Comparing Life Plan Retirement Communities on Price

Shopping for a life plan retirement community (also referred to as a CCRC or continuing care retirement community) requires a lot of research. Your final decision will be based on many factors—services, location, amenities, reputation, and more—though price is usually one of the most heavily weighted.

If you are comparing more than one *CCRC* and looking at the side-by-side costs, you need to ensure you are making an apples-to-apples comparison about what services are and are not included in the pricing. This will help you draw a fully informed conclusion about which is right for you. Comparing communities purely on price without understanding the various contract types can be a mistake.

There are two parts to analyzing cost and it is important to take both into consideration. The first is to think about cost today, while living independently, and without the need for healthcare services. The published monthly rate may be an all-inclusive rate, whereby all services and amenities are covered, or it could be an à la carte rate, which means you may have to pay extra each month for additional services.

The second part of the analysis is to consider future costs. Because residents of *CCRCs* may eventually transition from independent living to assisted living or other forms of care, it is important to consider not only the cost today, but the lifetime cost.

Suppose you are interested in two different *CCRCs*. The monthly fees are about the same, but one requires a higher entry fee. Does this mean the one with the higher entry fee is more expensive? Not necessarily. If you closely compare the contracts, you may find that the one with the higher entry fee offers monthly fees that remain mostly level over lifetime, regardless of how much care you may eventually require (lifecare). The one with the lower entry fee requires that you pay the full cost for healthcare services when needed (fee for service). In other words, the choice is to pay more early on but have predictable monthly fees for life, or pay less now and potentially have to pay more per month when care services are needed.

Looking at this purely from a statistical standpoint, either choice should work out about the same, on average, because it is really a matter of pay now or pay later. However, the actual experience of any one individual, in terms of how long they will live and how much care they will eventually need, will almost always vary from the averages. Therefore, the key is to understand how the contracts work and think in terms of total lifetime cost. No one can predict the future, but your own health and family history are the best indicators of what you might reasonably expect and should plan for.

Ultimately, it may simply come down to choosing the one you are most comfortable with. Selecting a retirement community may be one of the biggest financial decisions you make. When comparison shopping, it is important that you fully understand the costs associated with each choice and the services you will receive in return.

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