



# seniorhousingnet

## CAN YOU AFFORD TODAY'S SENIOR LIVING COMMUNITIES?

Michele Lerner October 2, 2014

As you or your parents age, one of the most important and difficult decisions is to determine where you will live.

Many older people prefer to stay in their homes, but sometimes they cannot take care of themselves adequately. They might even find that they prefer to live with other people their age in a senior living community that offers support for their changing needs.

### TYPES AND COSTS OF SENIOR LIVING

The type of senior living community you may choose depends in part on your health and your budget. The prices for senior housing vary according to your local market and to the level of services and amenities provided.

Senior housing ranges from independent living communities for people who can take care of themselves to assisted living facilities that provide help with the daily routine and some healthcare to a skilled nursing facility—or a continuing care community that offers both types of care.

Assisted living facilities can cost \$2,500 to \$6,000 or more per month, according to Jim Speir, owner of Speir Financial in Southfield, MI.

"The monthly fees in some communities include meals, but sometimes residents are asked to over their phone and cable bills or other incidentals," says Dan White, owner of financial planning firm Daniel White & Associates in Glenn Mills, PA. "You need to ask whether a facility is all-inclusive or if you need to pay for services."

In addition, there are age-restricted communities of homes typically available for purchase rather than rental by people of a certain age. There's a wide variety of these homes, from affordable places with no frills to pricier, luxurious digs with lots of community amenities.

### FINANCIAL SELF-ASSESSMENT FOR SENIOR LIVING

Speir recommends that seniors make a financial inventory by themselves, with their family or with a financial professional before looking for senior housing.

"Identify current and future income sources, assets, home equity and determine whether the home will be sold," he says.

White notes that most people raise the capital needed for senior housing by selling their primary home.



"Families have to look at the financial accounts to see how the senior housing payments can be sustained," adds Pat Simasko, owner of Simasko Law in Mt. Clemens, MI. "Some families feel guilty that they have to move Mom into a facility, so they pick the Taj Mahal and get additional, unneeded rooms or services. This can make the money run out much faster. The goal is to get the best service for the best price and then add on services as needed."

### LONG-TERM CARE INSURANCE

Long term care insurance (LTC) can provide income to pay for services in your home or in senior housing. However, not all seniors have this insurance.

"You must purchase these policies long before you're sick," Simasko says. "Most people don't, because they feel the cost is exorbitant. Everyone has car insurance and fire insurance, yet very few people are in accidents or have a fire. One-third of us will be in a nursing home for an average of 32 months, with an average monthly cost of \$7,800."

If you do have LTC, you need to understand your coverage as part of your financial assessment.

"Keep in mind that if it is a 'Qualified' LTC policy, then you need assistance with two of six activities of daily living or have a cognitive impairment such as dementia or Alzheimer's to trigger the policy," Speir says.

### FINANCIAL AID OPTIONS FOR SENIOR LIVING

In addition to your income, assets and insurance policies, you may be eligible for financial aid to pay for senior housing. Speir says the Department of Housing and Urban Development (HUD) offers assistance to seniors who meet income and asset criteria.

"Medicare and Medicaid don't reimburse for independent living or assisted living housing," he notes. "Medicaid will pay for a nursing home stay if you have spent your assets down to \$2,000 other than your home and your car."

The Medicaid waiver program is designed to transfer the Medicaid nursing home benefit to an assisted living facility or home care provider, adds Simasko. However, the program is difficult to navigate and so the benefit is very difficult to obtain, he says.

Veterans and their families may qualify for the Veterans Affairs (VA) Aid and Attendant Care benefit.

"Once you are income and asset-qualified, the VA will pay up to \$2,000 per month to help offset care expenses for the wartime veteran and the surviving spouse," Simasko says.

A thorough financial self-assessment can help you determine how much you can afford to spend on senior housing and to plan for your future needs.



*James J. Speir, Founder of Speir Financial Services, based in Southfield, MI, and is an Independent Investment Advisor Representative with CoreCap Advisors, a registered investment advisor. Speir provides his clients with financial and insurance services, specializing in retirement and income planning for over a decade.*

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