

Guide to Retirement Communities

Understand your options.





About myLifeSite

myLifeSite provides comprehensive community profile reports and other informational resources to help families make better-informed decisions when considering a continuing care retirement community (CCRC or “life plan community”).

MyLifeSite is utilized by consumers, professional service providers, and senior living providers.

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Retirement communities are not all created equal.

The services offered and the extent to which they address the challenges of aging varies from one community to another. Yet, one characteristic that most retirement communities have in common is a minimum age requirement. This is why you will sometimes hear retirement communities described as “age 55+ communities.” You may also hear retirement communities described as “age-restricted” or “age-qualified” communities.

Aside from the more obvious characteristics, such as size of the community, amenities, culture and location, one of the most important factors to consider when seeking to distinguish one retirement community from another is which phase(s) along the continuum of care the community places its focus.

The term “continuum of care” refers to the increasing intensity of health care services that may be required as a person ages; beginning with independent living and progressing to personal care or assisted living and then around-the-clock skilled care. Different retirement communities focus on different points along the continuum, while some retirement communities provide services spanning the entire continuum.



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Purpose-Built or Naturally Occurring

Most retirement communities are defined as “purpose-built.” This means they were developed specifically with the purpose of being age-qualified. However, a small but growing number of retirement communities are being classified as “naturally occurring retirement communities (NORCs),” due to the fact that residents of a particular neighborhood aged together over time and/or have experienced a large number of older residents moving into the community.

NORCs are emerging as an attractive way for older Americans to remain in their homes for a longer period of time by providing services geared towards the specific needs of their residents and with the goal of increasing healthy aging behaviors. NORCs range in size and can be found in low income areas as well as more affluent areas. No matter the location or resident demographics, the key to a successful NORC is identifying the unique needs of the community and providing the appropriate services to meet those needs. Services may include social and health care services, individual risk assessments and follow-up, transportation, case management, educational and exercise programs, and more. These programs are often privately run but sometimes partner with local and state agencies.



Purpose-built: Developed specifically with the purpose of being age-qualified

Naturally occurring: Residents of a particular neighborhood aged together over time and/or have experienced a large number of older residents moving into the community.



Active Adult Communities

Active Adult Communities are generally “purpose-built” developments that cater specifically to those who are able to live independently but seek a low-maintenance lifestyle. A key feature that distinguishes Active Adult Communities from most other retirement communities is that residents own their homes or units. Many Active Adult Communities offer free standing homes but they may also include condominiums, townhomes, and multi-family housing units. Since most residents are still quite active, the communities are often developed in close proximity to desirable attractions such as shopping centers, theatres, performing arts centers, and parks.

While interior maintenance and household chores are still the responsibility of the homeowner, low maintenance or maintenance-free exteriors are usually offered and paid for by the resident through home owners’ association (HOA) dues. This allows residents to enjoy other aspects of their retirement years without the added burden of maintaining the yard or attending to other chores related to exterior home maintenance. Aside



Active Adult Communities are no different from other residential communities except for the age 55+ requirement and, in some cases, the floor plans may be designed more specifically for those of older ages.

from the HOA dues (and a mortgage payment if applicable) there are no other monthly service fees required.

Active Adult Communities do not offer a central dining facility or other common spaces often found in other types of retirement communities, although many will offer recreational spaces such as golf courses, tennis courts and clubhouses.

Essentially, Active Adult Communities are no different from other residential communities except for the age 55+ requirement and, in some cases, the fact that the floor plans may be designed more specifically for those of older ages. They do not provide assisted living or health care of any form, and do not have health care facilities on site. For this reason it could be said that those who live in Active Adult Communities still fall under the “aging at home” category.

If you or a loved one desires to live in a retirement community that is equipped to provide long-term care or nursing care services then an active adult community would not be the appropriate choice. Of course, arranging for in-home care is an option and some Active Adult Communities may have contracted arrangements with third-party home care service providers.



Independent Living Communities

Independent Living Communities are often referred to as rental retirement communities or supportive living communities and cater to those who seek to remain “comfortably independent,” or mostly independent. Independent Living Communities are rental-based; therefore, they do not require the purchase of a unit or an entry fee. Independent Living Communities typically feature apartment style living as opposed to free standing homes, though this is not always the case.

