



**COSTS AND CONCERNS AMONG RESIDENTS IN SENIORS HOUSING AND CARE
COMMUNITIES: EVIDENCE FROM THE *RESIDENTS FINANCIAL SURVEY***

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ASSOCIATED PAPERS

1. “Residents in Seniors Housing and Care Communities: Overview of the *Residents Financial Survey*” Working Paper 2011-6. Chestnut Hill, MA: Center for Retirement Research at Boston College.
2. “Financial Well-Being of Residents in Seniors Housing and Care Communities: Evidence from the *Residents Financial Survey*” Working Paper 2011-7. Chestnut Hill, MA: Center for Retirement Research at Boston College.
3. “Geographic Mobility Among Residents in Seniors Housing and Care Communities: Evidence from the *Residents Financial Survey*” Working Paper 2011-9. Chestnut Hill, MA: Center for Retirement Research at Boston College.

Introduction

With the leading edge of the Baby Boom generation reaching traditional retirement ages, decisionmakers need a comprehensive understanding of the boomers' social, economic, and health characteristics – both in terms of resources and needs – in order to adopt effective public policies and private services to meet the needs of an aging population. One area of particular importance is their need for housing and long-term care services. A variety of options is available to meet these needs, including independent living (IL) and assisted living (AL) residences.¹

Despite the general impression that seniors housing and care communities are very costly, less is known about what types of costs residents of these communities are facing and how they pay their expenses. To fully understand the current and future economic situation and various aspects of residents in seniors housing and care communities, we designed and conducted a new survey, the *Residents Financial Survey* (RFS), with assistance from ProMatura Group, LLC, to obtain a current economic profile of individuals living in ALs and ILs. This survey gathered information on the income and assets at the time of the survey (2011), as well as retrospective information concerning living arrangements, care provision, and financial gifts given.

In this paper we use the RFS to explore the costs associated with seniors housing and care communities and how individuals pay these costs. We also explore the relationship between individual characteristics and how they pay for their community. We are able to examine how payment methods are related to how long they have been living in their current community, something that most of the previous literature could not look at due to data limitations. Finally we examine the concerns residents have for meeting these financial obligations in the future.

1. The *Residents Financial Survey*

The *Residents Financial Survey*, fielded in 2011, was designed to measure the assets and incomes of individuals in freestanding ILs, freestanding ALs, and communities that offer both IL and AL arrangements.² The final sample consists of 2,617 respondents. There are 477 individuals, about 18 percent of the whole sample, who live in ILs; 880 (34 percent) live in ALs;

¹ Nursing homes and continuing care retirement communities – which include independent living care segments – are also important providers of housing and care, but outside the scope of this research.

² See Coe and Wu (2012a) for a detailing of the survey.

and 1,260 (more than 48 percent) live in communities that offer both IL and AL arrangements (with 32.6 percent in the IL portion and 15.5 percent in the AL portion).

Table 1 presents the RFS sample's characteristics, separated by living arrangement.³ The average age of our sample is just over 86, with no significant differences across four types of living arrangements. The age distribution is slightly skewed to the right, with the median respondent being 87 years old. The age differences between the men and women are significant, however, with the women being older. Compared to earlier work, our sample is significantly older.⁴ The average age at which our respondents moved into their current community is 83.3 years old, with a median age of 84.4.

About one-quarter of the respondents living in freestanding ALs were men, with slightly higher representation in the other community types (31, 29, and 35 percent for AL portion of IL/ALs, ILs, and the IL portion of IL/ALs, respectively). While this might seem low, the RFS has higher male representation for ALs than previous work.⁵ The proportion of men in ILs is comparable to the samples studied in Coe and Boyle (2012).

These residents are predominantly Caucasian, with more than 92 percent self-identifying as such. Almost 3 percent of the freestanding IL respondents are African-American, compared to less than 1 percent from the other community types. Even adjusting for the regional composition of our sample, Hispanics and African-Americans are underrepresented in these communities, compared to the U.S. 65-plus population of about 19 percent.⁶

Marital status varies among the different types of communities. Less than 10 percent of residents in freestanding ALs are currently married, and 72 percent are widowed. Respondents in the other community types are much more likely to still be married (16 percent for the AL portion of IL/ALs, 13 percent for ILs, and 20 percent for the IL portion of IL/ALs). The marital pattern for ILs and the IL portion of IL/ALs is comparable to that reported by Coe and Boyle (2012). It is lower than that reported in the *Independent Living Report* (about 35 percent), but

³ In the tables presented in the paper, we include non-response and questionable answers in the percentages so the reader has the full information. Appendix Table 1 presents the descriptive statistics percentages re-calibrated as a percent of those who answered correctly, instead of the percent of people in the survey, so comparison across the types of communities is easier for the reader.

⁴ Coe and Boyle (2012), the *Independent Living Report*, ALFA (1998), and NIC (1998) all had average ages of 80-85.

⁵ See the NIC (1998), ALFA (1998), and Coe and Boyle (2012).

⁶ Authors' calculations using the *Current Population Survey* (CPS), 2010. The fraction of non-white in the CPS is about 17 percent for over-85 population, suggesting that the low minority representation is not just an age-effect.

that is not surprising considering their focus was on new entrants and included continuing care retirement communities (CCRCs) in the sample. For the freestanding ALs and the AL portion of IL/ALs, our sample is much less likely to be married than the 20-percent marriage rate found in Coe and Boyle (2012).

