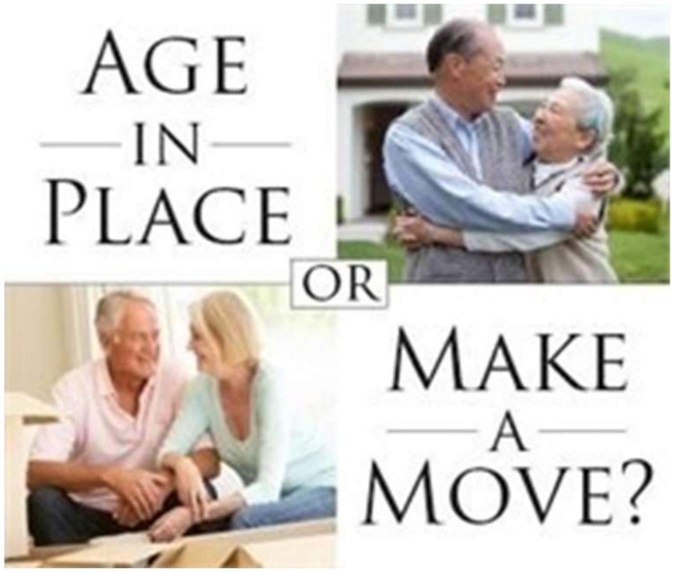
THE HIDDEN COSTS OF AGING: THE IMPORTANT CONVERSATIONS YOU NEED TO HAVE ABOUT CARE AND HOUSING EXPENSES

