

3 Must Ask Questions When Considering a Life Plan Community

Life plan communities, sometimes still referred to as a Continuing Care Retirement Communities or CCRCs, provide peace of mind for many retirees who live independently today but seek the comfort of knowing that assisted living or skilled medical care is available if and when needed. However, many life plan communities require a fairly substantial entry fee, on top of monthly service fees, in exchange for a commitment to provide lifetime housing and care. Therefore, choosing the right community the first time is an important decision.

If you are researching life plan communities for yourself or a loved one, here are three questions you need to be sure to ask:

What is the ratio of independent living residences to assisted living and healthcare residences?

Some life plan communities are mainly independent living communities with a proportionately small number of assisted living or skilled care units available. This could be particularly concerning for newer communities, where very few residents require care now but may in the future. The question is whether there will be enough availability in the healthcare center for residents requiring care at that time. On the flip side, some CCRCs evolved out of established nursing care facilities that added a few independent living residences. In this case, you may find the number of residents requiring care services far outweighs those living independently. On average independent living residences represent 60-75% of the total residential units.

How have your monthly rates changed over the last five years?

This is important to ask for two reasons. First, it gives you an indication of what to expect going forward so you can plan accordingly. Second, it could also be an indication of the community's financial viability. Average fee increases of 3-4 percent per year are not uncommon in the industry. If you find there have been years when the increase has been substantially more, you should find out why. Be sure you ask what the increases have been each year over the past 3-5 years, as opposed to an average. Averages can sometimes hide larger increases in a given year.

What services are included in my monthly fee, and what will cost extra?

When a provider shares with you their monthly rates, be sure to find out what types of services are included, and which are extra. This is particularly important if you are comparing two communities and one operates à la carte, while the other operates under an all-inclusive model. Ask this question not only in terms of your monthly fees while living independently, but also in the future if you should require assisted living, memory care, or nursing care. The type of residency contract, which can vary from one life plan community to another, will dictate what you will pay today versus what you will pay in the future if you require care services.