

A Place to Call

HOME

Retirement's rewards come by choosing the right housing solution.



BY REBECCA KIRKMAN

PHOTOGRAPHY BY SEAN SCHEIDT



Above: Doris and Jack Zimmerman chose the not-for-profit Roland Park Place because of its location between their former community in Ruxton, where they remain active in their church, and the cultural attractions of downtown Baltimore.



At age 69, Doris Zimmerman was coping with limited eyesight and was concerned about remaining in her Ruxton home with her husband, Dr. Jack Zimmerman. Formerly a Johns Hopkins nurse and thoracic surgeon, respectively, the couple wanted to remain independent and active in the community without becoming a burden to their children, who live across the country.

They also wanted to avoid the challenges Doris had experienced with her own mother as she aged. "My mother stayed in her house and I had to run to Richmond constantly because she needed care," she explains. Although her mother eventually moved to an assisted-living facility, Doris says, it was 10 years too late. "I decided I would never do that to my children."

It was in their early 70s when "We began to look around to see if we couldn't have a simpler lifestyle," Doris Zimmerman says of their search for a local continuing-care retirement community, or CCRC.

The couple chose the not-for-profit facility Roland Park Place because of its location between their former community in Ruxton, where they remain active in their church, and the cultural attractions of downtown Baltimore. The walkability was also important to Doris because of her declining eyesight. "The city has sidewalks and if my eyesight went out, I could walk across the street to the grocery store, and I could walk down to The Woman's Club of Roland Park when I couldn't drive," Doris says. Although her eyesight has since improved, the couple still enjoys living in an urban environment.

"We lived in Guilford for many years, and when we moved to Ruxton, I said, 'I'm never going back to the city,'" says Jack Zimmerman. "But here we are," exclaims Doris with a laugh.



WHAT CAN I AFFORD?

One of the biggest factors in choosing a continuing-care facility is the price. When picking the right location, “we worried about the financial end of things,” says Jack.

The first look at monthly fees can be quite a shock, but the Zimmermans found the savings from no longer maintaining their home to be substantial. Between yard and home maintenance, utilities, taxes, and groceries, the Zimmermans ended up saving money each month. “You forget what you were actually spending,” says Doris. In addition to the savings, Jack finds paying one lump sum each month more convenient than the chore of managing household bills. Many retirement communities offer online calculators to estimate monthly savings. And then, one mustn’t forget to calculate the cost of health care.

Almost 70 percent of Americans turning 65 will need some sort of long-term care, according to the U.S. Department of Health and Human Services. And as life expectancy continues to increase, the amount we need to save for health care in retirement also grows.

“The cost of care is very expensive; it goes up a lot faster than the rate of inflation,” says Howard “Buddy” Goldman, an Owings Mills-based



wealth-management adviser and estate planner. “The need for care becomes a probability, not a possibility,” he says. “You have to plan for it, because that kind of cost can eat away at your retirement savings.”

Paying for health care in retirement generally occurs three ways: out of pocket with

hard-earned retirement savings, qualifying for Medicare if the individual’s resources have already been depleted, or buying long-term care insurance.

“A common misconception is that Medicare will pay for all of your medical costs,” says Goldman. “It will pay for some, but there are going to be some out-of-pocket expenses you’ll have to pay for yourself.”

For example, Medicare doesn’t cover the custodial home care provided by the Lisa Vogel Agency and home-health aide companies like it, although many clients come to her with that expectation. “Medicare covers only skilled nursing care,” Vogel says. “Private-duty nursing is paid for privately or by long-term care insurance.” Long-term care insurance is purchased when an individual is younger and healthy. “It’s an extremely expensive insurance, but if you consider what you would have to outlay for one-on-one care, it makes such good sense to buy the long-term care policy,” says Vogel, noting that her agency’s one-on-one services start at \$22 an hour.

Knowing what types of care Medicare or supplemental insurances cover can be confusing, and it’s best to talk with a professional early on during financial planning.



CRACKING THE NEST EGG

The time for retirement has come, but now what?

//

You’ve diligently crafted a comprehensive retirement plan with the help of a financial planner. But the complications don’t end once you reach age 65. The strategy for withdrawing funds from your long-accumulated nest egg can be just as important as the strategy you implemented when saving. Buddy Goldman of Owings Mills-based Goldman Associates offers some strategies for those nearing retirement.

» How does retirement spending change with age?

I call when you first retire your “go-go” years—that’s when you’re most active and you’re going to need the most amount of money. The second phase I call the “slow-go” years. You start to slow down and your income needs tend to go down, with the exception of possible health-care costs. The third phase is called the “no-go” years. You’re 85, 90, 100 years old. Most of the income needs will go to health care and basic living expenses.

» How does timing affect Social Security benefits?

Timing your Social Security benefits is absolutely one of the most important retirement decisions that an individual can make. You can earn a lot more money if you delay taking the benefits until after full retirement age with something called a delayed credit, where you can get an 8 percent per year bump in your benefits. That’s a big increase.

It’s not good for everyone. If someone is in poor health and has no other source of income, they might look at taking benefits early.

» How should I plan to use my savings?

Too many people work on accumulating assets but have no plan for what to do when they hit retirement. You’ll have Social Security, you’ll have some cash, your retirement plan, Roth IRAs, mutual funds, plus maybe you inherited something. As you near retirement age, some questions come up: When do you use what assets? What are the best ways to use your savings for taxable reduction of your income? How do you guarantee the income for retirement? How do you plan for health care, long-term care, and unforeseen costs as they come up? It all has to be tied together as part of a bigger, comprehensive plan.