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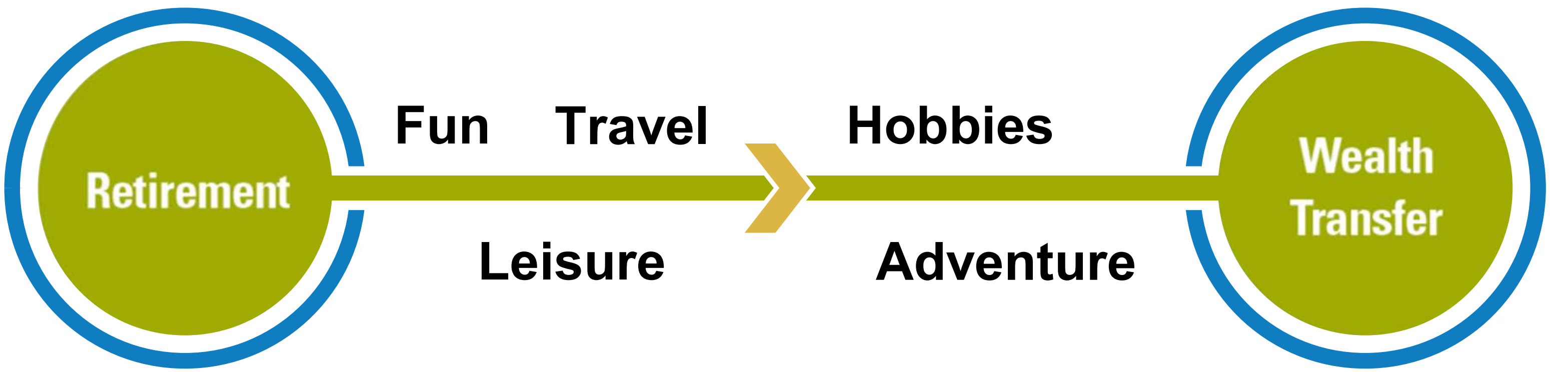
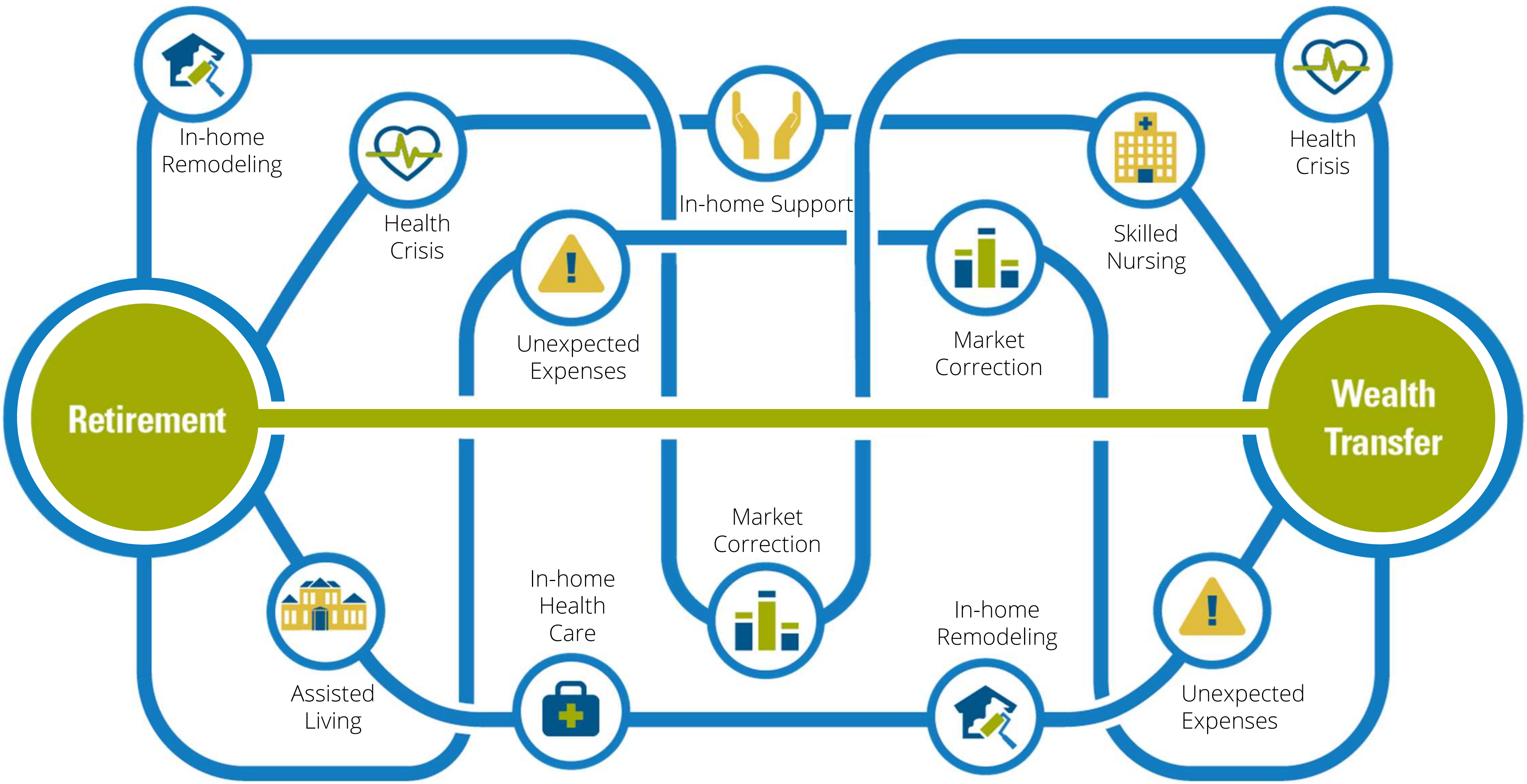
RETIREMENT IN THEORY



RETIREMENT IN REALITY



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CHANGING THE NARRATIVE

Go-Go Years (age 65 to 75)

- Active lifestyle focused on family, friends, travel, hobbies and bucket list

Slow-Go Years (age 76 to 85)

- A less active lifestyle with some “Go-Go” years remaining

No-Go Years (age 86 to 100+)

- During this period, it may be more difficult to maintain the same active lifestyle

