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SPECIAL ISSUE

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An assisted-living unit in  
Manhattan's Carnegie Hill  
Inspir features a river view.

## Where You Can Retire Like a Millionaire

With posh apartments, spas, string quartets and haute cuisine, luxury continuing care communities pamper residents in style

### ERICA JONG HAD THE AUDIENCE'S RAPT

attention. The 82-year-old writer, famous for her 1970s bestseller *Fear of Flying*, was discussing creativity and her need to capture the world around her in prose and poetry.

Hands shot up with questions: "What was it like growing up in a literary family?" "What made you want to write?" "Can you describe the process you use to decide on a theme for a new book?"

As Jong spoke, sunlight streamed through 24-foot windows. Just outside, trees swayed in the breeze; inside, where the crowd had gathered, it looked like money. The walls were clad in red onyx marble; the beamed ceiling crafted from white oak.

Jong and her audience were ensconced on the 17th floor of a retirement living facility called the Carnegie Hill Inspir (inspire) in New York City. Jong lives in the complex. So do most of those who were in attendance.

Some afternoons, the residents pass the time serenaded by a string quartet. Others, they might pop

BY EILEEN  
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into the onsite spa for a facial, or enjoy a cocktail in the lobby bar furnished like a 5-star hotel. It's the *crème de la crème*, says resident Marilyn Snyder. "There is nothing that compares to this."

### Upscale retirement living

The retirement living industry is upping its game. With older Baby Boomers aging out of active living, developers are pivoting to retirement homes that allow the wealthy to age in place and in style.

Called continuing care retirement communities, these complexes offer independent living, assisted living and memory care, all within the same building or campus. The goal is to make aging as seamless as possible.

The basic continuing care model is a long-standing one, as are high-end projects, where beauty salons, fitness centers, and upscale dining are standard fare. What's new is the next-level razzle dazzle. Decor at the Palace at Weston, which opened near Fort Lauderdale in 2021, was inspired by the Four Seasons George V Hotel

**This is a condensed special issue. Actual issues are 24 pages.**

in Paris, and includes valet parking, an English-style library and four-course dinners with wine pairings. The Mather, a high-rise in Tysons, Va., boasts three restaurants and aquatics classes accompanied by a cellist.

"When we did listening sessions, people said, 'We don't need the cheapest salmon, we want the freshest,'" says Gale Morgan, Mather's vice president of sales. "If you're eating off Villeroy & Boch china when you move in, you will be eating off Villeroy & Boch here."

Operators are following the Baby Boomer demographics—50 million retirees today, 80 million by 2050. The top 10% of retirees have minimum net worths of just under \$2 million; the top 5% hold more than \$3 million.

#### **'Looking for a lifestyle'**

"Boomers are demanding and not afraid to spend money and want the physical plant to support it," says Tom Gaston, the chief investment officer of Maplewood Senior Living, which operates 17 properties around the country, including the Carnegie Hill Inspir and a soon-to-be-opened sister facility in Washington, D.C. "We are talking about people with one or two homes, multiple cars, who have their house updated. They are looking for a lifestyle."

For residents, the financial decisions can be complex, wrapping together estate planning, the sale of real estate and the intricacies of long-term-care insurance. And once a retiree has moved in, adjusting to congregant living can take time. "In your own home, you can do whatever you want when you want, but in a community, you have to give up some of your autonomy," says Susan Hulett, president of the resident council at the Vario in Woodland Hills near Los Angeles, where perks include a private movie theater and a golf simulator room.

#### **Expensive accommodations**

The earliest U.S. facilities that provided continuing care date to the early 1900s and were affiliated with religious or fraternal organizations. Typically, residents turned

over their assets in return for a guarantee of lifetime health care. Today, applicants aren't required to empty the bank, but they are vetted financially to make sure they will be able to afford payments. As a rule of thumb, the prospective resident is required to have assets worth

1.5 to 2 times the entrance fee—which can range from about \$250,000 to as much as \$4 million-plus. They must also pass a cognitive evaluation and physical exam to make sure they are healthy enough for units dedicated to independent living.

Both nonprofit and for-profit developers exist, with the luxury sector dominated by the latter and non-profits hewing most closely to the traditional entrance-fee contract.

Entrance fees are determined by an array of factors, including the local real estate market and the level of care desired. A percentage of the fee (typically 0% to 90%) may be refunded to the resident's heirs, depending on the terms of the contract. Monthly fees range from \$3,000 to

\$12,000. Depending on the type of contract, the fees can increase with each move to a higher level of care; there also may be annual hikes for inflation.

Entrance fees at the Mather in Tysons, Va., range from \$678,300 to \$4.4 million and monthly fees range from \$3,420 to \$11,820. Almost two thirds of depositors have signed up for life care. At the Mather in Evanston, Ill., outside Chicago, entrance fees range from \$650,000 to \$2 million. It has a four-year waiting list.

The other model for multi-level care communities is straight rental. Rentals require no entrance fee, no financial or health vetting, but monthly payments tend to run much higher. At the Carnegie Hill Inspir, rates for independent living studios start at \$11,000, and \$27,000 for two-bedroom units.

