

The answer: Perhaps sooner rather than later. And that raises a larger issue.

CCRCs aren't for everyone, says columnist Glenn Ruffenach. But the larger issue is the risk with postponing big decisions in retirement.

ILLUSTRATION: SONIA PULIDO FOR THE WALL STREET JOURNAL

By Glenn Ruffenach

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My husband and I are considering a move to a continuing-care retirement community. We are in our early 70s, and both of us are in good health. But we recognize that we might need help in the future. Is there a "better" or "best" time to settle in one of these developments? Residents in some of the communities we have visited seem decidedly older than us. Perhaps we should wait before moving. Any thoughts?

I'll talk about CCRCs in a moment. But there is a more important issue here: the risks associated with postponing big decisions in retirement.

At the risk of stating the obvious, time is something we're running out of as we age. And yet, many of us act as if the opposite were true. Human nature (or, more simply, denial) is a big part of this. It's much more pleasing to focus on the positive aspects of later life—

opportunities to follow new paths, increased life expectancy, travel—than on our mortality.

ASK A QUESTION

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Most CCRCs allow residents to transition from independent living to assisted living to nursing care.
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Or, as one retiree told me years ago: "We're all used to planning for growth, but most of us are less enthusiastic about planning for decline."

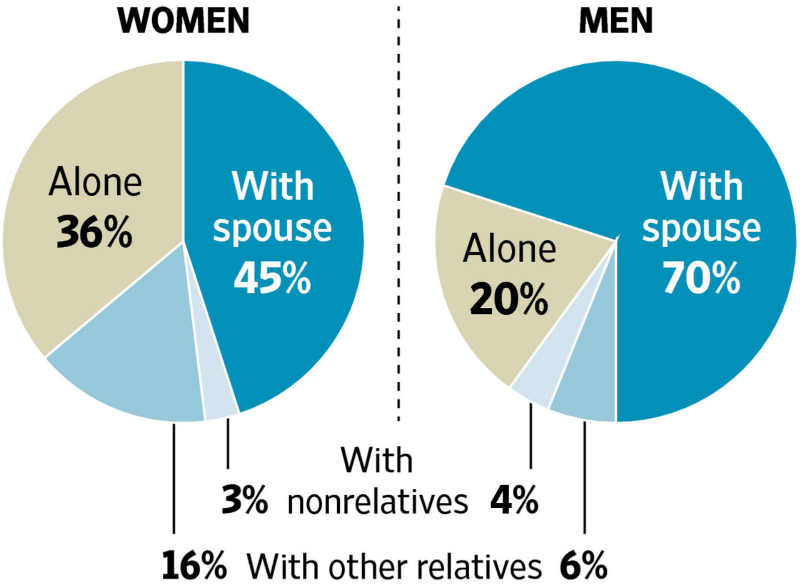
And so we delay, at least when it comes to some of the more difficult tasks associated with retirement. We wait to downsize. We wait to get those estate plans in order. We wait to talk with our elderly parents about their wishes. We wait to talk with our adult children about *our* wishes. And we wait (perhaps "hesitate" is a better word) to change our living arrangements. As I mentioned in a recent column, my wife and I have been debating about packing up and moving in retirement—but we don't do much more than that: debate. And I wonder when, or if, we're going to decide.

All of which brings me back to CCRCs. As the name implies, most continuing-care developments enable residents, if the need arises, to move from independent living to assisted living to nursing care, all within a single community. The knowledge that a person or couple can remain in a particular neighborhood, whatever the changes to their health, is the biggest appeal of a CCRC.

And here's a good example of where "waiting" can backfire. Generally, CCRCs require prospective residents to be in good health and able to live independently. (Some communities will ask for a medical exam.) You mention that you're in good health today. That's great. But some retirees I have talked with through the years told me they waited too long to apply; their health had gone downhill, and their housing options (at least as far as CCRCs were concerned) had dried up.

Living Arrangements

Among the population age 65 and older in the U.S., the following percentages of women and men in 2015 lived:



Source: Census Bureau THE WALL STREET JOURNAL.

No, CCRCs aren't for everyone. (And the contracts that govern housing and services can be ridiculously complicated.) But if you have done your homework—if you have decided that this is the right lifestyle for you—I would err on the side of acting sooner rather than later. And that's pretty good advice for retirement in general.

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I am turning 70½ this year, and I have two separate IRA and 401(k) accounts in different institutions. Can I take a required distribution from one account in 2017 and postpone taking the other distribution until April 2018?

Yes, you can do that.

To start, we'll assume you're retired. (If you're still working, you might be able to delay taking your required minimum distribution from your 401(k).) Given that, and given that you're turning 70½ this year, you have until April 1, 2018 (your "required beginning date"), to take your RMD from each account. But you have a fair amount of flexibility in how you do so, says Ed Slott, an IRA expert in Rockville Centre, N.Y.

For instance, you can take part of the RMD from your individual retirement account in 2017—and the balance in the first three months of 2018—if that works better tax-wise. And the same holds true for the 401(k): You can take a portion of the RMD in 2017 and the balance in early 2018. The timing of your withdrawals from the 401(k) has no effect on your withdrawals from the IRA and vice versa.

Of course, if you elect to delay any portion of your required withdrawals (from either or both accounts) until the first three months of 2018, you will need to take two withdrawals from that account in 2018: the required withdrawal for tax year 2017, and the required withdrawal for tax year 2018. The latter must be taken by Dec. 31, 2018.

Mr. Ruffenach is a former reporter and editor for The Wall Street Journal. His column examines financial issues for those thinking about, planning and living their retirement. Email questions and comments to askencore@wsj.com.

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