



Assisted Living: The Money Questions to Ask (Before You Sign a Contract)

By Robyn Young

You may be ready to consider moving to an assisted living facility. Perhaps you no longer want to maintain a house. Perhaps you need just a little bit of assistance each day. Or, perhaps you want to be closer to your peers and social activities. No matter the reason, before you sign a contract, consider how this will work financially.

There are two main questions you need to answer:

- What can you afford?
- How long can you afford it?

What Can You Afford?

To determine what you can afford, compile the average monthly cost of living in your current home and the anticipated monthly costs of the assisted living communities you are considering. Costs you want to gather include rent or mortgage, property taxes, transportation, utilities, food, medication management, personal assistance. For a more detailed list of costs to compare, see Money Care's cost comparison worksheet at the end of this article.

You can determine the costs of your current home by looking at bills, bank statements, checkbook registers, and credit card statements. Locate your expenses for the past year and determine the monthly average.

To learn the costs of the communities you are considering, request a list of monthly fees and a contract from each residence. Compare the list of fees to the contract.

You will want to know the monthly rent and included services, the cost of any additional care, and the cost of services not included in the monthly rent.

Expenses not included in the monthly fee are important. If you plan to use these services, add them to your monthly cost calculation for that community.

Once you have the total monthly costs for your current home and each assisted living community you are considering, compare the numbers. This will give you an idea of whether your expenses will go up or down and by approximately how much.

How long can you afford it?

Once you have the monthly estimate for your current home and each community you are considering, compare these costs to your resources. These might include Social Security, pensions, IRA and 401 (K) withdrawals, life insurance, and other resources. If you have long term care insurance, this may provide benefits once you meet the criteria.

Your accountant or your financial planner can help you make projections. If you don't currently work with a financial planner, you can locate a fee-only planner at [National Association of Personal Financial Advisors](https://www.naopa.org) or [LetsMakeaPlan.org](https://www.LetsMakeaPlan.org).

If you are considered "chronically ill", you may be able to deduct assisted living expenses on your tax return. To qualify for a deduction, a licensed health care practitioner must prescribe the personal care services you receive. You must itemize your tax deductions, and your long-term care services and other unreimbursed medical expenses must exceed a certain percentage of your adjusted gross income. Discuss this with your accountant to see whether you qualify.

Consider Future Needs

Your anticipated monthly costs are most likely based on your current situation. As you compare your costs to your resources, factor into your planning that your needs and costs may increase as you age.

One of the biggest risks of moving to an assisted living community is increased health care needs.

What happens if you need additional care and support? What if you need help to walk to the dining room, or assistance managing your medications? What happens if you need rehabilitation after an injury? It is important to learn what circumstances would generate additional charges, and what those costs are.

If you have cognitive decline or a lack of mobility, will you be able to stay or will you need to move? Can you afford to hire your own aides to assist you? Will they be permitted? If you need to move, will the community help you locate another place?

These are all questions to which you want to know the answers before you sign a contract.

Additional Things to Consider

Some other financial considerations include:

- What deposit is required?
- Is there a pet deposit? Is this refundable?
- Are there any non-refundable intake fees?
- Are there meal plan options?
- Will you want to privately pay for additional services? For example, internet service is included in my client Emma's monthly rent. The signal in her apartment is weak, however, and she elected to pay for her own internet service.

Beyond Money

When moving to an assisted living facility, finances are only one part of the decision. You will also want to consider the benefits of the communities you are considering. These may be why you are contemplating a move in the first place. Other things to think about beyond the money include:

- The benefits of the extra services provided
- The social and other activities available
- The location and how it serves you
- How well you fit into the community.

Many retirees enjoy living in assisted living communities and find the services helpful as they age. Before you sign up, be certain to understand the current and potential future costs.

Additional Resources

Two *Consumer Reports* articles you may find helpful are:

- [5 Steps for Choosing the Right Assisted Living Community](#)
- [11 Ways to Afford the Assisted Living Care You Need](#)

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Cost of Living Comparison

Use this Cost of Living Comparison worksheet to assess the difference between maintaining your current home and moving to an assisted living community.

Monthly Expense	Your Current Home	Assisted Living Option 1	Assisted Living Option 2
Mortgage or Rent			
Home or Renter's Insurance			
Real Estate Taxes			
Association Fees			
Utilities (electricity, heat, water, sewer, trash removal)			
Telephone			
TV & Internet			
Home Maintenance & Repairs			
Lawn, Gardens & Snow Removal			
Food (groceries & dining out)			
Housekeeping/Cleaning			
Laundry			
Medical Alert System			
Personal Care Assistance			
Additional Support/Care			
Wellness / Fitness			
Transportation Expenses			
Entertainment			
Other:			
Other:			
TOTAL			