

# THE WALL STREET JOURNAL

August 7, 2010 - FAMILY VALUE By Kelly Greene

## Continuing-Care Retirement Communities: Weighing the Risks

<b>You Stay, You Pay</b> Range of fees for eight continuing-care retirement communities* by contract type for single occupancy:				
	<b>LIFE CARE</b>	<b>MODIFIED</b>	<b>FEE FOR SERVICE</b>	<b>RENTAL</b>
<b>Entry fee</b>	\$160,000 to \$600,000	\$80,000 to \$750,000	\$100,000 to \$500,000	\$1,800 to \$30,000
<b>Independent-living monthly fee</b>	\$2,500 to \$5,400	\$1,500 to \$2,500	\$1,300 to \$4,300	\$900 to \$2,700
<b>Assisted-living monthly fee</b>	\$2,500 to \$5,400	\$1,500 to \$2,500	\$3,700 to \$5,800	\$4,700 to \$6,500
<b>Nursing-care monthly fee</b>	\$2,500 to \$5,400	\$1,500 to \$2,500	\$8,100 to \$10,000	\$8,100 to \$10,700

\*In California, Florida, Illinois, Ohio, New York, Pennsylvania, Texas and Wisconsin.  
Note: Under the "modified" contract type, 60 days of assisted-living or skilled nursing care are provided, after which the "prevailing rate," less a 10% discount, is charged.  
Source: U.S. Government Accountability Office

### August 7, 2010 Comments

At least 70% of people over age 65 will require some long term care at some point in their lives, according to the U.S. Department of Health and Human Services.

Genworth (the largest long term care insurance company in the U.S.), conducted a study in 2010 about care settings. When asked to identify the setting most preferred to receive long term care, 78 percent chose the home, 18 percent chose assisted living, and only 2 percent selected a nursing home. In fact, 73% of Genworth's initial benefit claims are for home health care. Nearly 70% of the people who begin receiving in-home care under the company's policies stay at home throughout the time they need care.

In their 2010 Continuing Care Retirement Communities (CCRCs): Risks to Seniors Summary of Committee Investigation, the U.S. Senate Special Committee on Aging stresses that financial difficulties for CCRC providers could place a consumer's investment at risk and raise their monthly CCRC expenditures. In addition, according to the American Bankruptcy Institute Journal, "the CCRC industry is particularly vulnerable to insolvency, and several CCRCs have failed, primarily as a result of poor financial planning." Several high profile bankruptcy filings over the past year have cast a spotlight on these risks.

Before making a long term financial commitment to a CCRC, where you can lose all or part of your entrance fee, evaluate where you would like to receive care in the event you need it. Research the merits of a long term care insurance policy. Most policies will pay for care in your own home, an assisted living facility or a nursing facility. Most policies also offer a return of premium feature that reimburses your heirs all the premiums you have paid if you pass away without using the benefits.

Importantly, with a long term care insurance policy you determine where you will receive care. If you are receiving care in an assisted living facility or nursing facility and choose to leave due to changes in their fees, quality of care you are receiving or you just want to move closer to your family, you can leave without penalty.

Aaron Skloff, AIF, CFA, MBA  
CEO - Skloff Financial Group

Aaron Skloff, Accredited Investment Fiduciary (AIF), Chartered Financial Analyst (CFA), Master of Business Administration (MBA), is the Chief Executive Officer of Skloff Financial Group, a NJ based Registered Investment Advisory firm. The firm specializes in financial planning and investment management services for high net worth individuals and benefits for small to middle sized companies. He can be contacted at [www.skloff.com](http://www.skloff.com) or 908-464-3060.