



Forgot to Plan? Make *Aging in Place* Your Plan *The Key to Living Longer and Independently*

Baby Boomers are aging in full force. Since 2011, nearly 10,000 a day are reaching age 65 and the rest are still coming. By 2030, the number of Americans aged 65 or older will grow from 40 million to about 73 million.

Research confirms that many aging boomers have not planned for the years after they stop working. More than a quarter of the age 50-64 group have not started saving for retirement. As women live longer, they will need **more** money but generally, they have less. Older women are at risk of running out of savings and they face challenges that impact their finances: chronic illness, long-term care needs, and oftentimes primary caregiving responsibility for family members.

Every situation is different, but developing and implementing a plan on how and where we want to live for the rest of our lives may help us avoid problems later on, including the risk of poverty in old age. Most people want to “age in place” by staying in their own home in the community where they live today. An AARP survey found over 85% of respondents agreed with the statement: “what I would really like to do is stay in my current residence and local community as long as possible.”

Experts find that the ability to be successful at *aging in place* requires financial and health stability, a strong informal (unpaid) support network, and knowledge of how to find and use the formal (paid) aging services network. The most important is the strength of the unpaid informal support system. This may be the most important factor in deciding where and how well you will be able to *age in place*. As one research participant noted when discussing her support system: “Sometimes I think that’s the first need, whether it’s family members, friends or church, or a social worker; you need to feel like you’re not alone.”

A strong informal support network of family, friends, neighbors, faith and civic organizations provides support during periods of short-term illness, surgery or medical treatment.

Healthy aging means living at home but not sitting at home and it means staying connected with people. Technology helps by reducing the sense of isolation, especially if your ability to get out is limited by health conditions or caregiving responsibilities.

How to Start Planning

Since financial and health stability are closely related, take a close, realistic review of your financial assets and your current and expected ongoing expenses. What financial resources do you have – Social Security, pensions, personal investments, savings, insurance and home equity? Look at your ability to meet normal monthly expenses and keep track of your daily spending.

The primary costs for older adults are health care and housing costs.

An estimated 70% of Americans reaching age 65 will need some type of long-term services and support. It is highly desirable that most of this care be provided in the home. A 65-year-old couple retiring today with traditional Medicare coverage will need a projected \$265,000 to cover out-of-pocket medical expenses, not including costs of nursing home care.

Can you afford to live in your current home?

Eighty percent of older Americans are homeowners. Housing is the largest expense for the typical budget of a 65+ household, taking up 40-45% of expenses. For persons 85+, home expenses are roughly twice as large as out of pocket health expenses. There are high costs associated with maintaining home ownership – mortgage, mortgage insurance, property taxes, homeowners insurance, homeowners association or condominium fees, utilities, home repairs, housekeeping expenses or services, gardening and yard supplies or services.

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Research studies indicate that downsizing can reduce living expenses by 30%.

Can moving into a smaller home provide more equity and reduce expenses? Will a new home be “senior fit” to accommodate a decline in physical and/or cognitive abilities? Is there housing available with these accommodation features within your community?

The “Stay or Go” decision includes estimating and projecting basic housing expenses and factoring in major replacement costs such as roofing, heating and cooling units and appliances. Many financial planners suggest establishing a special “renovation fund” as soon as you retire for all the systems that may need to be replaced. There may also be ways to help pay for home-related expenses; counties, cities and states provide property tax relief (sometimes referred to as senior “circuit breaker” programs) to older homeowners, and some offer tax credits for home modifications and home energy efficiency programs. Here are examples:

- ☒ Some states, local government agencies, and nonprofit organizations offer low cost loans to help pay for home repairs, modifications, improvements, or property taxes.
- ☒ Some non-profit organizations or utility companies may also provide home modification or weatherization services at no cost.
- ☒ Some counties and cities allow property tax deferral until a house is sold.

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Involve the Family

When making this decision, be sure to consult with your family and consider obtaining professional assistance from a financial advisor, elder law attorney or Certified Aging in Place Specialist (CAPS) who can help you make the best choices for home modification. You may want to consider a reverse mortgage, which allows you to use the equity in your home to meet expenses to remain living there. Obtain more information on reverse mortgages from the National Council on Aging at www.ncoa.org

Any discussion with your family should also include how to handle a health event that may require continuous in home assistance or even a move to a care facility or the home of an adult child. Such questions include:

- ☒ If you have a chronic health care issue, can family members help provide ongoing care or oversee ongoing care?
- ☒ How would normal everyday activities such as preparing meals be handled?
- ☒ If you were no longer able to drive, what transportation options are available?

Your local Area Agency on Aging office is your link to public programs and private providers. Use the Eldercare Locator at 1-800-677-1116 or eldercare.acl.gov, to find programs and services in your community.

How equipped is your community?

The AARP Livable Community Index (aarp.org/livabilityindex) identifies a livable community as one that has affordable and appropriate housing, supportive community features and services, and adequate mobility options, which together facilitate personal independence and the engagement of residents in civic and social life.

National Aging in Place Council Publishes “Costs of Aging Handbook”

The National Aging in Place Council published a new handbook titled *The Costs of Aging* that is available to the public for free on the ageinplace.org website. *The Costs of Aging Handbook* presents descriptions of the needs of aging and data showing estimated costs of housing and home modification, healthcare and caregiving, personal finance and planning, transportation and social engagement.



Did You Know?

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