Consistent with the existing literature, we find that the educational achievement of residents in these four types of communities is higher than the U.S. as a whole. Specifically, more than 40 percent of residents in the IL portion of the IL/ALs had a college degree, which is higher than residents in freestanding ILs (28 percent), freestanding ALs (23 percent), and the AL portion of the IL/ALs (29 percent). At the same time, only 20 percent of the overall U.S. 65-plus population has a college degree. The RFS sample exhibits slightly lower educational attainment than that found in the *Independent Living Report*.⁷

Overall, the average number of living children among our sample is almost 2.5, with little variation between the types of living arrangements. These numbers are comparable to Coe and Boyle (2012), but slightly lower compared to the overall 65-plus population of almost 3.⁸

One-quarter to one-third of the respondents report themselves to be in very good or excellent health compared to their peers. We also find that more than 50 percent of respondents rate their current health as “Much better now,” “Somewhat better now,” or “About the same” as compared to two years ago. Further, there does not appear to be a relationship between health changes and the length of time living in the current community. This suggests that individuals are not experiencing rapid or continuous health declines.

2. Income and Assets

Before turning to costs and financial concerns, we first describe the finances of the residents.⁹ Table 2 presents the descriptive statistics of the income and asset information. Overall, the RFS suggests that residents in independent living and assisted living communities

⁷ When we compare recent movers to longer-term residents within the RFS, we find similar levels of education among recent movers (33 percent with a college degree versus 30 percent of the longer-term residents), which suggests that the difference with the *Independent Living Report* is driven by the inclusion of CCRCs being in the sample, which apparently attract an even more educated clientele.

⁸ Author’s calculations of the *Survey of Consumer Finances* (2007). The average number of living children of the over-85 population is 2.5.

⁹ Coe and Wu (2012b) use the RFS to examine the income and wealth profile of residents in great detail, and emphasize the importance of both income and assets in assessing financial well-being. Here we discuss the highlights of that paper.

are mid- to high-income households who receive most of their income in annuitized forms: Social Security, pensions, and private annuities. Investment income is also relatively common. Combining the assets profile with the income information, we find that low-income individuals are also low-asset individuals. This could be due to some people having long-term disabilities whose onset was during their working life, thus limiting their ability to earn or accumulate assets for their retirement years. The converse is not true: low-asset individuals do not necessarily have low income. This is due in part to active conversion between assets and income and high annuitization rates.

Another interesting finding from Coe and Wu (2012b) is that despite the active spend-down of assets reported, the cross-sectional evidence shows that assets are *positively* correlated with age, and not correlated with the time since the individual moved into the community. This is likely due to positive mortality selection. Finally, while net worth is not correlated with time in the current community, we find that individuals who have moved between different types of communities have lower wealth. This could be due to lower wealth causing the move – i.e. one could no longer afford the fees at one community and therefore moved out – or by living in care communities longer overall and thus are simply spending down their assets over a longer period.

3. Costs and Satisfaction with the Community

On average, the residents in ALs and the AL portion of IL/ALs paid more for their residence and services they received in the community, which correlates with the higher level of services provided (Table 3).¹⁰ Self-reported monthly bills for residents in these communities is \$3,741 and \$3,655 on average per person, respectively, compared to \$2,442 for ILs and \$2,809 for the IL portion of IL/ALs. We also find significant variation within each living arrangement, with the greatest variation occurring in assisted living communities.

In addition to their monthly bill, a small fraction of residents, about 13 percent in total, report that they pay for additional services provided by other agencies. Among residents who report these additional expenses, those in the assisted living communities pay more, on average, (\$1,343 for residents in freestanding ALs and \$2,021 for those in the AL portion of IL/AL), than residents in the independent living communities. The types of services this additional money

¹⁰ We report item non-response and the percent of questionable answers as separate categories for each variable of interest. See Appendix Table 1 for the statistics recalculated as a percent of the valid responses.

buys include caregivers/care companion/helper, medication assistance, and personal care. Including the additional fees, residents on average pay \$3,271 for the housing and care they receive, while those in assisted living communities pay more (\$3,832 for residents in freestanding ALs and \$3,803 for those in the AL portion of IL/AL), than residents in the independent living communities.

4. Paying for the Community

While residents differ in their monthly bill and fees, they also differ in how they pay these expenses. Figure 1 shows that about 40 percent of residents in the IL portion of IL/ALs reported that *all* of their expenses are covered by their current income, with an additional 28 percent stating that their current income covers *most* of their expenses. In contrast, only 21 percent in the ALs reported all of their expenses are covered by their current income, with an additional 26 percent stating most expenses are covered by their current income. We also find that a vast majority of residents – over 84 percent – report that they are the primary payer by themselves, either with current income combining with spending down their savings and/or assets. Less than 5 percent of our sample, across all communities, indicates that their family is the primary payer. These statistics are in-line with recent work reported in the *Overview of Assisted Living* (2009), where 80 percent of the sample report themselves to be the primary payer.

We then examined how residents are paying for their remaining housing and care expenses in Table 4. Among those residents with most expenses covered by their current income, 86 percent reported that savings and assets are used to pay for the housing and care and 19 percent indicated that they receive help from family. Those who reported that none of their expenses are covered by current income are more reliant on their families, with 27 percent reporting getting help from family and 77 percent reporting spending down savings and/or assets. Furthermore, about 11 percent in this group reported using both savings and family assistance. Breaking down the sample by the type of community shows that, among those whose expenses are not fully covered by the current income, residents of the IL portion of IL/AL are more likely to spend down savings and assets, and less likely to rely on family, while residents of freestanding ALs show the reverse pattern.