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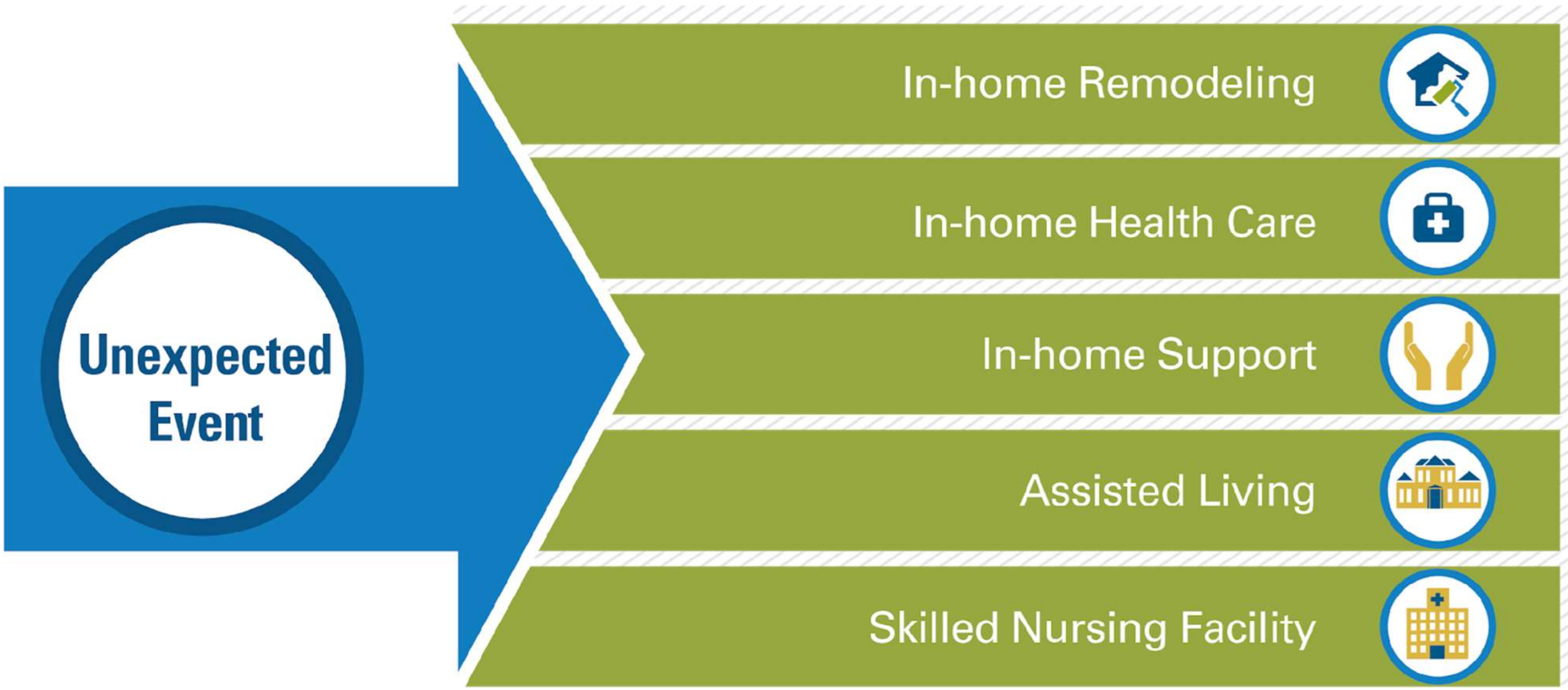
HOW AGING CAN DERAIL YOUR PLAN



AGENDA

PROFILE OF AGING

CARE AND HOUSING CONSIDERATIONS

FORMULATE A PLAN

PROFILE OF AGING

1

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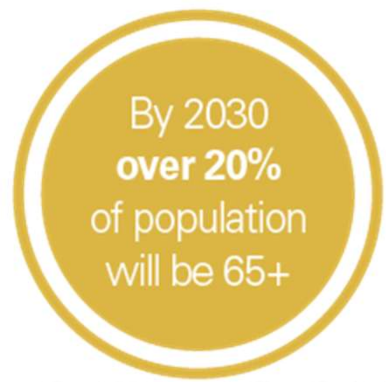
THE OVER 65 SEGMENT IS GROWING

Between 2012 and 2050, the over 65 population is expected to double.



