Podcast Transcript: Navigating the Search for a Retirement Community

Kim Insley:

Hi, I am Kim Insley. Thank you for joining us for Navigating Life Transitions, a podcast where we bring together advisors experienced in financial life planning to talk about ways to navigate life's biggest changes, challenges, opportunities and decisions. From growing a family to empty nesting, from earning a job promotion to planning for retirement, we discuss these pivotal moments that could benefit from the guidance a financial advisory team can provide. Today we're talking about planning for the transition to a retirement community. According to seniorliving.org, 70% of older adults will need some form of long-term care, and that's millions of seniors in this country and very likely someday you and me, so how does one plan for this life transition financially and pragmatically? Joining me today is Elise Huston, Director of Advisory Services and Senior Advisor at JNBA Financial Advisors, which serves clients in Minnesota, Florida, and throughout the United States. Also, joining us is Jonathan Rosenberg, Owner and Founder of Twin Cities Care, which is an elder care referral agency that specializes in helping families find senior housing to fit their needs. Welcome to you both, it's great to have you with us.

Elise Huston:

Thank you.

Jonathan Rosenberg:

Thank you, Kim.

Kim Insley:

The importance, Elise, I'll start with you about retirement communities and retirement planning process because that's the goal that a lot of your people are looking for. What does that conversation look like?

Elise Huston:

It's interesting when you start talking about planning for retirement or financial independence with individuals or families, oftentimes the thought of needing long-term care is still quite distant. Maybe we're starting those conversations about planning for retirement or am I saving enough in their forties, fifties, sixties? Am I on track for that successful third act of my life? But planning and considerations around long-term care can have a meaningful impact on the success of their plan, so really taking the time to understand family history. Do they have a history in their family of dementia or Alzheimer's? Did their parents need a lot of care and was it successful and is that something they want to replicate? Are they hoping to move in retirement? Do they hope to stay in their home forever and always, bringing in care to their house? And so we have a lot of tools, various worksheets that we can provide to our clients to facilitate conversations because probably not surprisingly, when working with couples too, oftentimes their perspective on need for care in the future, vastly different.

I even think back to when my own grandparents were embarking on that journey years and years ago, my grandpa would always say, "Well, that's why I had kids, gosh darn it. They're going to be taking care of me when I'm older." And my grandma kept saying, "No, I like my privacy. I like to be in my own dedicated space. I don't want to feel like I'm living in somebody else's space." Creating opportunity for them to get on the same page of what that plan might look like. And then do you have sufficient resources to provide that level of care, is certainly part of the retirement and financial planning process because it's not always an insurance. Sometimes you need it, sometimes you don't. And we're talking about that in some other podcasts as well but really understanding what are the goals for receiving care, what are the concerns around receiving care? And then how do we financially prepare for that?

Kim Insley:

There's a lot to think about. I was really happy, Jonathan, to learn about your organization, Twin Cities Care. So can we start with getting a little bit into the work that you do? What is that?

Jonathan Rosenberg:

Thanks Kim, and thanks Elise and Kim for having me. Twin Cities Care, so we help families navigate senior housing and senior care. We use our knowledge and resources to help families make informed decisions, and we're really advocates by their side throughout that process.

Kim Insley:

There's a lot going on, a lot of moving parts. And the reason I was excited is because over the years we have changed the idea of what retirement looks like and where people live and the care that they need, so the different types of retirement communities, Jonathan, runs the gamut. Can you go through that?

Jonathan Rosenberg:

Absolutely. And I just want to say, you mentioned at the beginning that the majority of adults will at some point need senior care in their life and only a few decades ago that usually meant ending up in a nursing home and that is just no longer the case. Here in Minnesota we have a very robust senior housing market. We also have higher care capabilities than most other markets and just an overall good healthcare system. And so senior living retirement communities of all kinds can actually help you maintain your independence longer and in many cases increase your physical and emotional wellbeing. I could jump into just doing an overview of the different types of options.