We also found that among those who reported that all of their expenses are covered by their current income, 16 percent own a private long-term care insurance policy. Interestingly, those who report none of their current expenses are paid by their income are actually more likely to own long-term care insurance. This could indicate that individuals are not considering their insurance coverage as income or that their insurance does not cover their current community.

To double check the accuracy of the self-reported payment method, we examined the income sources of those reporting that none of their expenses are covered by current income. We find that they are less likely to have income from pensions, bank accounts, stocks or rents, but much more likely to have Medicaid. This pattern of income sources helps to confirm their assessment of not substantially contributing to their care from current income.

We explore the correlations between individual factors and how people pay for their community and care expenses using regression analysis.¹¹ The coefficients are reported in Table 5. Not surprising, higher wealth and higher education are associated with paying more of the community costs out of your own income. Single men are also more likely to be paying more of their costs out of their own income than single women and married couples. Interestingly, those who have lived in their current community for more than four years are actually *more* likely to be paying more of their bills out of their own income. Because the coefficients do not have a direct interpretation beyond the direction, Figure 2 presents the marginal effect of the time living in the current community on the predicted probability of paying expenses out of current income. Compared to individuals who have lived in their community for less than 4 years, those living there 4 years or longer are 7 percentage points more likely to pay for their community fees completely out of their current income, with the differences mostly coming from being less likely to have their current income pay for some of their expenses.

5. Financial Concerns

When asked whether their current community offers good value, a majority of respondents, across all community types, stated they either “strongly agree” or “agree,” while

¹¹ We estimated an ordered probit, with 1 being that they pay nothing for their current expenses, and 4 that they pay all of their expenses out of current income. Covariates include the length of time staying in the community, an indicator for a long-distance mover, household type indicators (single men, married couples, with single women being the omitted category), education, self-reported health, current health compared to two years ago, race, whether this is their first time in an age-qualified community, net worth, the natural log of their housing costs, the type of community, and the natural log of lifetime earnings.

about one-third were neutral. Less than 10 percent disagreed or strongly disagreed with the statement, suggesting very little discontent.¹² While people are satisfied with the costs and services, there is concern about their ability to afford the fees. Overall, about 40 percent of respondents expressed “some concern” and an additional 15-30 percent indicated “considerable concern.” Residents in ALs show the most concern about their ability to afford the fees, with about 70 percent expressing some or considerable concern (Table 3).

These concerns are likely tied to the macroeconomy. Between October 9, 2007 and March 9, 2009, the stock market lost over 56 percent of its value (as measured by the Wilshire 5000 index), impacting individuals who need to use their assets invested in the stock market. Housing lost one-third of its value between the fourth quarter of 2006 and the first quarter of 2009, impacting anyone who still owns a house – including their current residence – and was planning on using that money to fund consumption before the market has time to recover.¹³ Further, overall inflation was low or negative, causing Social Security to not give a cost of living adjustment (COLA) for 2010 and 2011. That likely happened to other defined benefit pension plans, if they had a COLA to begin with. While this means that their incomes likely remained stable, their medical costs are likely increasing. Overall medical costs increased by 6.3 percent between September, 2009 and September, 2011.¹⁴ Given this macro-environment, concern about ability to pay bills in the future is not unfounded. According to a survey by the LIFE Foundation, 64 percent of Americans age 45 and older say that the recent economic downturn has had a major negative impact on their ability to pay for long-term care services.¹⁵ While most academic work to date has focused on individuals nearing retirement age instead of the currently retired, concerns about the financial future are relatively widespread. The 2008 *Bank of America Retirement Saving Survey* finds that more than 40 percent of workers felt they faced more years in the workforce than expected a year ago. The 2009 *Retirement Survey*, a nationally representative survey of individuals age 45-59, finds that half of the population would change their future work and/or retirement decisions because of the downturn (Munnell et al. 2010).

¹² Coe and Wu (2012c) delves into this issue of discontent further by examining plans to move out of the community, both why and where individuals plan to move.

¹³ “The NRRI and the House.” 2010. *NRRI Fact Sheet* No 1. Chestnut Hill, MA: Center for Retirement Research at Boston College.

¹⁴ Authors’ calculations of the CPI-medical care (CUSR0000SAM) series.

¹⁵ The LIFE survey was conducted by KRC Research October 30 – November 2, 2008. The survey polled a nationally representative sample of 1,006 Americans, ages 18 and older via telephone. The survey has a margin of error of +/- 3.1 percent at the 95 percent confidence level. More information can be found at www.lifehappens.org/.

We further explored factors that relate to concerns about the ability to afford the fees in the context of regression analysis (Table 6).¹⁶ The results show that those who stated they “strongly agree” or “agree” that their current community offers good value are much less likely to have concerns about their ability to afford the fees. Respondents who are currently married are more likely to have concerns. Not surprisingly, high-income residents and those with higher net worth are much less likely to be concerned about their ability to pay. Interestingly, those who rate themselves in excellent or good health and who state their current health is better or the same as two years ago, holding income and asset levels constant, are less likely to have financial concerns despite their likely longer lifespan. Furthermore, respondents who pay higher fees in housing and care are more likely to have concerns, again, holding wealth and income constant.