According to the National Investment Center for the Seniors Housing and Care Industry (NIC), Independent Living Communities offer “... central dining facilities that provide residents, as part of their monthly fee, access to meals and other services such as housekeeping, linen service, transportation, and social and recreational activities.”¹ Unlike Active Adult Communities, Independent Living Communities provide interior maintenance and other in-home services.

Upon first glance, an Independent Living Community might be confused with an Assisted Living Facility. The general concept behind Independent Living Communities is to help residents remain in their independent living units for as long as possible, thus delaying the need to move to an off-site care facility. Therefore, “supportive services” are available for residents in their living units, but they are often rather limited and more intermittent compared to what you might find in a stand-alone care facility. All such services are paid for by the resident at the full market rate and are not included in the monthly rental fee.

¹ National Investment Center (NIC) for the Seniors Housing and Care Industry and American Seniors Housing Association, *Classifications for Seniors Housing Property Types* (Annapolis, MD: NIC, 2014) <http://www.nic.org/research/classifications.aspx>



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Supportive services offered in Independent Living Communities are generally not provided directly by staff of the community, except perhaps for household chores and interior maintenance. Instead, assisted living services are offered through outside providers with which the community has contracted. Although the community makes these services available, a resident usually is not required to use the same care provider with which the community has contracted. (Note: an increasing number of newer properties are providing licensed assisted living residences on site, in addition to the independent living residences. These are often referred to as “Independent Plus” communities.)

If a resident of an independent living community should require a higher level of assisted living or skilled nursing than what can adequately be provided onsite they would need to move to an offsite care facility. To help make such a transition easier some newer Independent Living Communities are being developed within close proximity to a separately owned care facilities.





Senior Living Apartments

Senior Living Apartments could be considered a close cousin of Independent Living Communities. The two terms are often used interchangeably because both offer pure rental arrangements on an age-restricted basis but there are a few differences. Senior Living Apartments are often viewed as a more affordable alternative to Independent Living Communities, mainly because they provide fewer services.

According to the NIC's definition one of the key differences between Independent Living Communities and Senior Living Apartments is the absence of a central dining facility. They define Senior Apartments as "multifamily residential rental properties restricted to adults at least 55 years of age or older. These properties do not have central kitchen facilities and generally do not provide meals to residents, but may offer community rooms, social activities, and other amenities."¹ Like Independent Living Communities, Senior Apartments do not have a health care facility on site and do not directly provide assisted living or health care, but may contract with outside providers for supportive services.

Some Senior Apartments are classified as "affordable senior housing," which qualify for HUD supported government subsidies to help provide affordable rent or rent based on income.

¹ National Investment Center (NIC) for the Seniors Housing and Care Industry and American Seniors Housing Association, *Classifications for Seniors Housing Property Types* (Annapolis, MD: NIC, 2014) <http://www.nic.org/research/classifications.aspx>



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Personal Care Homes

Also known as residential care homes, Personal Care Homes are usually privately owned and offer personalized services to small groups of older adult residents in a home-like setting. The residence is often a former single-family home that has been converted into a multi-unit dwelling. Some Personal Care Homes may only house a handful of residents while others may serve 20–30 or more. Most Personal Care Homes are age qualified but not all of them.

In some states there is no regulatory distinction between a personal care home and an assisted living facility but the degree of services available may vary significantly from one Personal Care Home to another. Some may offer purely companionship with little else, while others may offer limited non-medical assistance with activities of daily living. Still others may be licensed to provide advanced assisted living services and even limited medical care in some cases.



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Cooperative Senior Housing

Although it makes up only a small portion of the retirement housing market today, an increasingly popular retirement housing choice for those who are able to live independently is known as Cooperative Housing. There are just over 100 retirement housing Co-Ops in the United States and the vast majority of them are currently found in Minnesota, where favorable financing at the state level has allowed development to thrive more than in other states. There are also a fair number of Co-Ops located in neighboring Iowa.

On the surface, a Cooperating Housing Community may appear similar to an Active Adult Community or an Independent Living Community. Co-Ops offer maintenance free living and other services, but they are unique in the fact that the houses (including free standing homes, townhomes, or apartments) and the land are owned by a Cooperative Corporation. The stock of the corporation is owned by the residents, or “members.”

