

Why Pay an Entry Fee at a Senior Living Community?

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Choosing an affordable senior living community for the long-term may include entrance fees.

It may seem counterintuitive, but entrance fees can ultimately make senior living communities more affordable—and provide greater predictability.

The entrance fee is a sum of money paid upfront to secure a spot. Monthly fees cover services such as maintenance, cleaning and transportation. The money paid upfront actually lowers your monthly fee.

Entrance fees at retirement communities cover the rest of your life, so healthy and active seniors can enter the community as part of independent living and, if necessary, hire homecare services right in the apartment in order to age in place.

“People who are planners want security and peace of mind,” says Amy VanderPloeg, Director of Sales and Marketing at Shaker Pointe. “They want to be a part of a community for the rest of their lives. In a month-to-month, it can be a revolving door of people moving in and out. There’s a sense of stability in an entrance fee community.”

How Entrance Fees Work

Seniors typically encounter two types of entrance fees:

Non-refundable entrance fees carry a smaller price tag, but they generally do not allow money to be returned to a senior or his or her family in the event of a move or death after five years of living in the community.

Refundable entrance fees are higher in cost, but up to 100 percent of the fee can be returned upon a senior moving or passing away.

For Shaker Pointe, a wide range of refundable plans allows for estate planning, says John Santora, Chief Financial Officer of Shaker Pointe

“Refundable plans are there if you want to make sure there’s something left for your heirs,” Santora says. Taking the pent-up equity in your house and shifting it to an entrance fee community eliminates the burdens of home ownership, provides a beautiful maintenance free living space and still preserves that asset for your estate or future. You are investing in your wellbeing and peace of mind, while preserving the financial value.

Paying the Price

Whether it's refundable or non-refundable, entrance fees are based on apartment size, location, view and other residence-specific amenities. Incoming residents generally pay entrance and monthly fees through a combination of proceeds from the sale of a home, savings, income from investments and pension or retirement plans. Residents do not pay property taxes on their community apartments or cottages, reducing their overall tax burden.

Contrary to what many may think, living in an entrance fee community is affordable for almost anyone who's owned a home, VanderPloeg says, but seniors who choose this type of community early on experience the greatest financial savings.

Seniors deemed financially qualified to live in an all-inclusive retirement community but still worry about depleting their assets also should inquire if the community has a benevolence plan. Many communities owned and operated by nonprofits like Shaker Pointe provide financial assistance to seniors who need it.