#### **Two years and counting**

For Hulett, a mother of three and grandmother to five, the move into a continuing care facility crystallized after an accident that shattered her ankle. Recovered,

## **HOW TO PICK A PLACE FOR YOU**

- **Start your search early.** You want to know what's available and what you can expect for your money. Make a checklist of priorities of what's important to you.
- **Be prepared to wait.** Some facilities have years-long waiting lists. If you identify your top choice(s), you can put down a (typically refundable) deposit to hold a spot.
- **But not too soon.** You don't want to get on a waiting list too early. You could pass the health test when you put down your deposit, but by the time you're ready to move in, you may no longer qualify for independent living.
- **Meet the neighbors.** Ask the sales office to introduce you to other people who can tell you about life at the property.
- **Be flexible.** If facilities nearby are too expensive or just don't seem to fit, look farther afield.

Ronna and Jimmy Lichtenberg were living in the Hudson Valley in New York state, but ultimately the Lichtenbergs chose The Forest at Duke, near Duke University in Durham, N.C.

Hulett began the touring process in January 2022, and by August, she had sold her home and moved into the Variel. Now she goes to 10 exercise classes a week, enjoys hanging out in the sky lounge and a monthly Socrates Cafe, where residents discuss questions like "What is the boundary between government responsibility and personal responsibility?" and "Is life ever not worth living?"

"I love the interaction with other people and I can choose at any time to be with people or alone," she says.

The calculus for Shirley and Jim O'Brien, musicians and academics in their 80s who moved into the Splendido Rancho Vistoso in Tucson, Ariz., in January 2023, hinged largely on making sure both husband and wife would be in good hands in the case one spouse fell ill before the other.

They sold their house and put down the \$750,000 entrance fee for a 1,700 square-foot villa. "We have everything we had before," says Shirley, including a garage for the couple's Tesla and Corvette. She has taken fitness classes, long walks and ukulele lessons; he has taken courses in geology; and together they have put on musical shows for some of the residents in memory care.

## High marks from residents

Retirees like the O'Briens and Hulett are not the only ones satisfied with their lives in the continuing care community. Industry-wide, fewer than 2% to 3% of residents cancel their contracts. When researchers from the University of Central Florida surveyed 332 continuing care residents in 2021, they found that the retirees gave high marks to not only the medical services and activities their communities offer, but to cost, value, and above all, the social connections.

That satisfaction of course doesn't mean there won't be rough patches. It is not uncommon for issues to play out in a property's restaurant. At the Variel, for example, some residents wanted to eat their meals in slippers and bathrobes. Others have bristled at first come, first serve rules, insisting on specific tables, not just what's available. It took a culinary committee of residents to develop policies and bring order to the situation.

"We have to change behaviors," says Hulett. As president of the residents' council, she hopes to help that happen. "I love this place. I want to work with residents to create the community we all want to live in." ■

## KNOW WHAT YOU'RE GETTING INTO

There are four basic models of contracts with continuing care retirement communities, and many variations on the concepts, depending on state regulations and the property. The contracts are complex and should be reviewed by a lawyer and/or accountant, as some of the costs may be tax deductible. The following descriptions cover the broad outlines only; details will vary from facility to facility.

### Life Care

In a life care contract, also called a type A contract, you pay a high one-time entrance fee, which guarantees you care for life, from independent living to assisted living to memory care to skilled nursing. It functions as insurance. In addition, you will pay a fixed monthly fee (adjusted for inflation) for day-to-day living, covering accommodations, food, services, and amenities. If you are an independent-living resident and at any point need the added care of assisted living or memory care,

your monthly fee generally will not change. Additionally, depending on the contract, up to 90% of the entrance fee may be refunded to your heirs. But you still may end up paying for care you don't use.

### Modified Fee for Service

The modified-fee-for-service model, also known as type B, typically requires a smaller entrance fee and/or lower monthly fees than life care. The charges cover some future health care, but not an unlimited amount. If you need skilled nursing, the operator might offer it to you at a 20%-30% discount off the market rate. Alternatively, some modified-fee-for-service/type B contracts offer a block of pre-paid days in health care per year; if you need more, you pay full market rate. In this model, residents are operating on the belief that they will need limited assisted living or higher level of care.

### Fee for Service

The fee-for-service arrangement,

also called type C, offers the most affordable entrance and/or monthly fees; some places may only charge the monthly fee. However, if you need higher levels of care—beyond independent living—under a fee-for-service contract, you will pay market rates and be responsible for the full risk of health care costs.

### Rental

Rental offers the most flexible plan. There is no entrance fee, or a nominal one compared to life care or modified fee for service. Typically the contracts are month to month and your monthly fee is higher than it would be under another type of contract; the monthly fee will also increase as you need more care. As a resident in a rental, you typically get priority access to higher level care accommodations (instead of the unit going to someone who doesn't live on the property already). Many rentals don't have skilled nursing facilities, but they do offer the option of going into hospice.

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