Source: www.census.gov

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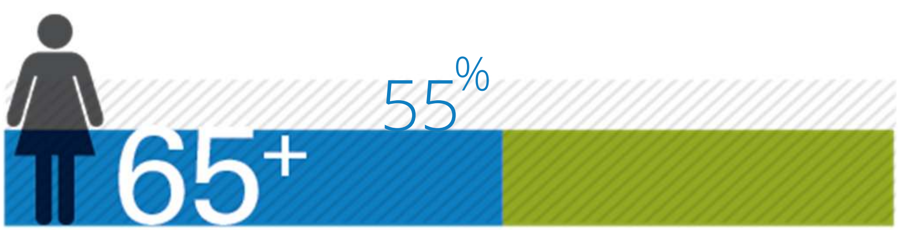
LIFE EXPECTANCY IS INCREASING

A 65-year-old woman can expect to live an additional 20 years, on average[1]

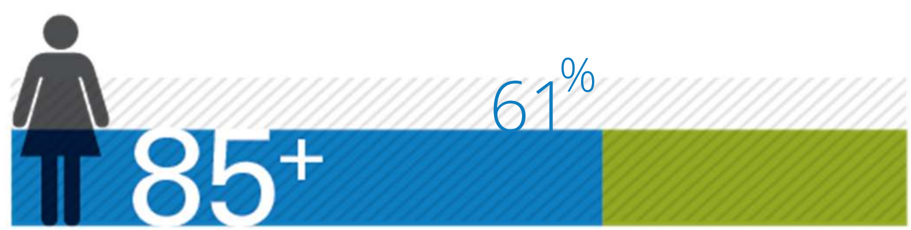
A 65-year-old man can expect to live an additional 18 years, on average[1]

Once a woman or man reaches 85, there is a good chance their lives will extend another 6-7 years [1]

Women make up 55% of the 65-and-older cohort[2]



And 61% of the 85-and-older cohort[2]



Sources: [1] www.cdc.gov [2] www.census.gov

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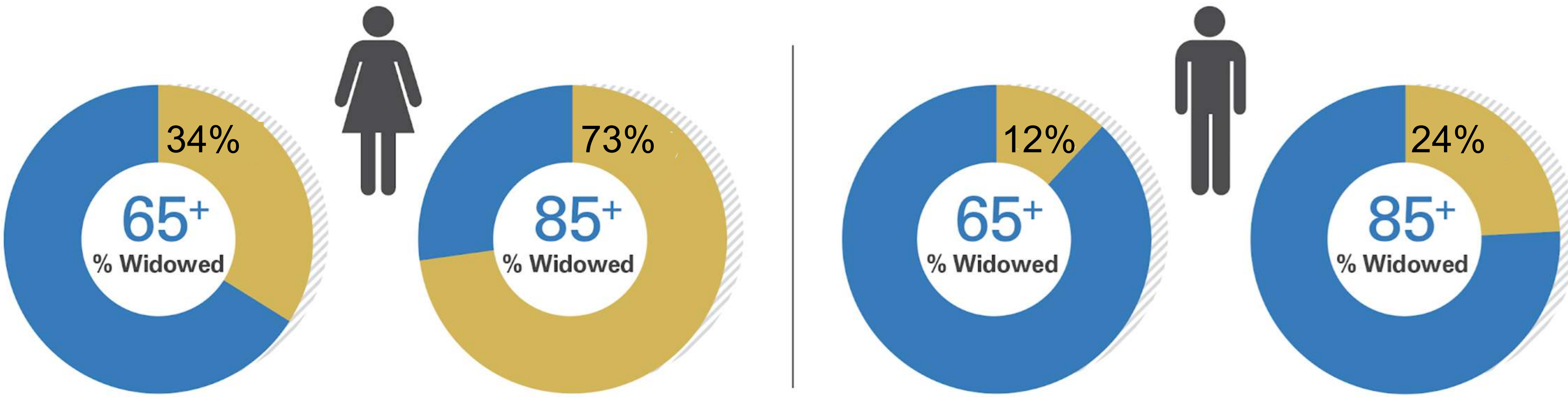
WOMEN ARE OUTLIVING MEN

Women are more likely than men of the same age to be widowed.



Source: www.agingstats.gov

MORE AMERICANS ARE LIVING WITH CHRONIC ILLNESS

The population is living longer with one or more chronic disease.