We present the marginal effect of the self-perceived value of the community to their financial concerns in Figure 3. This figure illustrates that, controlling for income, net worth and the cost of the community, the self-perceived value is in itself an important factor in determining financial concerns. Eighty-eight percent of people who report their community is a good value are not concerned or only somewhat concerned about their ability to pay. On the contrary, 44 percent of individuals who say they are not getting a good value report they are very concerned about their ability to pay. This could be reflecting the fact that the most financially constrained individuals are also the most likely to demand high quality services for their money. Alternatively, this pattern could occur because individuals who do not feel like they are getting a good value for the money are reporting their *willingness* to continue paying the monthly fees, instead of their *ability* to pay these fees.

6. Conclusions and Future Directions

The timing of the RFS, fielded in the summer of 2011, is at least one reason why we find that residents are concerned about their ability to continue to pay for their community and care costs. We find that individuals overwhelmingly report that they are self-reliant, with very few relying on family to pay for their community and care. The average monthly fees range between \$3,200 and \$3,800 per month, after accounting for additional services individuals pay for that are

¹⁶ We estimated an ordered probit model. The explanatory variables include age, gender, race, education, years living in the current community, whether lived in another age-qualified community beforehand, distance moved to current community, income, total net worth, self-rated value of the community, and indicators for health and marital status. The magnitude of the coefficients in Table 6 cannot be directly interpreted, but give an indication of the direction of the correlation.

not included in their monthly bill from the community. While about one-third report paying for these expenses out of their income alone, many report actively spending down their assets for their care. Given the relatively recent stock market and housing market drops, being concerned about their ability to continue paying these bills seems reasonable. Overwhelmingly, though, residents feel as if they are getting good value for their money. Those who are not satisfied with the services they are receiving for their monthly payments are much more likely to be concerned about their ability to pay. Since 40 percent of respondents expressed “some concern” and an additional 15-30 percent indicated “considerable concern,” further exploration is warranted on how these concerns relate to plans about moving out of the community.

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Figure 1. Portion of Expenses Covered by Current Income

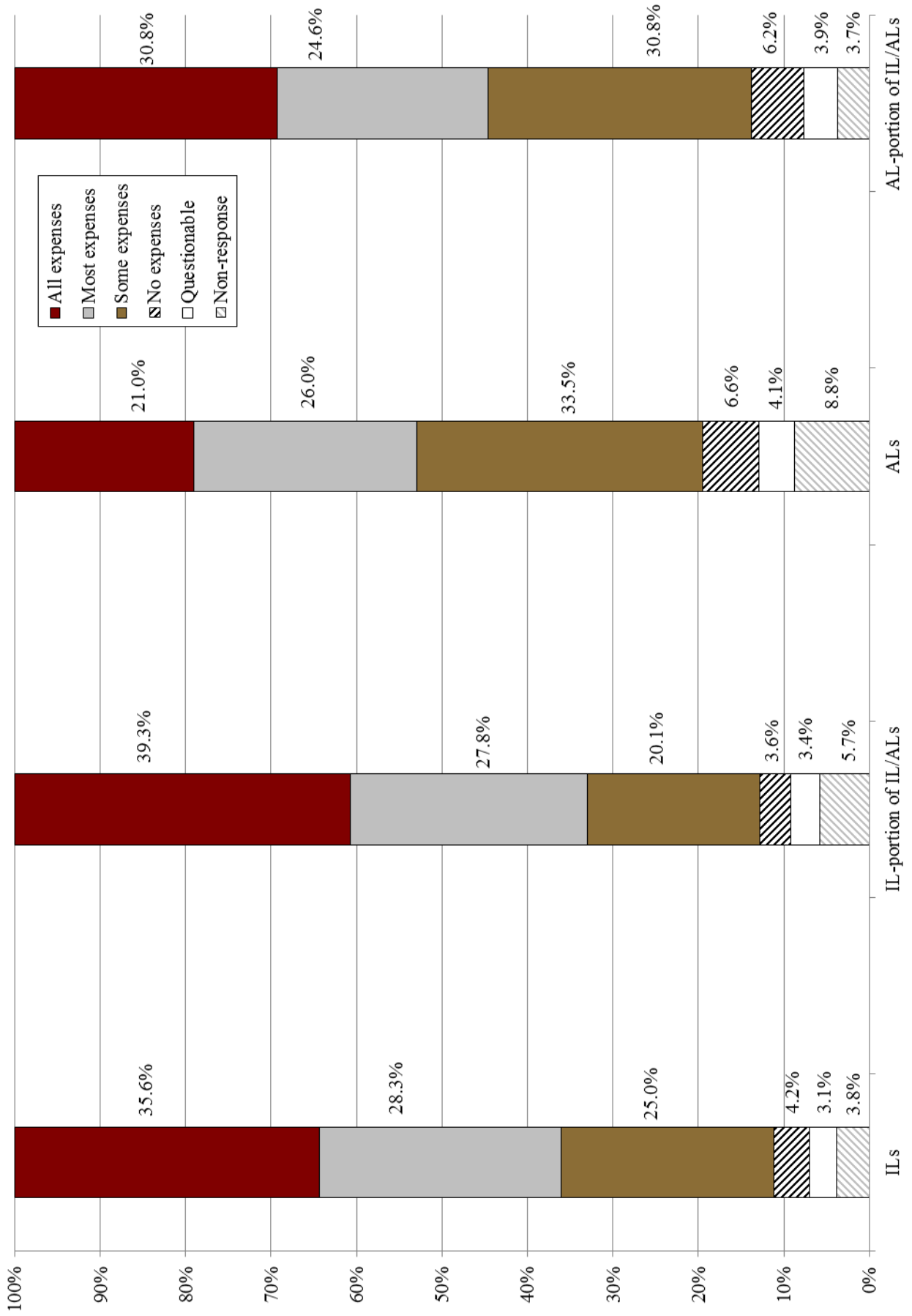


Figure 2. Marginal Effect of Time in Current Community on How Respondents Pay Their Expenses

