Location, Location, Location:
Making the Decision to Stay or Go in Retirement

CFP Board Advises on the
Financial Considerations of 'Aging in Place'

Washington, D.C., February 26, 2015 – With approximately 10,000 Baby Boomers – America's largest generational group – transitioning to retirement each day, the pressures to plan for where they will spend their retirement years are significant. Soon-to-be retirees must ask themselves where they will be the most comfortable: remaining in their home, also known as "aging in place," or moving to a dedicated retirement community.

This CFP Board outlines key considerations retirees should take into account when deciding on living arrangements in retirement.

Brad Ledwith, CFP®, Ledwith Financial Wealth Management in Morgan Hill, CA commented, "As in many of the matters that we face as we age, discussing your options with loved ones tends to lead to the best options becoming clear. A frank and honest assessment of your current situation will result in your happiness for years to come, whether it involves remaining in your current residence or not."

In the latest post to LetsMakeaPlan.org, the CFP Board shares some important factors to consider when deciding whether or not to "age in place."

- **Living arrangements**: Married retirees or singles living at home with other family members are generally good prospects for aging in place. The primary issue here is safety. As we age, we lose physical acuity, including our vision, hearing, and balance.

- **Suitability/adaptability of the home to physical needs**: Open floor plans and one-level living are obvious wants and eventual needs for most retirees. As hale and hearty as you may be in your early retirement, you need to be realistic about your physical needs in the future.

- **Services in community**: How retiree-friendly is the community? Is it easy to get around by means other than driving? Are good medical providers and facilities easily accessible? Some communities with a high concentration of retirement-aged residents are designated as "NORCs" – or Naturally Occurring Retirement Communities – with special services for the aging-in-place retiree population.

The CFP Board also advises that when making the decision to "age in place," financial costs must be carefully evaluated. Retirees determined to stay in their homes need to plan for how they will pay for needed services such as in-home caretaking. Some of the major options to ensure retirees can afford these expenses include:

- ***Long-term care (LTC) insurance***: Most long-term care policies today provide coverage for in-home caretaking services. Unfortunately, a 2014 Genworth Financial study found that very few Americans have LTC insurance despite the high likelihood they will eventually need care.

- ***Reverse mortgage***: Rent or mortgage payments, property taxes, and depreciation may make staying in the home while receiving LTC services more expensive than the annual costs of a nursing home or continuing care facility. Reverse mortgages have, fortunately, become a more mainstream financing option and less expensive. However, retirees should still be mindful of the pitfalls involved, such as possible loss of the home if the stipulations of the mortgage agreement are not met.

- ***Medicaid***: A last-resort option that few retirees like to think about is Medicaid. Unlike Medicare or private health insurance, Medicaid does provide for caretaking services in the home, but only for those aging-in-placers who have exhausted most of their net worth.

Choosing to age in place or move to a retirement home requires taking a realistic and non-sentimental view of the potential costs that may be incurred in retirement, and comparing them to the costs of other less familiar and comfortable options. A CFP® professional can help tally up all of the costs to help you make an informed and well-planned decision.

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