

Seniors and Long-Term Care



The youngest of the baby boom generation—the largest age group in history—will turn 60 in 2024. With most between the ages of 70 and 78, it's no surprise that there is a significant increase in the number of individuals using long-term care—services to assist with activities of daily living, such as dressing, bathing and using the bathroom. For many of these seniors, the choice to fund long-term care involves selling their home. This may be why people older than 55 accounted for more than half of all home sellers in recent years according to the National Association of REALTORS® [Home Buyers and Sellers Generational Trends Report](#).

Selling a home to enter long-term care can be complex, involving not only new and potentially unfamiliar choices in housing, but also increased costs, and emotional and lifestyle adjustments these adults have not had to make in their lives.

As an SRES® (Seniors Real Estate Specialist®) designee, you can play an invaluable role in helping seniors through this challenging stage of their lives. The focus of this newsletter is to provide you with insights and considerations to help you be the “go-to” resource for this significant life event. 📧

FAST FACTS

7 OUT OF 10

people over the age of 65 will require long-term care.

[Longtermcare.gov](https://www.longtermcare.gov)

By 2050, the number of individuals using paid long-term care services in any setting will be **27 million** people.

[Family Caregiver Alliance](https://www.familycaregiveralliance.org)

75%

growth in the share of American elders in need of nursing home care is expected by 2030.

[Population Reference Bureau](https://www.census.gov/prod/2019pubs/p25-074.pdf)

Women need care longer (3.7 years)
than men (2.2 years).

[Longtermcare.gov](https://www.longtermcare.gov)

4 IN 10

assisted living residents are diagnosed with Alzheimer's disease or another form of dementia.

[National Center for Assisted Living](https://www.nationalcenterforassistedliving.org)

There are approximately **30,600** assisted living communities with nearly **1.2 million** licensed beds in the U.S.

[National Center for Assisted Living](https://www.nationalcenterforassistedliving.org)

The average yearly cost for a private room in an assisted living facility: \$64,000.

[Statista](https://www.statista.com/statistics/269441/assisted-living-costs/)



Types of Long-Term Care Facilities

Seniors have many choices for long-term care, with facilities varying widely in the care offered, the costs and who they serve. Understanding each can help you appreciate the choices your senior clients may be considering.

Nursing homes

Nursing homes offer 24-hour care, including nursing, meals and personal assistance. They primarily serve individuals with long-term physical or mental health needs, housing residents in private or shared rooms. Medicare offers a useful tool that you and your clients can use to evaluate nursing home quality: [Nursing Home Compare](#).

Assisted living

Assisted living provides non-medical support for independent seniors who may need some help with daily life, offering private living spaces and communal dining and activities.

Residential care homes

A smaller form of assisted living, these homes are often in residential neighborhoods with room for 20 or fewer older adults. They are typically similar in cost to assisted living.

Memory care

Memory care is usually offered by assisted living facilities and nursing homes for older adults diagnosed with dementia and Alzheimer's disease who can no longer live on their own.

Continuing care retirement communities (CCRCs)

Continuing care retirement communities combine different levels of care on one campus, offering the advantage of staying in one place as a senior grows older. The challenge many seniors have with CCRCs is the cost: entry fees average more than \$400,000, according to the [National Investment Center for Seniors Housing & Care](#).

Veterans care

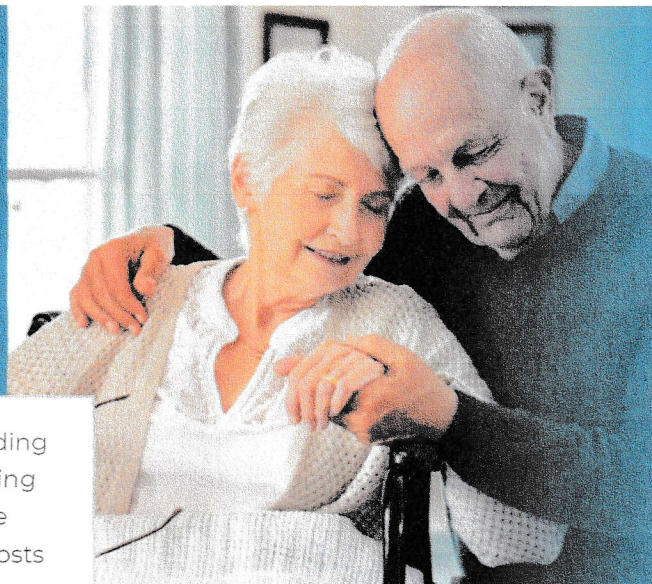
Veterans receive a range of benefits for long-term care. They may stay at regular nursing homes on contract with the Department of Veterans Affairs or at homes operated by the VA, using certain funds to pay for assisted living and home care.

Aging in place

Long-term care can include ways for seniors to stay in their own homes—aging in place. The Sept/Oct 2024 *SRES® Newsletter* offers information and insights on aging in place. 📖

The Costs of Long-Term Care

Someone turning age 65 today has an almost 70% chance of needing some type of long-term care services and support in their remaining years, with 20% needing it for longer than five years. For many, the cost of these services will place a burden on their finances, with costs expected to rise on average over 80% in the next two decades:



MONTHLY COSTS

IN-HOME CARE

HOME MAKER SERVICES



HOME HEALTH AID



COMMUNITY & ASSISTED LIVING

ADULT DAY HEALTH CARE



ASSISTED LIVING FACILITY



NURSING HOME FACILITY

SEMI-PRIVATE ROOM



PRIVATE ROOM



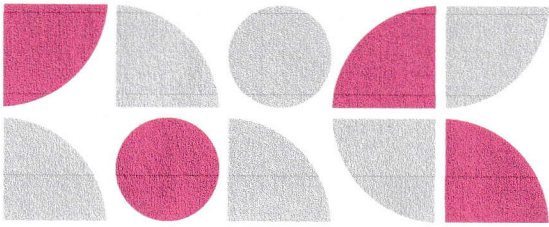
Power of attorney and guardianship

Some senior homeowners may be moving to long-term care because they are losing the ability to make decisions on their own behalf. In that case, establishing a Power of Attorney may be valuable.

