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Retirement Living

Eight Questions To Ask Before Buying Into A Senior Community

Ashlea Ebeling, 07.01.10, 6:00 PM ET

Are you (or your aging parent) the kind of person who likes to plan for all contingencies? Then you might want to consider a continuing care retirement community--a development that usually includes independent apartments or town homes for spry seniors; assisted living units for those who need some help; plus a nursing home.

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Making any retirement move in the current real estate market takes careful thought, of course. But a CCRC requires extra diligence, since typically it requires a large upfront payment (averaging a quarter-million dollars) that may not be easily or fully refundable, plus high continuing monthly rents. "You need to approach these communities as an investment," says Bernard Krooks, an elder care lawyer in New York City.

There are 1,900 CCRCs in the U.S. today with more than half a million residents, most of them living independently. In some developments your buy-in fee funds care should you need it. In others you pay less upfront but are guaranteeing yourself access to care-trained assistants or a nursing home bed. (A small number of rental CCRCs have no entrance fee, and all services are pay-as-you-go. Plus, while nursing and assisted living beds are available in the complex, you're not guaranteed one.).

In any case, you usually can only get into a CCRC when you're still able to live on your own. That means you'll have to pass a health check, just as if you were buying life insurance. You'll also have to pass a financial screen to make sure you won't run out of money paying the monthly fee.

Those who move into CCRCs are "thinking ahead," says Robert Kramer, president of the National Investment Center for the Seniors Housing & Care Industry. "They want to choose a community ahead of time rather than having limited choices when a health crisis hits," he adds. There are other marketing draws too. For example, more than 50 have been built close to or in conjunction with colleges or universities, including Stanford, Penn State and Dartmouth and offer lectures or classes or access to a university hospital. Others offer pools and posh recreational facilities.

Still these communities usually don't attract the youngest retirees--the average age of a new resident is 80. And some new residents move in reluctantly, dragged along by a "planner" spouse. Henry R. Martin, a retired New Yorker cartoonist, moved into Pennswood Village, a CCRC in Newtown, Pa., back in 1998 when he was 72 and his wife, Edith, was 73. "At first I wasn't interested in going to an old folks' home, but she persisted and thank goodness she did," he says. Edith, who now suffers from severe dementia, is cared for in the nursing care wing while Henry has stayed on in their original apartment on Pennswood's 82-acre campus. (To see Martin's cartoon commentary on life in a CCRC, [click here](#).)

While the Martins waited eight years for their spot in Pennswood, today it has a 3% vacancy rate and the average CCRC vacancy rate is 10%, up from 6% in 2005. So provided you're healthy, you should have your choice of CCRCs--if you can afford one.

Entrance fees and monthly fees at CCRCs vary greatly within a community and community by community as they are pegged to the size (and the features) of the apartment you choose, the amenities and the type of care contract you choose.

Nonprofit Pennswood only offers a Life Care contract, which guarantees no substantial increases in monthly fees beyond inflation. A single moving into a 504-square-foot studio would pay a \$95,000 entrance fee and a monthly fee of \$2,664. For a couple moving into a 1,470-square-foot two-bedroom with den, the entrance fee is \$378,000 with a \$6,890 monthly fee. If you give up your apartment, the monthly fee is \$3,500 a month for assisted living and \$4,070 a month for skilled nursing per person. Entrance fees are all nonrefundable.

By contrast, the recently rebranded for-profit Vi (formerly Classic Residence by Hyatt and still run by founder and billionaire [Penny Pritzker](#)) in Palo Alto bordering Stanford University, which opened in 2005, offers a continuing care contract with an entrance fee that's 80% "returnable" once you move out of the community or die, and your apartment is resold (or 10 years after you leave, whichever comes first). Entrance fees for a one-bedroom, one-bath apartment start at \$682,700 with a monthly fee of \$3,600 for a single, and entrance fees for two-bedroom units start at \$1.2 million with a monthly fee of \$6,600 for a couple. Residents who move to the care center continue to pay the same monthly fee they paid while in their apartment (with extra meal fees).

Here's what you need to ask if you're considering a continuing care retirement community.

1. Is the community established or even built yet?

If the community is on the drawing board, you should check out the developer's finances and see other projects they've completed. Krooks is handling a case where his clients are ready to move in but the project is frozen and he's trying to get the couple's deposit back.

2. Is the entrance fee refundable?

Typically if you die (or just decide to move out) within a certain period after moving in, your entrance fee is wholly or partially refundable. But watch out; in some cases, communities can hold your entrance fee until they refill your spot. Krooks is now helping a couple who signed a commitment and had a change of heart get a partial refund of their entrance fee. (They thought people would be playing tennis and golf but it ended up they were playing bingo.) Do your due diligence on the community and any refund provisions before you hand over your check, Krooks says.

3. What's included and what costs extra?

Almost all CCRCs offer guaranteed access to health and personal care services, but not all include it in their basic monthly fee. The broadest coverage, where care is really included, is a Type A Life Care contract. You're basically buying into an insurance pool so all the residents' fees go toward care for the other residents. Modified (Type B) contracts limit the number of days a resident may stay in assisted living or skilled nursing before getting dinged with an add-on fee. With fee-for-service (Type C) contracts, you pay the full cost of any time spent in the health center. Finally, a small number of CCRCs offer rental (Type D) contracts where there is no entrance fee and everything is a la carte. In these, a nursing home bed isn't even guaranteed.

4. Are there just old folks?

Look for ties with the local community and schools. Pennswood sits between a Friends day school and The George School, a prep school, and is a satellite campus for Bucks County Community College. Residents volunteer at the schools and take classes alongside 20somethings on the history of jazz and *Moby Dick*. More than 50 CCRCs are tied to universities, says Andre Carle, director of the Senior Housing Administration program at George Mason University. To weed out the best ones, he says, look for those that are close to campus, have at least 10% of residents as former faculty or alums and have a written agreement for two-way programming.

5. Is there a pool?

Wellness programs are all the rage, and older facilities are upgrading to include workout areas and rehabilitation programs so residents don't have to go some other place. At Vi, spas offering facials and massages are de rigueur. At the Village at Penn State you can take lessons in golf, swimming, tennis and more from Penn State athletes (and then not so guiltily scoop up Penn State Creamery ice cream at an on-site shop--just like the Creamery you remember on campus).

6. What transportation is available?

Martin gave up his driver's license recently and relies on vanpools run by Pennswood to go to the McCarter Theater in nearby Princeton or for grocery shopping in Newtown. (He and his wife used to walk the 1.5 miles into the center of town.) Check if the community is near public transit, and, if not, what sort of transportation is provided. Do you pay out of pocket for a taxi to see a specialist, for example?

7. Are there other special amenities?

One of the oldest CCRCs, the Admiral on the Lake at the north end of Lincoln Park in Chicago, is being rebuilt as the New Admiral on the Lake. A planned 31-story high-rise breaking ground this year for occupancy in 2012 will boast high-speed Internet connectivity and a juice bar. Residents of the Village at Penn State get priority access to Penn State football and basketball tickets.

8. What about Alzheimer's patients?

Newer communities are setting up wings dedicated to care for folks with Alzheimer's and other forms of dementia, and older communities are adding on services in memory care. "No one wants to think of this prospect, but it's an important piece," says the NIC's Kramer. Note the disclaimer on Hyatt's Classic Residence website, Hyattclassic.com. "Advanced levels of care might not be available at every community."