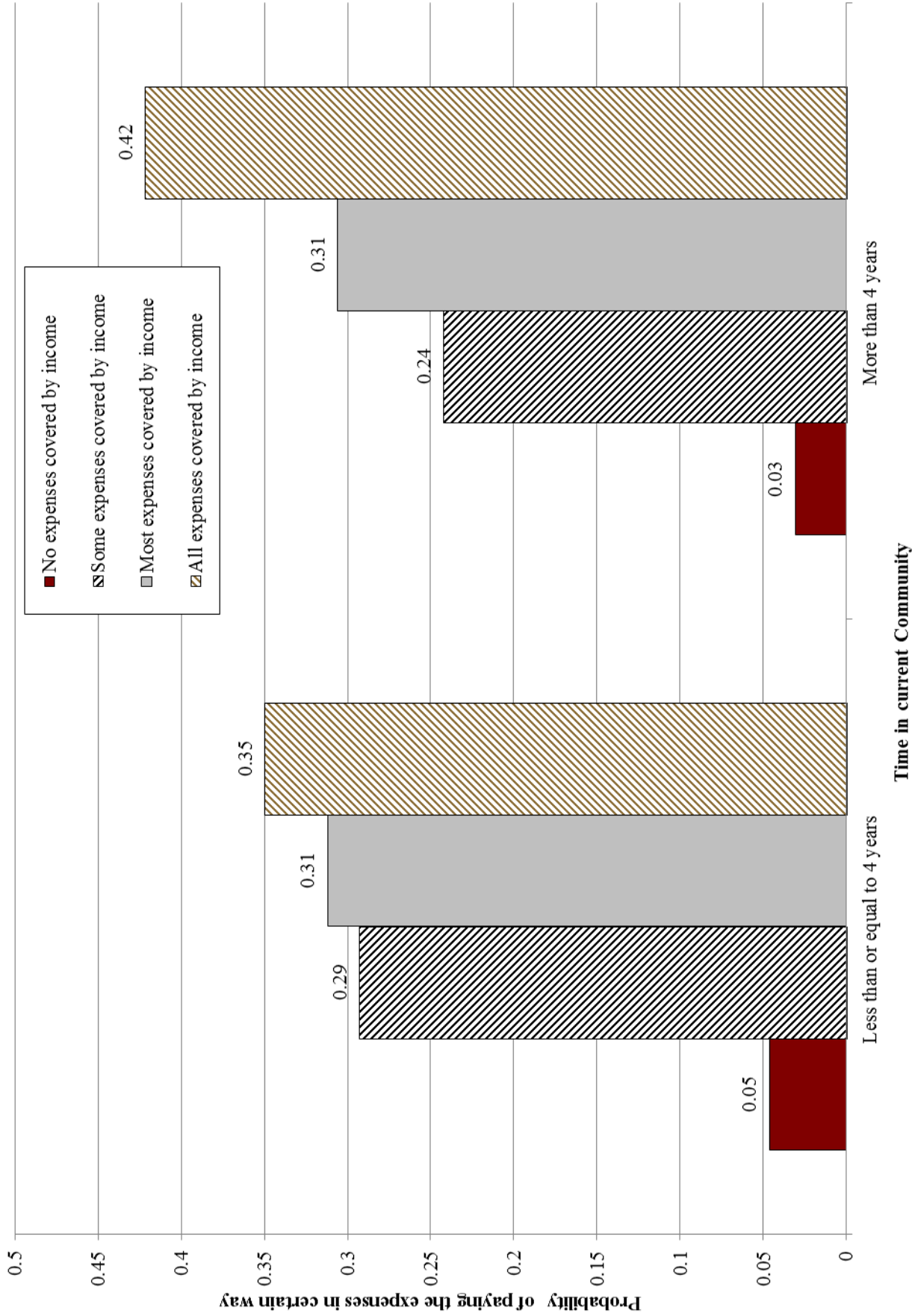


Figure 3. Marginal Effect of Self-Reported Value of the Community on the Degree of Cost Concerns