According to the Senior Cooperative Foundation website, “cooperatively owned senior housing provides full apartment and townhouse living, controlled by the seniors themselves. All financial benefits accrue to the senior owners, including return of equity upon resale.”² Many Co-Ops reflect the mentality of their members, as the sense of belonging and cooperation among residents is one of the key benefits of living in such a community.

When someone buys into a Co-Op they are buying a share of the corporation, which provides exclusive rights to live in a particular unit. The share price typically represents a percentage of the unit’s value, which is based on a number of factors, including location, services, and size of the unit. According to the Senior Cooperative Housing website this percentage is usually somewhere in the range of 35–50% of the purchase price. The remainder of the cost and other operating expenses are covered under the monthly service fee.

Pricing for Co-Ops is sometimes impacted by a practice called “limited appreciation,” which seeks to limit the appreciation of the stock’s value. Although it may seem counterintuitive, the purpose of this practice is to help ensure a timelier resale of the stock when a resident needs to move. The concept is that over time, units become more affordable and waiting lists build more easily. The cost of buying into a Co-Op that utilizes limited appreciation will likely be more affordable than purchasing a home or paying an entrance fee for a similarly sized unit in another community. One key reason why a timelier resale of a home is particularly helpful is because if a resident of a Co-Op moves out of the community, or at time of death, the monthly service fee must continue to be paid until the unit is resold.

The development of Co-Ops are often financed using “master mortgages” that are insured by the state through the Department of Housing and Urban Development (HUD). In this case, resident members pay monthly charges to cover their share of operating expenses for the community, as well as real estate taxes and debt service on their share of the master mortgage.

In effect, members of Co-Ops are their own landlords. Although resident members do not directly own real estate in a Co-Op, they are often still considered homeowners and may therefore be entitled to deduct on their personal income taxes their share of interest on the master mortgage (check with your tax accountant on this to be sure).



As with the previous types of retirement community described, Co-Ops do not have health care facilities on site and do not directly provide any level of long-term care or skilled nursing care.

In-home care and services may be arranged with outside providers and the resident is responsible for the full cost of those services.

2 Senior Cooperative Foundation. <http://www.seniorcoops.org/>



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Continuing Care Retirement Communities (CCRCs)

An increasingly popular, but often complex, retirement living alternative is the Continuing Care Retirement Community, or CCRC. Also referred to as “Life Plan Communities,” CCRCs provide a broad range of services usually spanning the full continuum of care. In general, CCRCs combine one or more of the previously mentioned types of communities with the availability of an on-site health care facility, often including assisted living and skilled nursing services.

CCRCs are regulated at the state level; therefore, each state has its own definition of what constitutes a CCRC. Additionally, there is no standard industry definition. However, typically speaking, CCRCs contract with residents to provide lifetime housing and priority access to assisted living and/or skilled nursing care services.

The large majority, approximately 80%, of Continuing Care Retirement Communities are not-for-profit communities. This means that they are typically sponsored by or affiliated with faith-based organizations, health systems, fraternal organizations, universities, etc. In recent years more for-profit providers have entered the market due in large part to favorable financing arrangements.



The general appeal of a CCRC or Life Plan Community is that a resident, who is either fully or mostly independent today, has peace of mind knowing that the community in which they reside is equipped to provide health care services that may be required in the future.

The general appeal of a CCRC or Life Plan Community is that a resident, who is either fully or mostly independent today, has peace of mind knowing that the community in which they reside is equipped to provide health care services that may be required in the future. This can help to lift part of the burden that might otherwise fall on the adult children or other family members. Those who choose to move to Continuing Care Retirement Community are usually planners; they prefer to take a proactive approach in addressing their future housing and health care needs.

Ideally, moving to a CCRC should be the last residency decision a person ever has to make. Yet, due to the various types of residency contracts available, the corresponding payment structures, entry fees, and other details specific to CCRCs, prospective residents need be informed and carry out the proper due diligence before making a commitment.



Learn more about CCRCs and to get detailed contract information on specific communities by visiting www.myLifeSite.net.



Learn how myLifeSite's resources can equip you to provide more confidence and clarity for your search.

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