80%

of older adults are living with one chronic disease

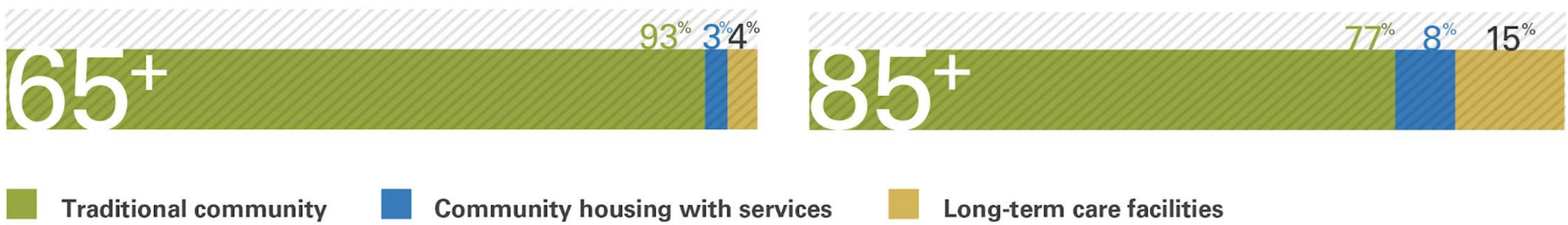
77%

have at least two chronic diseases

Source: www.agingstats.gov

RESIDENCE IN FULL-SERVICE FACILITIES INCREASES WITH AGE

The percent of Medicare beneficiaries who reside in long-term care facilities more than triples to 15% from age 65 to 85.



Source: www.agingstats.gov

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THE TAKEAWAY

Longer life expectancy

Increased chronic illness

Increased likelihood of need for assistance

"If you don't make a plan, a plan will be made for you"

CARE AND HOUSING CONSIDERATIONS

2

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CARE AND HOUSING CONSIDERATIONS

RESOURCES:
ASSESSING YOUR HOUSING NEEDS DISCUSSION GUIDE

Aging in Place

Level of care

If a medical condition or physical ailment is the impetus for the move, it is important to identify the type and level of support that will be needed now and in the future.

If you were to fall or encounter a chronic health issue, would family members be available to help you? ☐ Yes ☐ No

Would family members be available to provide sustained care? ☐ Yes ☐ No

Have you discussed having family members provide sustained care? ☐ Yes ☐ No

If family assistance is not an option, how will you handle the need for help with the activities of daily living (e.g., bathing, dressing, eating, toileting, transferring, incontinence, etc.)?

Will you be able to hire and bring in caregivers to assist you, if needed? ☐ Yes ☐ No

If you begin to experience memory loss or other cognitive impairment, have you designated a family member to assist you with decision making? ☐ Yes ☐ No

Neighborhood considerations

Neighborhood considerations refer to characteristics of the neighborhood or community, such as location and security, that can support you as you age.

Do you want your residence to be easy for family and friends to get to? ☐ Yes ☐ No

Do you want the care and services you will need to be easily available? ☐ Yes ☐ No

Do you want doctors' offices, hospitals and pharmacies conveniently located within walking distance? ☐ Yes ☐ No

Do you want shops, restaurants and other entertainment conveniently located within walking distance? ☐ Yes ☐ No

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AGING IN PLACE

Live in one's own home safely, independently and comfortably

- ✓ Enjoy the comforts of home and continuity of residence
- ✓ Maintain medical and social relationships
- ✓ Cost effective if home is suitable

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FAMILY CONSIDERATIONS

Aging in Place

Proximity of family

Availability of family

Commitment to aging in place

LIFESTYLE CONSIDERATIONS

Ability to perform activities of daily living

- Preparing and eating meals
- Bathing
- Dressing
- Managing medications

Home modifications

- Single floor living
- Wide doorways
- Reachable controls
- Safety features

Assistive devices and technologies

- Monitoring
- Communication
- Reminders

HEALTH CARE CONSIDERATIONS

Aging in Place

Aging Lifecare Managers

Schedules appointments and interacts with health care providers and insurers

Home Care Services

Private agencies that provide a variety of medical and non-medical services for in-home patient care

Companion Care Services

Non-medical staff hired by the hour to provide companionship and comfort to individuals who cannot be left at home alone

Social Services

Help with identifying and finding the appropriate care after a hospital stay

Adult Day Care Services

Social activities with skilled services from social workers, therapists and nurses, etc.