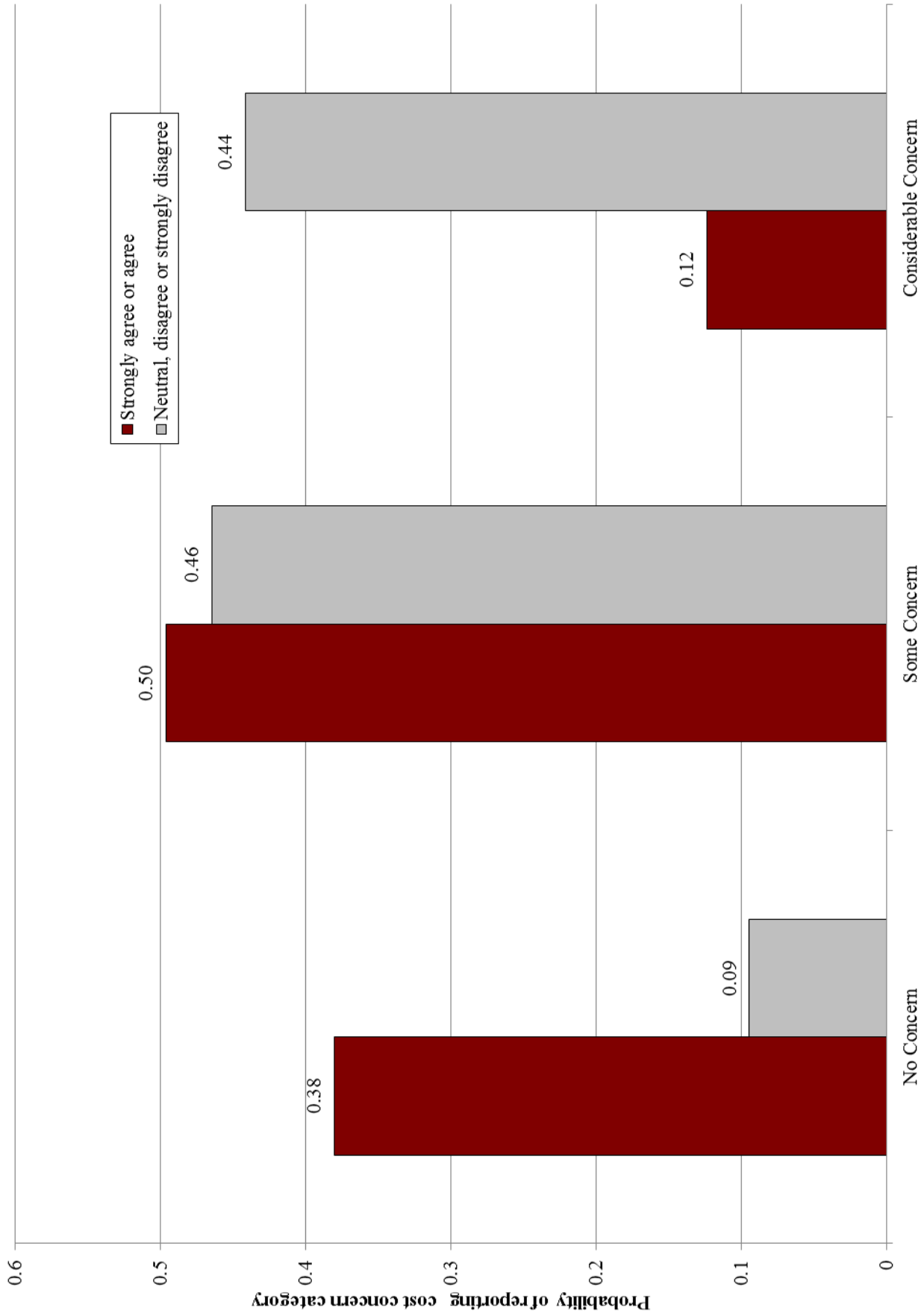


Table 1. Demographic and Health Characteristics of Residents

	Freestanding IL	Combined IL	Freestanding AL	Combined AL
Current age				
Average age	86.2	86.4	86.4	86.3
Median age	87.0	87.0	87.0	87.0
Non-response	7.3 %	5.2 %	3.3 %	5.2 %
Age moved into current community				
Average age	82.6	83.4	83.7	83.2
Median age	83.7	83.9	84.8	84.8
Non-response	14.5 %	14.4 %	11.1 %	13.1 %
Gender*				
Male	28.5 %	34.7 %	24.9 %	30.5 %
Non-response	4.2	2.9	1.8	3.7
Race*				
African-American	2.7 %	1.0 %	0.8 %	0.3 %
White	92.0	94.5	96.3	96.1
Non-response	3.8	2.6	1.4	2.7
Marital status*				
Married	13.2 %	20.1 %	9.4 %	15.5 %
Widowed	66.9	67.5	71.7	67.7
Divorced	9.9	5.9	11.5	8.9
Non-response	3.6	2.3	1.3	2.5
Education*				
Less than high school	12.6 %	4.5 %	13.5 %	10.6 %
College educated	28.3	40.6	23.1	29.1
Non-response	4.2	2.8	1.6	3.0
Number of children				
Average number of children	2.5	2.5	2.3	2.2
Median number of children	2.0	2.0	2.0	2.0
Non-response	8.0 %	9.6 %	7.2 %	4.9 %
Health*				
Self rated excellent or very good	31.5 %	37.6 %	27.8 %	27.3 %
Non-response	3.8	2.3	1.3	2.7
Same/better compared to two years ago	56.4	58.9	51.3	53.2
Non-response	4.0	2.6	1.5	2.7
Observations	477	854	880	406

Source : Authors' calculations of the *Residents' Financial Survey*.

*: See AppendixTable 1 for calculations with the percentages that treat non-response as missing observations.