Kim Insley:

Please do because you hear from the big one in Florida where everyone's having a good time to the nursing home situation and everybody's different along the way.

Jonathan Rosenberg:

Absolutely. Starting out with independent living, also called 55 plus communities, these are usually standalone buildings that have annual leases and they're more condominium style as far as the apartments and the amenities. The activities are going to cater more to those independent active seniors. You'll see really things like even with a pickleball craze, you'll now see pickleball courts in some of the independent livings. I want to say that just expect though not to have any on-site home care services, healthcare services offered in the independent livings. We also have senior co-ops, which are very similar except for you buy and own those instead of renting. It's really the same concept. And there's actually more senior co-ops in Minnesota than any other state. The next part I want to talk about is assisted living, so assisted livings have licensed care in the building and they're all going to have 24 hour awake caregivers with nursing oversight.

A typical assisted living setting is going to be in a medium to a larger size building. And for those adults that start to need help with you hear the term ADL or activities of daily living, maybe you need that now or you might need help with those things in the future, things like help bathing, dressing, help with your mobility or medication management. And those could be in the assisted living settings, scheduled services, and also on call with the use of a pendant or a call button. And so, under the umbrella of assisted living, we also have some really specialized kind of option, so memory care is one of them. That's going to be a secured neighborhood that is going to have care and programming and activities that is tailored to people with dementia or memory loss. We have care suites that are also called enhanced care.

This would be where you get a higher level of physical care or more complex care. You're going to have caregivers in closer proximity or dedicated to an area to be able to respond quicker. And then I want to mention with care suites and memory care, these can be neighborhoods or an area within a bigger building or they could be freestanding, specialized, usually a one level smaller home or building as well, so there's a lot of different options. And then the last specialized assisted living type I want to talk about is residential care homes. This is care in a home. You probably drive by them in your neighborhood and don't even know they exist. A typical home might have six residents living there with 24-hour awake staff, so you have that really close attention and staffing ratios. And then I talked about these different levels of care.

There are also some different models within senior living, and so this is really important. I want to just touch on, and I can go over this pretty quick, so there's continuum of care. This is usually a campus where you have independent living and assisted living that are separated. And this could be great for the active independent senior that wants to start out independently. Just keep in mind that that person might need to move at some point down the road, maybe within the campus because these campuses might also have assisted living, memory care, care suites, even nursing homes on the same campus. Then I want to talk about an aging in place model. And this is exciting for a lot of families that this exists. This is where you have independent living and assisted living integrated together, so you could move in independently and then when the need arises for care services, you don't have to move, you could stay in the same apartment.

And this is a great option for couples where you have one person that's independent and maybe their spouse needs care. They could stay together in the same apartment on the same campus, and it could be also good socially for both of them as well. There is another continuum of care type of model called a CCRC that stands for continuing care retirement community. This is more of a large buy-in with a lifetime contract. It's a little bit more of a complex model. They're like country clubs. There's only three actually in the Twin Cities. They're more popular in the south where you have warmer climates, golf courses and all that, year-round golf courses I should say. As you can see, there's an overwhelming number of options. And just keep in mind if this is confusing, you could certainly reach out to us and we can tell you more about how that might fit into your own situation.

Kim Insley:

Definitely, Elise, people need help with this because they may not know about everything, but also planning for this financially. And this is quality of life stuff we're talking about as well, so when you are working with people and they're getting to the point to where they're like, maybe I'm not going to live in my three level home by myself the rest of my life. How do you start to think about the financial situation there and the planning to make this happen?

Elise Huston:

To Jonathan's point, the models are quite wide-ranging right now. I know one of the things that Jonathan and his team will do too is really try to dig into what's most important really then to better isolate which of these models makes the most amount of sense for that individual in the family, frankly. But I would say too, this is where we would maybe advocate more for even family meetings well in advance when you can take some time pre a health event or a crisis to think seriously about what would make you feel most comfortable in a time of life when I think... We'll hear often from clients, they don't love chatting about this because it feels like they are losing that sense of independence. And so, making some of these decisions or thinking through optimal outcomes when you aren't in the midst of a crisis where you do feel like you have a little bit more control and you can better align it with your values and what's most important to you.