FINANCIAL CONSIDERATIONS

	Hourly	Daily	Monthly	Annual	Change Since 2015
Homemaker/Companion Care Services	$30.00	$188	$5,720	$68,640	75%
Home Health Aide Services	$35.00	$218	$6,200	$80,080	75%
Adult Day Health Care	*	$95	$2,052	$24,700	37.7%

Source: Genworth 2025 Cost of Care Survey. *Facilities do not utilize hourly rates.

55+ INDEPENDENT LIVING COMMUNITIES

Homes or apartments for relatively independent, active individuals or couples over

- ✓ Medical services nearby
- ✓ Access to range of amenities and social activities
- ✓ Opportunity to engage with others at same stage of life

FAMILY, LIFESTYLE, HEALTH CARE AND FINANCIAL CONSIDERATIONS

55+ Independent Living Communities

FAMILY

- ✓ Welcome to visit or stay with residents
- ✓ Couples with different non-medical needs can stay together

LIFESTYLE

- ✓ Built-in social outlet
- ✓ Recreation facilities
- ✓ Ability to engage with residents of similar state of life

HEALTH CARE

- ✓ Doctors' offices are often close by
- ✓ Residents can bring in non-medical care
- ✓ Skilled medical care is not on-site

FINANCIAL*

- ✓ Estimated monthly
  - $1,500 - $4,000
- ✓ Estimated annual
  - $18,000 - $48,000

Source: www.retirementliving.com "Senior Housing: What does it cost?" January 2, 2020.

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CONTINUING CARE RETIREMENT COMMUNITIES

Residents can get a continuum of aging care – from independent living to assisted living to skilled nursing care

- ✓ Services that could include meals, housekeeping, transportation and on-site medical care
- ✓ May include lifestyle amenities such as pools and fitness centers
- ✓ Ability to stay in place as medical needs increase
- ✓ Most comprehensive of all housing options

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FAMILY, LIFESTYLE, HEALTH CARE AND FINANCIAL CONSIDERATIONS

Continuing Care Retirement Communities

FAMILY

- ✓ Attractive options for couples where one person needs more care
- ✓ Family members have peace of mind knowing loved one is cared for and safe

LIFESTYLE

- ✓ 24-hour security
- ✓ Social and recreational activities
- ✓ Dining options
- ✓ Housekeeping, transportation, wellness and fitness

HEALTH CARE

- ✓ Every level of care
- ✓ Must be able to live independently at move-in
- ✓ Different contracts to pay for care (A,B & C)

FINANCIAL*

- ✓ Estimated monthly
  - $3.000 - $5,000 service fees
  - $500 - $1,200/m pp
- ✓ Estimated entrance fees
  - $100,000 - $1,500,000

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Source: www.care.com, The cost of continuing care communities: Can you afford it?", Jayne Kennedy, January 22, 2018.
(Pay-as-you-go contract, one of three typical types of CCRC contracts.)

ASSISTED LIVING FACILITIES

For residents who need some assistance with daily activities but do not require skilled medical care

- ✓ Services may include meals, housekeeping, transportation and on-site medical care
- ✓ Provide help with bathing, dressing and mobility
- ✓ Ability to stay in place as medical needs increase

FAMILY, LIFESTYLE, HEALTH CARE AND FINANCIAL CONSIDERATIONS

Assisted Living Facilities

FAMILY

- ✓ Family members have peace of mind knowing loved one has help carrying out activities of daily living

LIFESTYLE

- ✓ Social engagement
- ✓ Supported living environment

HEALTH CARE

- ✓ Health care supervision
- ✓ On-site or off-site medical visits

FINANCIAL*

- ✓ Estimated daily
  - $ 204
- ✓ Estimated monthly
  - $6,200
- ✓ Estimated annual
  - $74,400

Source: Genworth 2019 Cost of Care Survey. *Facilities do not utilize hourly rates.