Table 2. Income and Asset Information, by Community Type

	Freestanding IL	Combined IL	Freestanding AL	Combined AL
Monthly income amount*				
< \$850	2.3 %	0.7 %	4.3 %	3.9 %
\$850-\$1,200	6.7	3.2	9.1	7.4
\$1,200-\$1,500	7.1	5.2	10.2	8.1
\$1,500-\$2,000	13.2	9.1	12.2	11.3
\$2,000-\$2,500	13.8	11.4	11.6	8.9
\$2,500-\$3,000	12.6	10.9	10.5	7.1
\$3,000-\$3,500	9.0	13.0	9.1	9.1
\$3,500+	26.6	34.1	22.8	34.0
Questionable	1.3	2.5	1.5	2.2
Non-response	7.3	10.1	8.8	7.9
Income by source (multiple answers possible)				
Social Security	98.0 %	97.8 %	97.2 %	96.7 %
Pension/annuity	66.9	68.6	58.7	61.5
Interest from bank accounts	46.0	55.2	44.2	47.3
Interest from stocks/bonds	43.5	56.2	33.3	44.1
Rental income	7.0	7.7	6.2	8.4
Business or farm	2.5	2.2	1.3	3.6
Trust fund	4.3	7.0	3.4	7.1
Reverse mortgage	0.2	0.3	3.6	0.5
Medicaid	4.2	1.6	8.5	8.2
SSI	0.9	0.0	3.5	1.8
Food Stamps	1.5	0.1	0.2	2.6
HUD rental assistance	2.2	0.3	0.0	0.5
Other means-tested sources	0.6	0.1	0.0	0.5
Total net worth (in thousands)*				
< \$50	32.7 %	17.7 %	28.6 %	26.9 %
\$50-\$100	11.5	10.5	11.4	13.6
\$100-\$300	17.2	16.6	18.4	17.5
\$300-\$500	7.1	12.7	9.9	8.9
\$500-\$750	6.9	9.5	6.3	7.6
\$750-\$1,000	5.7	8.3	4.6	3.7
\$1,000-\$2,000	5.5	6.4	3.6	5.7
\$2,000+	1.9	4.5	2.3	3.5
Non-response	11.5	13.8	15.0	12.8
Observations	477	854	880	406

Source: Authors' calculations of the *Residents' Financial Survey*.

*: See Appendix Table 1 for calculations with the percentages that treat non-response as missing observations.

Table 3. Costs and Concerns of the Community

	Freestanding IL	Combined IL	Freestanding AL	Combined AL
Monthly bill per person				
Average	\$ 2,442	\$ 2,809	\$ 3,741	\$ 3,655
25 percentile	\$ 1,780	\$ 1,995	\$ 2,800	\$ 2,521
50 percentile	\$ 2,250	\$ 2,700	\$ 3,500	\$ 3,700
75 percentile	\$ 2,967	\$ 3,495	\$ 4,500	\$ 4,767
Questionable	5.5 %	2.3 %	9.9 %	4.7 %
Non-response	6.7 %	10.4 %	13.6 %	11.8 %
Additional fees				
Percent paid	20.7 %	10.3 %	9.9 %	13.8 %
Average additional amount (among people who paid)	\$ 636	\$ 905	\$ 1,343	\$ 2,021
Median additional amount (among people who paid)	\$ 295	\$ 300	\$ 400	\$ 535
Total monthly bill per person				
Average	\$ 2,553	\$ 2,884	\$ 3,832	\$ 3,803
Median	\$ 2,360	\$ 2,700	\$ 3,500	\$ 3,729
Non-response	6.5 %	10.4 %	13.6 %	11.8 %
The community offers me good value for my money*				
Strongly agree	14.9 %	14.6 %	13.8 %	17.0 %
Agree	46.1	43.4	40.8	41.6
Neutral	30.4	31.6	33.0	32.3
Disagree	6.3	7.0	8.9	7.4
Strongly disagree	0.6	1.4	1.7	0.7
Non-response	1.7	1.9	1.9	1.0
Relative to my ability to afford the fees*				
No concern	28.5 %	34.1 %	23.9 %	28.6 %
Some concern	44.7	44.9	39.7	41.9
Considerable concern	21.2	15.0	30.0	23.9
Non-response	5.7	6.1	6.5	5.7
Observations	477	854	880	406

Source: Authors' calculations of the *Residents' Financial Survey*.

Table 4. Sources of Payment, by Community Type

	Freestanding IL	Combined IL	Freestanding AL	Combined AL
Spending down assets				
All expenses covered by income	----	N/A	----	
Most expenses covered by income	84.6 %	89.0 %	83.1 %	88.4 %
Some expenses covered by income	77.8	91.0	81.8	83.6
No expenses covered by income	77.8	92.3	72.7	68.0
Get help from family				
All expenses covered by income		----	N/A	----
Most expenses covered by income	22.5 %	14.6 %	22.8 %	20.0 %
Some expenses covered by income	23.2	10.3	21.7	18.0
No expenses covered by income	22.2	19.2	30.1	28.0
Own a long-term care insurance policy				
All expenses covered by income	8.3 %	14.8 %	20.7 %	23.6 %
Most expenses covered by income	11.6	18.2	15.2	17.4
Some expenses covered by income	9.6	15.4	11.2	19.5
No expenses covered by income	11.8	29.2	21.2	8.7

Source: Authors' calculations of the Residents' Financial Survey.

Table 5. Characteristics correlated with how respondents pay their expenses

	Coefficient	Standard Error
Stayed in current community for 2 to 4 years	0.024	0.058
Stayed in current community for more than 4 years	0.189 ***	0.062
Moved over 100 miles to live in current residence	0.044	0.058
Single male	0.369 ***	0.060
Currently married	0.024	0.070
College educated	0.144 ***	0.053
Excellent/very good health (self-rated)	0.041	0.053
Same/somewhat better/much better health compared to two years ago	0.115 **	0.049
Black	0.144	0.235
Lived in another age-qualified community before	-0.037	0.052
Total net worth (in thousands)		
\$50-\$100	0.002	0.080
\$100-\$300	-0.042	0.071
\$300-\$500	0.064 ***	0.085
\$500-\$750	0.421 ***	0.097
\$750-\$1,000	0.392 ***	0.110
\$1,000-\$2,000	0.554 ***	0.117
\$2,000+	0.872 ***	0.152
Total monthly expenses for housing and care (log)	-0.482 ***	0.053
In IL portion of IL/ALs	0.105	0.068
In freestanding AL	-0.138 **	0.069
In AL portion of IL/ALs	-0.043	0.080
Lifetime earnings (log)	0.030	0.032
Cut 1	-1.448	0.573
Cut 2	-0.183	0.572
Cut 3	0.620	0.572
Observations	2,411	

Note: We included indicator variables for non-response for each of explanatory variables.