If it is wanting to be close to family members, if it is wanting to have access to through your community social groups that would allow you to go to museums or theater or if it is even just wanting to be able to say, "Hey, when I make this next move, I want to be able to stay there." I don't want to have to move a whole bunch of times. Maybe kids live in or out of state, so the level of care they can provide in addition to whatever the community is providing is different. Having thoughtful conversations both as an individual but as a family to understand your values and your priorities can make all the difference in the world. And I think we oftentimes try to have those little earlier than maybe one would anticipate. I think when you're in your late fifties and your early sixties, it doesn't feel as certain. You can think about it in a way where you don't feel like you're worried about end of life in the same context as you maybe are when you're in your seventies and eighties.

And so, you can remove some of that initial fear and emotion and think a little bit more about what does make sense for you. And we often find that transitioning into facilities like this, people used to think it was so bad, but we'll talk with clients who are like, "Why did I do this sooner?" The community, the connectivity, there's so many studies that show that it brings about such happiness, health, longevity, that sense of purpose and engagement again with peers and finding others who enjoy similar activities as you in that community, in a safe community where you have the healthcare you need can be really fruitful too for long-term success.

Kim Insley:

And I also wanted, the point can't be lost, a family meeting early on is great because if you are grandpa thinking that your kids are all going to take care of you and the kids are, "We're running a business, we have kids, we're not going to be there." That's something that you need to know in advance.

Elise Huston:

You sure do.

Kim Insley:

Jonathan, when you're working with a client and they are thinking about what do I need? And Elise certainly mentioned some things, proximity to family, activities and whatnot, what are the conversations that you have with people to narrow it down for them as to what would be the right facility?

Jonathan Rosenberg:

Sure. This is part of our early phases that we usually have when we first get connected to a family. And I just want to say it's so important to find the best fit for your unique situation and circumstances. And I just really want to stress that because we often hear of my neighbor or this friend tells you something. A little bit about our process, so our initial meeting with a family, it could be in person or on the phone, it's usually a pretty lengthy conversation though, an hour to an hour and a half. And we love having as many family members involved as possible. Adult children is very common. We're just gathering as much information as possible around physical and cognitive deficits or care needs. And then also geographical preferences, finances, the social history of the person, faith or religion, family dynamics, the list goes on. And we can also at this stage collaborate with medical professionals, physicians, social workers, especially if someone had a recent hospitalization.

And then we're very clinically focused and we will review clinical notes as part of the process as well. And really all of this information we use to establish the most important criteria for each family and person and then be able to match that up to options out there that fit ideally all of them or as many of the criteria as possible. And families are, when we first start chatting, they're always really tuned into geographically what their preferences are. And they understand that their finances overall are going to impact their options, but the clinical component can be really difficult for them to maneuver on their own without having any experience. And our goal is always to help families maintain as much independence. Obviously, they need to be in a safe environment, but we always keep that in mind. And I just want to say always advocate for yourself and your loved ones and just understand that the care capacity and the quality can really vary within different communities out there. And so, take that into account and do your due diligence.

Kim Insley:

And I'll bet it's a luxury when you get someone who is thinking into the future as opposed to the crisis situation because I'm sure you get a lot of the crisis situation.

Jonathan Rosenberg:

We do. And I know that part I went over is maybe more common when someone has the more immediate need and a sense of urgency could be either fairly quick or it could be an all-out crisis and that is something we specialize in, but try to get in front of it. Sometimes you can't and there could just be changes of medical conditions could happen really fast too.

Kim Insley:

Planning is key to everything. When you have the time, you can make better decisions. And so your specialty is to help people plan for this type of thing, so what are common mistakes or things that people should be doing as they are planning for this?