A POA allows trusted family to act for seniors, especially when dementia may be involved, and is ideally set up in the early stages of dementia. If the senior is incompetent, families must petition a court for guardianship to sell property, a process that is more complex and costly than a POA. In either case, an elder law attorney can help answer specific questions and streamline the process.

Source: Genworth Cost of Care Survey, December 2023

Long-term care costs vary considerably by state, even by city. As an SRES®, you can help your clients understand estimates for the cost of long-term care where they live through a [Long-Term Care Cost Calculator](#) available from AARP.



Funding Long-Term Care

When faced with the need for long-term care and the associated costs, several strategies can be explored to raise funds, including:

Immediate annuities

An immediate annuity allows an individual to convert a lump sum into a guaranteed income stream providing regular payments that help cover long-term care costs.

Bridge loans

Bridge loans provide short-term financing to cover long-term care costs until other funds become available. These loans can be secured by using the value of a home or other assets as collateral.

Government programs

Seniors should investigate government programs that offer financial assistance for long-term care, such as Medicaid and veterans benefits. These programs have specific eligibility criteria; understanding the requirements and application process is essential.

Long-term care insurance

Long-term care insurance can help cover care costs, reducing the financial burden. Availability and coverage details need to be considered to determine whether this is an appropriate option.


Personal savings and investments

Savings and investments are often a primary source of funds for long-term care. It may be best to consult a financial planner to understand how to use these funds.

Home sale

The proceeds of the sale of a home can be a primary source of funds for long-term care and may be appropriate if the senior is moving to a long-term care facility.

Reverse mortgage

If aging in place is the choice for a senior, and there are additional costs associated with health care and the support needed to stay in their home, a reverse mortgage may be a consideration. 

Potential financial implications of selling a home to pay for senior care

The sale of a home may be one of the most significant sources of funds for a senior. Before this occurs, among other things, there are a number of potential financial implications to consider.

MEDICAID ELIGIBILITY

Selling a home for senior care can impact Medicaid eligibility due to strict asset limits of that program. An elder law attorney should be consulted to understand state-specific rules and asset protection strategies.

TAXES

A home sale may incur capital gains tax. However, certain exemptions and deductions are available, such as the primary residence exclusion. A tax professional should be consulted to understand implications and strategies for minimizing tax.

VETERANS BENEFITS

Selling a veteran's home may affect VA benefits; to qualify for VA benefits, including Aid and Attendance, veterans must have a net worth lower than \$150,538. A Veterans Service Officer or specialized attorney should be consulted to understand the implications.

ESTATE PLANNING AND INHERITANCE

Home sales can impact estate planning and inheritance. Legal documents should be reviewed and updated before a sale is considered, and an estate planning attorney should be consulted to align the homeowner's wishes and needs for funding long-term care.



Managing the Selling Process With Family From Afar

Selling the home of a senior who might be going to a long-term care facility can sometimes involve a family member or members who live at some distance, presenting unique challenges.

TIPS

Leverage technology: Stay connected with virtual tours, video calls, and secure online tools.

Establish clear communication: Keep open and regular contact with family, attorneys, and involved parties.

Determine responsibilities: Define responsibilities to avoid confusion.

Plan visits: Schedule visits for key milestones like inspections and closings.

Respecting the emotional component

Many seniors have lived in their homes for 25 or more years, with friends nearby and memories associated with the home. The thought of selling their home and moving can be very emotional; they don't know what it will be like and what this next chapter holds.

The selling process can awaken complex emotions. With the potential for intense feelings, it's important that the sales experience be as positive and smooth as possible. Some considerations that will help include:

- Acknowledging that this is an emotional experience. Sometimes, just knowing that the people involved in the process appreciate its impact can help seniors work through the emotional aspect of the move.
- Keeping the process transparent. Everyone involved in the selling process should read any contract before it's signed. This minimizes confusion and helps all family members stay on the same page.
- Simplifying the selling process. Seniors or their families should gather key documents like the sale contract, maintenance records, insurance documents, utility bills, appraisals, HOA records (if applicable), and warranties before listing the home.
- Reassuring that all aspects of the sale and the move are being considered—from coordinating a potential estate sale to hiring packers and working with a senior move manager.
- Being understanding about downsizing. As seniors move to smaller spaces, helping them decide what to sell, discard, donate, pass to family, or keep can be invaluable.
- Helping organize the move. It may be many years since a senior moved; it's a potentially unfamiliar and uncomfortable process for them. Offering suggestions for organizing, such as how furniture fits in their new space and using color-coded stickers to designate what goes where, can be a tremendous relief.
- Emphasizing the benefits of their new living arrangement. There is great value in talking about what they can expect, like a welcoming atmosphere, fun activities, new friends and plenty of amenities. A representative of the community to which they'll move can offer tips to smooth the transition. 🏡