

YOUR MONEY

Senior residences offer discounts amid slump

By Janet Kidd Stewart
The journey

The housing bust and the recession have been twin evils for retirees, particularly the newly retired who have seen still-stock-heavy portfolios crater and their home values plummet.

Retirees may see a silver lining, however: Prices on certain types of senior housing are dropping along with the rest of the real estate market, and some creative new financing vehicles are helping to ease the credit crunch for retirees and their families.

Retirement communities that provide one or two meals per day, transportation and scheduled activities, along with assisted living facilities that provide a higher level of care but not as much as a nursing home, are feeling the brunt of the downturn, said Lisa Sneddon, president of Senior Living Experts Inc., a referral service in Chicago. The service is free to tenants and paid for by the retirement communities.

"We haven't noticed much of a slowdown yet in nursing home [placements] because if you need that, you need it" and there's not much room for negotiation, she said.

But facilities geared to more independent senior lifestyles are offering discounts and fee freezes aimed at retirees having a difficult time selling their homes and making the transition, she said.

"One property that I work with usually charges \$1,595 a month for a studio apartment and two meals a day," Sneddon said. "The other day I [placed a retiree in a contract] for \$1,095. Buildings are doing deals I

could never have gotten last year at this time."

Not surprisingly, the best deals are coming in regions hardest hit by the real estate downturn—Florida, California and metro markets including Atlanta, experts said.

"There are deals pretty much everywhere, but the heaviest discounting is in Florida and Southern California," said Elias Papasavvas, founder of Elderlife Financial Services, a Washington, D.C., company that administers bridge loans to seniors and their families.

The personal loans, underwritten by Milwaukee-based M&I Bank for up to \$50,000, enable retirees to move to a retirement community before their home sells. Up to six family members can co-sign the loans.

Larger loans secured by home equity are available today in nine states—Arizona, Florida, Illinois, Indiana, Kansas, Minnesota, Missouri, Nevada and Wisconsin—and more will be added later this year, according to Papasavvas.

Here's what to watch for if you're considering a move to a retirement community:

■ **Know the market**

If you live in New York and are trying to help a parent find a community in Florida, make sure to learn the going rates in the area of Florida where your parent wants to live because facility costs vary widely.

Nationwide, assisted living facilities average out to about \$40,000 per

year, according to two long-term-care insurance providers who studied rates last year, Northwestern Long Term Care and Genworth Financial. (Genworth offers a state-by-state map of average long-term-care costs; it can be seen at chicagotribune.com/caremap.)

■ **Exploit that information**

Obtain rates from at least two providers in your area, then ask one to better the others' specials, such as waiving security deposits, matching a low monthly rate or freezing rent increases for two

years, Sneddon said. You'll drive your hardest bargain near the end of the month as the facility tries to have rooms filled by the start of the next month, she said.

If you're looking at a continuing-care facility with a hefty buy-in, offer to pay full price on the monthly contract in exchange for a discount on the buy-in.

Buy-ins are upfront entrance fees that are part of long-term contracts with a facility to provide care services and housing until death.

■ **Bargain on financing**

Some facilities may consider covering a portion of the interest charged on bridge loans for seniors who move before their old home sells, Papasavvas said.

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