Elise Huston:

It's silly to say, but I would say the biggest mistake is continuing to put off the conversation, frankly. Again, for probably somewhat obvious reasons, this conversation along with getting your estate documents updated as you progress through life becomes less and less of a priority, but it is a tremendous gift to yourself and to your family if you have some clarity around what you are hoping occurs. And I think too, even just further exploration around the options that are available for retirement communities, senior living opportunities, there's a lot of misconceptions about what that experience might look like. Again, most often we hear from our clients, "It's way better than I expected. I wish I would've moved sooner." And in our opinion, we see often with our clients too that when they are in that crisis moment where they have that health event, now they have to move, you read a lot and hear a lot that each of those health events that result in a hospitalization stay just really shortens and diminishes quality of life after recovery.

It's harder and harder for your body to recover, be it from a fall or some sort of a medical event, so even making some of those transitions earlier can be really rewarding for your long-term health and happiness and purpose as well. But I would say the more we can talk about how you want to receive care, the better we can understand if the insurance policy you bought ages ago is going to be sufficient in doing what you want it to do to cover those costs of care. If you do want to buy in somewhere where you're not renting and you have some ownership stake, what does that look like and how do we structure that in the context of your estate plan as well? If you're moving into a model where there would be maybe the consideration that spouses would get separated if their need for care changes, what does that look like and is that something that they're comfortable with too? And how do we then cover cost of care for both of you if you're living in two separate facilities or homes or things like that too?

And then helping the family feel empowered on how that's going to work and are you eventually going to sell your home and will those proceeds be part of funding this plan? That sort of thing too. And I know we're going to be talking about too with an attorney, just how do you plan for that too in terms of some of your own estate planning considerations, look back considerations, et cetera in a separate podcast, but it all is intertwined. And so again, being able to take the crisis out of it where it feels like a panic and we have to do it, you can think a little more strategically around, in a perfect world, how would this work? Where you do feel like then that sense of independence and control to a certain degree, you're retaining because you already pre laid out best-case scenario, this is what it looks like, so when crisis comes, we have a roadmap to look at.

Kim Insley:

Well, I think some people put it off because they just think right now, I'm living my life and it's no extra expense as in what I expect, and this other piece is so expensive. As you're thinking, Jonathan, in terms of, and every place is different, every geographic location is different memory care versus 55 plus communities, but are there some basic costs you should be thinking about or just in your mind a chunk of what it's going to be?

Jonathan Rosenberg:

Let me just give some averages and ranges of costs-

Kim Insley:

Thank you.

Jonathan Rosenberg:

... that might be helpful. Independent living, it could really vary a lot. I would say really a base of around $2,000 a month, this is really just you're paying rent. It could go all the way up to five or $6,000 a month. And it really depends on; the size of the apartment is a big factor. The amenities and how new the building is, is a big factor and also location. Rents are typically going to be higher in aging in place models than continuum of care because you could turn the switch and add services whenever you need them. As far as assisted living goes, the costs are usually broken down into three segments. There's going to be a rent portion, a care or services portion, and then meal plans. The average cost for someone that has just a lighter to moderate care needs of assisted living is going to be right around $6,500 a month. A base level would start at around three or $4,000, and that might be without any services, but still having access to services, have a pendant, be able to call for help.

And then on the higher end, it could go all the way up to $10, $12,000 a month for someone that has a much higher level of care going on. Memory care and care suites that we talked about earlier, those have a very similar range. It's going to be from around seven to $13,000 a month, and usually it's going to be different care levels based on how you're assessed within that range. And then residential care homes, there's a pretty wide range. It's going to be from around $8,000 up to $17,000 plus a huge variance in the kinds of homes and how nice they are. And just keep in mind that you're going to have the highest staffing ratios and just really attentiveness going on in these really small environments, so you can see senior living can be really expensive. There often is sticker shock, but then again, what isn't more expensive these days?

And you could think about going to the grocery store and even though this is not part of this presentation for in-home care, for someone that needs 24 hours, those costs actually get significantly higher than even any of these areas as well.

