Choosing a senior living option that’s right for you can be hard, and choosing one that’s right for both you and your budget can be even harder. Before you narrow your focus to any one housing option, make sure you know the cost of each and the impact it could have on your finances.

Aging in place
Aging in place may seem like the most financially sound option, and depending on your circumstances it might be. However, if you don’t consider the changes you may have to make to your home to make it a safe and comfortable senior living option, you may be underestimating your aging in place budget. Consider the following costs of aging in place:

- Continual maintenance and upkeep of your home
- Potential for home health or personal care
- “Senior-proofing” renovations (ramps instead of stairs, widened doorways, increased lighting, bath safety bars, etc.)
- Continued rent/mortgage payments
- Continued utility payments

However, aging in place also has cost advantages:

- No moving expenses
- No payment for facility care
- Cost of living will probably remain the same

Downsizing your home
By moving to a smaller house, apartment, age-restricted community or condo, you can consolidate your possessions and clean out many of your material goods. You will also be able to spend less time on home maintenance. Consider the costs of downsizing your home:

- Fees if you use a real estate agent to find a new home
- Potential condo or homeowner’s association fees
- Potential of selling your home in a bad real estate market
- Potential maintenance fees
- Moving expenses

Downsizing also has the following cost advantages:

- Lower utility bills (smaller space)
- Smaller real estate taxes
- Possibility of decreased spending on home goods that you no longer have space for
- Increased cash flow due to decrease in mortgage payments and extra income from selling home

Moving in with a relative or friend
Before you move in with a relative or friend, you should consider how you will split up the financial responsibilities that will come with sharing a home. For example, will you pay rent each month? Will

Northern Oak Wealth Management, Inc. | (414) 278-0590 | 555 E. Wells St. Suite 1625 Milwaukee, WI 53202

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you contribute to the cost of groceries or toiletries? If you don’t contribute financially, will you contribute in a different way, such as through housework? By establishing expectations early on, you can more accurately estimate some of the potential living costs of living with a relative or friend. Beyond setting up some sort of agreement to deal with living expenses, you should also consider the possible cost benefits of living with a relative or family member:

- Capital costs (mortgage payments, maintenance fees, etc.) will likely stay with the owner of the home
- Possibility of saving on home health or personal care if your family member or friend will act as caregiver

Home sharing
Sharing a home with another automatically reduces your costs, as you will likely split costs for rent, utilities, repairs and possibly even groceries. However, especially if you have a roommate who you didn’t know prior to moving in, you should also consider the possibility that they may not be on time with rent or utility payments or may not maintain their portion of the home properly, which could lead to late fees or insurance liabilities.

Home care
Depending on the level of care you require and how often you need it, the cost of home care can add up. National averages for 2013 are $18 per hour for licensed personal care services and $19 per hour for licensed health care services. If you required personal care for eight hours a day, seven days a week, that would cost over $52,000 per year. Home care can be a viable option if you only require limited amounts of care. If you need 24-hour care, it might be more cost-effective to move into a care facility rather than pay the cost of living in your current home in addition to home care services.

Personal care homes
Personal care homes are generally the most affordable type of senior living that involves a 24-hour caretaker. Costs will vary based on the region and level of care, but can range from $1,000-$5,000 per month. When considering a personal care home, this fee includes room and board and some level of personal care, but you may be charged additional fees for a higher level of personal care, such as assistance with bathing or eating.

Continuing care retirement communities (CCRCs)
CCRCs are generally the most expensive senior living alternative, but they also offer the widest range of care. Fees will vary based on your fee structure as well as the area and the type of community that you choose. Entrance fees generally start around $100,000 and can increase up to as much as $1 million or possibly more, depending on the community. In addition, monthly fees range, on average, from $1,000 to $5,000 depending on the level of care. The large expenses that come with CCRCs are due to the peace of mind these communities offer seniors, knowing that they will not have to move to a new home, even if their health worsens.

Assisted living
Assisted living costs $3,450 per month on average. However, this fee can vary greatly depending on the facility and the area you live in. Some estimates state that assisted living will cost approximately 60-70 percent of nursing home costs in your area. Total costs for an assisted living facility will likely include a monthly fee and additional fees for additional care services. Base services included in the monthly fee will vary from facility to facility, so research fees and services thoroughly before moving in.

Nursing homes
Nursing homes cost $207-$230 per day on average, depending on if you have a semi-private or private room. When considering a nursing home, you should keep in mind that this price will likely include room and board, personal care, 24-hour emergency care, and social and recreational activities. Additional fees will likely be charged for hospital or doctor visits and other substantial health care costs. Base services included in the monthly fee will vary from facility to facility, so research fees and services thoroughly before moving in.
Financing senior living alternatives

The costs of senior living can be daunting, but there are some options to help alleviate out-of-pocket costs. Unfortunately, regular health insurance generally does not cover long-term care. Instead, consider the following:

- **Long-term care (LTC) insurance:** Although regular health insurance does not usually cover long-term care, long-term care insurance can help provide coverage for some of the costs of nursing homes, assisted living, continuing care retirement communities and home care. Long-term care insurance generally covers both health care and personal care, although coverage will vary based on the policy you choose. You should consider purchasing long-term care insurance while you are still healthy, as premiums also cost less for younger policyholders and you may not be eligible for LTC coverage after you are diagnosed with a possible LTC risk.

- **Medicare:** Medicare will cover only medically necessary care and generally focuses on short-term services rather than long-term care. It does not provide any coverage for personal care, whether at home or in a facility. You will be eligible for Medicare coverage only at a skilled nursing facility and only if you are admitted within 30 days of a minimum three-day hospital stay. These benefits will cover some portion of your costs for up to 100 days. Medicare also covers home health care services as long as your doctor says that they are medically necessary.

- **Medicaid:** If you qualify for Medicaid, it may cover some aspects of medical care as well as personal care. This type of coverage is available at home or in a nursing home or assisted living facility. Since Medicaid is a joint federal and state program, the coverage for long-term care can vary considerably from state to state. Most states determine whether you are eligible for long-term care coverage through Medicaid based on the number of daily living activities you require assistance with. Your State Medicaid Agency is the best place to seek information on the type of long-term care coverage you may be eligible for through Medicaid.

- **Social Security:** If out-of-pocket costs are going to be the main way that you pay for long-term care, Social Security can provide one source of funding. However, the national monthly average Social Security benefit is right around $1,300, while some long-term care facilities can cost $5,000 or more per month. If paying out of pocket, it’s likely that you’ll have to use retirement savings in addition to Social Security in order to meet the financial needs of long-term care.