

Safe Harbor for Seniors in Difficult Economic Times

By Bill Sears, AIA

By one estimate, Americans have lost \$2 trillion in retirement savings over the past year.

Heavily impacted by the present economic difficulties are seniors who are about to retire and those currently drawing upon a lifetime's worth of savings to meet their daily needs. Seeing nest eggs shrink considerably has shaken their faith in stocks, real estate and other investment options.

When confronted with bad economic news on all fronts, we often do nothing and simply try to wait out the financial crisis. Many seniors have decided that waiting is preferable to the unknown, even if doing so is detrimental to their long-term well-being.

However, one investment they should seriously consider for their health, wealth and quality of life is a fully refundable and guaranteed deposit in a continuing care retirement community (CCRC). Also known as life care communities, CCRCs are regulated by State Government and the Department of Insurance. CCRCs offer service and housing packages that create an independent but secure lifestyle not achievable in regular housing, with immediate access to assisted living and skilled nursing in the event these services are needed.

CCRCs, and in particular those that offer a 100% guaranteed refund of entry fees, offer an invaluable investment to members. By becoming a resident of a CCRC, seniors can secure their financial future by guaranteeing housing and care for themselves for the rest of their lives, regardless of their eventual financial status. Where entrance fees are 100% refundable, it not only guarantees their financial future but also allows them to protect their estate assets for their children, if they so wish.

When hard-earned assets are in jeopardy of dwindling away, finding a safe harbor for those assets is extremely attractive. Being able to "lock in" and protect your assets with a refundable entry fee is one investment vehicle that can do what the stock market and real estate cannot – guarantee that a specific amount will be available for the resident, their family, or in many cases remain available for future care.

One favorable factor in the resale of the CCRC home is that the Baby Boom generation has just begun to reach retirement age. In 10 to 15 years, Baby Boomer seniors will comprise a large, unprecedented population seeking the amenities and lifestyle that CCRC living provides.

CCRCs also provide other features that can help provide seniors with peace of mind. By negotiating for essential services such as utilities, health care and other daily necessities based on a pool of residents, CCRC management can help keep the costs of those services below what they would be for an individual who chooses to stay in their existing home. Additionally, in difficult times people seek out family as a source of comfort and support. A CCRC is more than just four walls and a roof, it is a community – a large, extended family that looks out after their own.

With the steep market downturn and future market uncertainty, many seniors cannot wait out what is expected to be a long and difficult recovery. Investing now in a CCRC home that cannot depreciate may be a prudent choice.

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