

CCRC Contract Considerations



Continuing care retirement communities (CCRCs) offer increasing levels of care at one location as residents' needs change. The security of knowing you'll be cared for throughout various stages of health and aging is an attractive option for many seniors, but typically involves a major investment of resources. Before signing a contract with a CCRC, make sure you understand its terms and have the contract reviewed by a qualified attorney.

Types of CCRC Contracts

Life Care

(also called Extensive Care or Type A contracts)

Includes housing, residential services, amenities and unlimited use of health care services with no (or minimal) increase in fees. A substantial entrance fee is usually required, but monthly payments do not increase.

Modified

(or Type B contracts)

Includes similar housing and residential services as Life Care, but health care services are limited. Fees increase when a resident's care needs exceed what's included.

Fee-for-Service

(or Type C contracts)

Also includes housing and residential services and amenities similar to Life Care, but health care expenses are paid by the resident on an as-needed basis at market rates.

Rental

(or Type D contracts)

Less common, this is a pay-as-you-go option with no entrance fee. The resident pays all health expenses, but access to the facility's health care services is guaranteed.

Other Considerations

Fees - If increases are allowed, how is this determined and to what extent are they capped?

Refunds - Is any portion of the entrance fee refundable?

Deposits - If a deposit is paid to secure a space, under what circumstances will this be refunded?

Involuntary Transfers - Can a facility force one spouse (who requires a higher level of care) to be separated from his/her spouse (and potentially face higher expenses).

Involuntary Discharges - What are the facility's policies if a resident can no longer cover their fees?

Many seniors have found happy homes at CCRCs, but given the number of factors involved in a decision, the smartest buyers do their research and seek legal advice from an attorney before signing a residency contract.

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