Kim Insley:

I was going to say, with my mom I had experience with in-home care, and so this is cheaper than what she was paying, and I'm sure she thought that she was getting the better deal by staying in her house and having all of this activity around her.

Jonathan Rosenberg:

Well, and the good news here in Minnesota is we do have Medicaid funded waiver programs for people that spend through all of their assets. And I just want to... It can be complicated. I don't want to get into all the qualifications and how all that works, but if you're able to set aside at least two or three years of private pay, when the time comes where you need care and you need to go look around, you can get yourself into a desirable community where you can meet the minimum private pay requirement and then after depleting all your funds, being able to stay on a waiver program. With proper planning, you can still achieve a good outcome even if you are going to burn through those assets.

Kim Insley:

There are, I won't call them tricks, but there are ways that you can help finance this and that's one of the things that you do.

Jonathan Rosenberg:

Absolutely. I would say it's just so common just because of the costs and when you take into account all of your financial resources, including even if you have long-term care insurance, it can go quick.

Kim Insley:

What about wait lists? Are those things that are preventing people from getting the care that they need?

Jonathan Rosenberg:

Good question, Kim. In fact, there's a little bit of a misconception out there that there are always long wait lists. And the reality is that there tends to be longer wait lists in the independent living, especially the newer buildings that in the largest floor plans, you could have to wait a year or more. When you get into the levels of care of all kinds, there's just more turnover in movement and even the most desirable places, usually there will be some at least limited availability, or you can get in in a fairly short timeline most of the time.

Kim Insley:

As we wrap up, Elise, what do you want the people that you work with to know about this?

Elise Huston:

I would say just when you have the benefit of pre-planning, thinking about it, independent of a crisis, and really thinking about for yourself what feels like a comfortable way to receive long-term care. It's really worth having that conversation, having it with your spouse, your friends, your family, really making sure everybody's on the same page with how you may be receiving care in the future. Again, each of us probably have seen loved ones, friends and family members go through this in a variety of fashions with and without insurance, moving in with kids, moving it into a retirement facility, having care brought in for their parent, living in or out of state of that parent while they're receiving care and how does that feel? Talking about your experience, what did you learn from that? Trying to create a plan in advance, a gift to yourself and your family in quite a tremendous way because then they aren't trying to guess what you wanted when that time comes.

But then having that conversation with your professionals. You don't have to figure out how does this impact things. Can I even afford this on your own? We have the benefit in our position as a financial advisor to run a lot of different scenarios. Well, what if you did need the highest level of care for three years? There's a lot of really wonderful resources that look in state by state at those average costs of care. And then the average timeframe for needing that care. How long might one typically be in a memory care unit? And we can say, okay, well, what if you were there for the average amount of time? What if you were there longer? And really see what does that do to the long-term success of your financial resources. If you do have a goal of leaving legacy gifts to family or charities too, what can we do to pre-plan and make sure that we have money allocated for that future care need?

Be it through self-funding that expense later on, maybe it is insurance that you've already had, but really looking at the financial resources to give peace of mind that when the time comes, the thing we don't want to have happen is people stay longer in their home for fear of that new cost when they would've been so much better off maybe making a transition sooner. Maybe it ends up being financially the right decision, but also for your health, enjoyment, fulfillment, wellbeing, purpose, all of those things that can be a good decision to make.

Kim Insley:

And relationships because I do think there are people who are like, "You're not taking me out of this house." And then to consider the cost to your child of having to give up their business, their life to make this happen for you. And it's all of the things that you should talk about and not just assume. And I know Jonathan, again, that's something that you see as well. But I am really curious about your business because I had not heard of anything like that, and I just know that there are people out there who would love to have that kind of a resource, so I'm going to let you just give a little plug for what you do.