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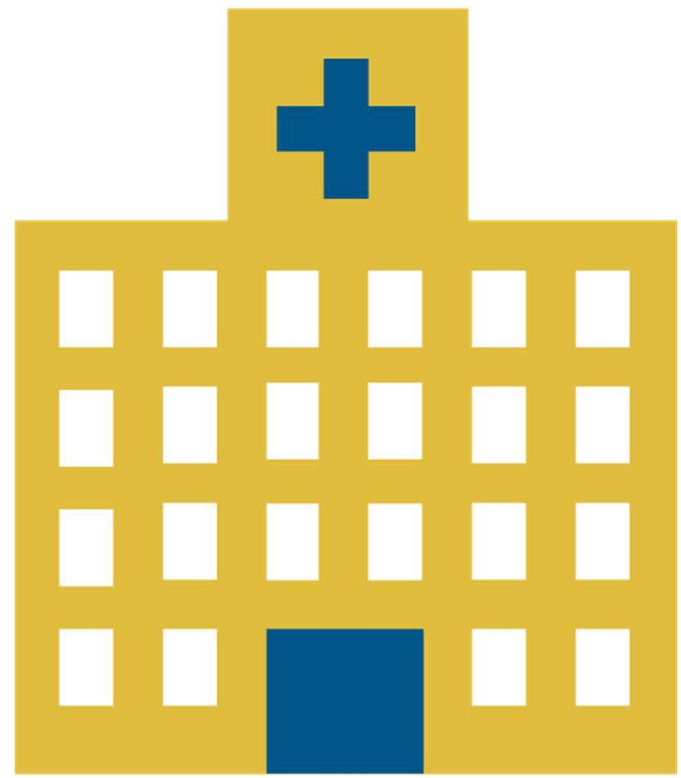
SKILLED NURSING FACILITY

For people requiring on-site skilled medical care, including nurses, physical and occupational therapists and doctors

- ✓ Highest level of medical care prescribed by a doctor
- ✓ Increased security to protect patient safety
- ✓ Ability to serve patients with memory care issues



FAMILY, LIFESTYLE, HEALTH CARE AND FINANCIAL CONSIDERATIONS

Skilled Nursing Facilities

FAMILY

- ✓ Provide a level of care that family may not be equipped to offer
- ✓ Family may visit or arrange to pick up a resident

LIFESTYLE

- ✓ On-site access to services
- ✓ Meals and activities included
- ✓ Closer supervision and security

HEALTH CARE

- ✓ Medical and nursing care provided on-site
- ✓ Separate memory care units are often provided

FINANCIAL*

Semi-private Room

- ✓ Estimated daily
  - $315
- ✓ Estimated monthly
  - $9,581
- ✓ Estimated annual
  - $114,975

Private Room

- ✓ Estimated daily
  - $355
- ✓ Estimated monthly
  - $10,798
- ✓ Estimated annual
  - $129,575

Source: Genworth 2025 Cost of Care Survey. *Facilities do not utilize hourly rates.

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A Housing Decision is also a Financial Decision

Upfront capital
Home modifications, entrance fees and moving costs

Taxes
Withdrawals, home sale and potential deductions

Cash flow
What disappears from the budget, what remains and what gets added

Insurance
LTC benefits, qualifications and coverage

Portfolio & liquidity
Where will the money come from?

Estate & family
Impact on spouse, heirs and existing plans

The goal: model the decision before you make it.

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FORMULATE A PLAN:

NEXT STEPS

- ✓ Do your due diligence and decide what you want
- ✓ Work with a financial advisor who can model your housing and care decisions
- ✓ Identify specific resources, services and facilities
- ✓ Discuss your plans with your family
- ✓ Document your wishes and take action

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QUESTIONS?

> The time to repair the roof is when the sun is shining.
>
> \- John F. Kennedy

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At Compass Financial Group, everything we do has a single focus: Helping our clients navigate the financial, emotional and lifestyle challenges that come with retirement.

- We work with professionals 55-80 that are either retired or within 5 years of retiring.
- Our clients typically have $1,000,000 or more in investable assets, although we work with people of all asset levels.
- We have deep expertise in retirement income planning, social security optimization strategies, Medicare, longevity planning and tax efficient withdrawal strategies.
- Our investment models are designed around the needs of retirees, with a focus on capital preservation, income & growth. We seek to balance risk and return, with portfolio's customized for each client based on their goals and risk tolerance.

Thanks for spending time with me today!

If you have questions or would like to explore how this applies to *your* retirement, I'd be happy to connect.

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