* significant at 10%, ** significant at 5%, *** significant at 1%.

Source: Authors' calculations of the *Residents' Financial Survey*.

Table 6. Characteristics correlated with Concerns about Ability to Pay

	Coefficient	Standard Error
Strongly agree/agree current community provides good value for price paid	-1.012 ***	0.096
Neutral about current community provides good value for price paid	-0.545 ***	0.097
Years in current community	-0.003	0.009
Age	0.040	0.048
Age squared (in hundreds)	-0.029	0.029
Female	0.087	0.056
Currently married	0.310 ***	0.076
College educated	-0.032	0.054
Excellent/very good health (self-rated)	-0.166 ***	0.055
Same/somewhat better/much better health compared to two years ago	-0.086 *	0.050
Black	0.092	0.242
Lived in another age-qualified community before	0.061	0.055
Monthly income amount		
\$850-\$1,200	0.075	0.210
\$1,200-\$1,500	0.070	0.205
\$1,500-\$2,000	0.081	0.198
\$2,000-\$2,500	-0.008	0.197
\$2,500-\$3,000	-0.189	0.199
\$3,000-\$3,500	-0.144	0.197
\$3,500+	-0.417 **	0.193
Total net worth (in thousands)		
\$50-\$100	-0.166 *	0.088
\$100-\$300	-0.406 ***	0.074
\$300-\$500	-0.737 ***	0.093
\$500-\$750	-0.773 ***	0.103
\$750-\$1,000	-0.915 ***	0.112
\$1,000-\$2,000	-1.196 ***	0.128
\$2,000+	-1.437 ***	0.165
Total monthly expenses for housing and care (log)	0.448 ***	0.065
Cut 1	0.057	0.333
Cut 2	1.506	0.327
Observations	2,409	

Note: We included indicator variables for non-response for each of explanatory variables.

* significant at 10%, ** significant at 5%, *** significant at 1%.

Source: Authors' calculations of the *Residents' Financial Survey*.

Appendix Table 1. Characteristics of Residents, Adjusted for Non-Response and Questionable Answers

	Freestanding IL	Combined IL	Freestanding AL	Combined AL
Gender				
Male	29.8 %	35.7 %	25.4 %	31.7 %
Race				
African-American	2.8 %	1.0 %	0.8 %	0.3 %
White	95.6	97.0	97.6	98.7
Marital status				
Married	13.7 %	20.6 %	9.5 %	15.9 %
Widowed	69.3	69.1	72.6	69.4
Divorced	10.2	6.0	11.6	9.1
Education				
Less than high school	13.1 %	4.6 %	13.7 %	10.9 %
College educated	29.5	41.8	23.4	29.9
Health				
Self rated excellent or very good	32.7 %	38.5 %	28.2 %	28.1 %
Same/better compared to two years ago	58.7	60.5	52.0	54.7
Monthly income amount				
< \$850	2.5 %	0.8 %	4.8 %	4.4 %
\$850-\$1,200	7.3	3.6	10.1	8.2
\$1,200-\$1,500	7.8	5.9	11.4	9.0
\$1,500-\$2,000	14.5	10.4	13.5	12.6
\$2,000-\$2,500	15.1	13.0	12.9	9.9
\$2,500-\$3,000	13.8	12.4	11.6	7.9
\$3,000-\$3,500	9.9	14.9	10.1	10.1
\$3,500+	29.1	39.0	25.4	37.8
Total net worth (in thousands)				
< \$50	37.0 %	20.5 %	33.7 %	30.8 %
\$50-\$100	13.0	12.2	13.4	15.5
\$100-\$300	19.4	19.3	21.7	20.1
\$300-\$500	8.1	14.7	11.6	10.2
\$500-\$750	7.8	11.0	7.4	8.8
\$750-\$1,000	6.4	9.6	5.4	4.2
\$1,000-\$2,000	6.2	7.5	4.3	6.5
\$2,000+	2.1	5.2	2.7	4.0
Expenses covered by current income				
All of the expenses	38.3 %	43.3 %	24.1 %	33.3 %
Most of the expenses	30.4	30.5	29.9	26.7
Some of the expenses	26.8	22.2	38.5	33.3
None of the expenses	4.5	4.0	7.6	6.7
The community offers me good value for my money				
Strongly agree	15.1 %	14.9 %	14.0 %	17.2 %
Agree	46.9	44.3	41.6	42.0
Neutral	30.9	32.2	33.6	32.6
Disagree	6.4	7.2	9.0	7.5
Strongly disagree	0.6	1.4	1.7	0.7
Relative to my ability to afford the fees				
No concern	30.2 %	36.3 %	25.5 %	30.3 %
Some concern	47.3	47.8	42.4	44.4
Considerable concern	22.4	16.0	32.1	25.3
Observations	477	854	880	406

Source: Authors' calculations of the *Residents' Financial Survey*.

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