Jonathan Rosenberg:

Thank you, Kim. I appreciate that. Twin Cities Care, we are actually the only local and independent senior care advisory team here in the Twin Cities. We're always a free service for families as our fees are paid by the care providers. We work with every senior community, every care option out there, and we're really there to provide education, be your advocate, long-term, if you need us. And one thing that we do is that we talk to so many families and we hear all the stories out there, both positive and negative, and so we're using a large sample size where we're able to understand reputations out there and we're going to help you make informed decisions, and we would be happy to help you. Just like your financial advisor, it can be a long-term relationship too. If you just had a few questions, we can stick with you and be ready for you whenever you need us.

Kim Insley:

I want to thank you both for the conversation because it's a really important conversation and we do tend to wait too long, but guess what? We're all going to come to a transition at some point where you're going to need something. Thank you, Elise. Thank you, Jonathan. I loved hearing more about your company and we hope that you'll listen to our other Navigating Life Transitions podcasts as well. If you want to get the full list of available episodes, you can do that online at jnba.com. Click on the insights tab and you'll find the whole listing of the podcasts there. And you can learn more about JNBA and how they can help you with your financial life goals, just call them at 952.844,0995. You can also use the contact form at jnba.com. There you can schedule a complimentary, no obligation call with their experienced and multi-generational team. Thank you again for listening. I'm Kim Insley, and I look forward to navigating more life transitions with you on this podcast.

DISCLAIMER:

The previous presentation by JNBA Financial Advisors, LLC, henceforth JNBA, was intended for general information purposes only. No portion of the podcast serves as the receipt of or as a substitute for personalized investment advice from JNBA or any other investment professional of your choosing. Different types of investments involve varying degrees of risks, and it should not be assumed that the future performance of any specific investment or investment strategy or any non-investment-related or planning services, discussion or content will be profitable, be suitable for your portfolio or individual situation, or prove successful. Neither JNBA's investment advisor registration status nor any amount of prior experience or success should be construed that a certain level of results or satisfaction will be achieved if JNBA is engaged or continues to be engaged to provide investment advisory services. Neither JNBA's investment advisor registration status, nor any amount of prior experience or success should be construed that a certain level of results or satisfaction will be achieved if JNBA is engaged or continues to be engaged to provide investment advisory services. JNBA is neither a law firm nor accounting firm, and no, a portion of its services should be construed as legal or accounting advice. JNBA is not an insurance agent, and no portion of the above should be construed as insurance advice. All insurance issues should be addressed with the insurance professional of your choosing. JNBA, nor its employees sell insurance products. JNBA is not an agent of the Social Security Administration. All claiming strategies and benefits must be verified and accepted by the Social Security Administration. JNBA is not an agent of the Centers for Medicare and Medicaid Services. All claiming strategies and benefits must be verified and accepted by the Centers for Medicare and Medicaid Services. JNBA is neither an agent of administration on aging, nor an agent of the U.S. Department of Health and Human Services. JNBA is neither an agent of the IRS nor an agent of the U.S. Department of Treasury. No portion of the podcast or video podcast content should be construed by a client or prospective client as a guarantee that he or she will experience a certain level of results if JNBA is engaged or continues to be engaged to provide investment advisory services. Please remember, if you are a JNBA client, please contact JNBA in writing if there are any changes in your personal or financial situation or investment objectives for the purpose of reviewing, evaluating, and or revising our previous recommendations and or services, or if you would like to impose, add, or to modify any reasonable restrictions to our investment advisory services. Unless and until you notify us in writing to the contrary, we shall continue to provide services as we do currently. All services provided by Kim Insley are separate and independent of JNBA Financial Advisors, LLC. All services provided by other guests on the podcast are independent of JNBA Financial Advisors, LLC. JNBA providing a professional referral could present a conflict of interest because the professional may, on occasion make a referral to JNBA, which could result in an economic benefit despite the lack of any revenue sharing or agreement in place, you are not obligated to engage the services of any such JNBA recommended professional, and the firm's chief compliance officer, Kimberly M. Brown, remains available to answer any questions that you may have. JNBA is a registered trademark of JNBA Financial Advisors, LLC. A copy of JNBA's current written disclosure brochure discussing our advisory services and fees is available upon request or at JNBA.com.