

## FOCUS

## SENIOR LIVING &amp; RETIREMENT

## Financing retirement in the COVID era

By GINA GALLUCCI-WHITE  
Special to The Daily Record

Many residents want to retire from their jobs as soon as they are financially able to do so. The ongoing COVID-19 pandemic has caused some older adults to reevaluate their finances and retire even earlier.

"A lot of clients have done plans where they were supposed to retire in two, three, five years out," said Joseph R. Topolski, managing partner at the Baltimore-based Fraser Financial Partners. "They are all trying to retire within the next six months. We are pretty busy with (those clients) right now."

With a shorter timeline, many financial planners are now having to restructure retirement plans to make sure clients have enough money to last the rest of their lives. These moves can be tricky given how the pandemic

has made for a volatile stock market. As well as being in a bear market for fixed-income products like bonds, certificates of deposit and savings accounts, which are at historic lows for interest.

"Usually fixed income is a big component we would use during a retirement," Topolski said. "It is steady. It pays interest. It is predictable so that their income is predictable. That is how you get to retire. You know what is coming in, and you know what needs to go out."

Twenty years ago, if he had a client about to retire, they would put together a portfolio with 50% in stock-based investments and the other 50% in bonds, CDs and other fixed-income options. Today, financial advisers are seeing portfolios where clients are 70 to 80% in the stock market in some variation.

"The way that a lot of advisers, in-

cluding us, are trying to combat the lack of yield they call it on the fixed income or the bond markets is we are using insurance products," such as annuities, he said. "The issue we are having now is most of those insurance companies are leveraged off of interest rates so all of the things that they were offering have all kind of been pulled away a little bit or what they are offering is nowhere near as robust."

Some of the money advisers would have suggested be put into a regular annuity where the individual would get a predictable income is now being placed into buffered annuities. "There is this buffer that says if the market goes down a certain percentage, the insurance company eats the loss and you are still good," Topolski said. If the market goes up, the client is going to get a certain percentage of that market going up.

SEE FINANCES 5A



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Steven J. Sless of the Owings Mills-based Steven J. Sless Group said reverse mortgages are an underutilized banking tool in retirement.

## Impact &gt;&gt; COVID has slowed peoples' move to retirement living, but demand still there

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while 36% wanted to wait at least a year.

According to the National Investment Center for Seniors Housing & Care, senior housing occupancy dropped to 80.7% in the fourth quarter of 2020 from 82% in the prior quarter. The occupancy rate has not been this low since the NIC began tracking the measure in 2006.

Meanwhile, occupancy in senior living facilities dropped 1.3% to 77.7% in the fourth quarter, while independent living arrangements decreased 1.4% to 83.5%.

Survey respondents said they were much more worried about contracting seasonal flu in a senior housing facility than at home, while 70% said they thought they were more likely to contract COVID-19 at a senior housing facility than at home.

## Dealing with the pandemic

Mark Beggs, president and CEO of Edenwald Senior Living in Towson, which offers independent living, assisted living and nursing care, said independent living prospects dried up after the pandemic. In a typical year, the company has about 40 move-ins, but in 2020, had 10.

Edenwald responded to the pandemic from the get-go, educating staff and addressing the topic, the future of the organization and how it would be impacted on its YouTube channel and with residents, he said.

The nursing care and assisted living units stopped admissions and visits, focusing on keeping residents safe, Beggs said. The firm also consolidated units and closed others to maintain high staffing ratios in its open units, which remain mostly full.

The company's assisted living units are 100% occupied. Independent living units are 91% occupied. Overall, Edenwald has 84% occupancy at the moment, well above the national rate of 80.7%, Beggs said.

In early March, Edenwald had one independent living resident who apparently died from COVID-19, and no other pandemic-related illnesses of note for the residents, he said. Staff members who've tested positive have all returned to work.

Currently, the company carries out testing in its nursing care and assisted

living units twice a week, and does point of care testing as a precaution in independent living units.

In the spring of 2020, Brightview Senior Living paused new move-ins until the company felt comfortable with its testing capabilities, said Julie Masiello, senior vice president of technology and marketing. The company reopened to new residents in July 2020, and since then has seen the volume of prospective residents match the company's pre-COVID-19 days.

## Making a Hard Decision

People are weighing several factors when considering the move into senior living.

The biggest hesitancy that both Masiello and Beggs said they have encountered is the fear of not being able to visit, or have visitors, should there be an outbreak. And the best way to counter this worry is to provide safe conditions.

Brightview began its COVID-19 vaccine clinics earlier this month. The company has operations in eight states, and some states have lagged in vaccine distribution scheduling, Masiello said. "With 98% of residents opting to get the vaccine, we feel like that provides an added layer of comfort," she said.

While there are people who are concerned about the virus and congregate living situations, prospects have concerns with staying at home that weren't there before the pandemic, Masiello said.

Struggles with isolation are hitting everyone, but those struggles have been amplified for seniors during the pandemic, she said. The normal outlets from extreme isolation, like going to restaurants, theaters or places of worship, aren't safe to visit.

"In some cases, that isolation has resulted in a deterioration of cognitive abilities – so staying at home to avoid the virus has had negative consequences," Masiello said. "A move to senior living allows them to socialize with their friends every day at meals and during our multiple planned activities."

Brightview has heard from adult children taking care of their older relatives who are facing challenges caring for the parents' needs, including meals, care and medication management.

Those who have hired home health



THE DAILY RECORD/FILE PHOTO

Edenwald Senior Living in Towson saw a decrease in the number of new residents in 2020. In a typical year, the company has about 40 move-ins, but in 2020, had 10.

care assistance have been finding those caregivers may not be tested as frequently as Brightview's associates, who get tested at least weekly and sometimes twice a week, she said. "So they come to us for the added assurance with infection control."

Beggs said he's also seen several factors holding people back from making the move.

To pay for living in a facility, many

folks typically sell their houses. But although interest rates are at record lows, and demand for houses is surging, some don't want to put their house on the market and potentially be exposed to people coming into the house with COVID-19, he said.

"A lot of people want to wait until this whole thing is over," Beggs said. "But people don't really have a sense of what that means."

## Convincing future prospects

Beggs tries to encourage folks on the independent living side with a focus on safety, as well as the prospects to be a part of a community that's still active and engaged. Residents are still enjoying everything the community has to offer, even if things are still handled differently with safety protocols like social distancing.

Over the holidays, Edenwald held a "12 Days of Christmas" event, boosted through social media, where the company gave away gifts, brought in a bagpipe player and more to make things fun and celebratory.

Beggs said he believes there is pent-up demand in the market right now and that it's unrealistic to think everyone will live with their children. The company has strong cash reserves right now, which will help it weather what he's expecting will be another hard year in 2021, though he's hoping to see a pickup in sales by midyear.

"People will look at which organizations handled the pandemic well," he said.

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Topolski notes they usually keep money in buffered annuities for around three to five years to allow folks to still participate in the market but to have a safety net if something bad happens during this time.

"It is not ideal," he notes. "If you gave me 10 tools it would be the 10th option I would use, but it is the market we are finding ourselves in right now."

Steven J. Sless, of the Owings Mills-based Steven J. Sless Group, notes reverse mortgages are an underutilized banking tool in retirement.

A reverse mortgage is a loan that is designed to provide seniors access to some of the equity that they have built up in their home. This option provides seniors with flexible repayment options. They may either treat the loan like a regular mortgage or defer payments until the home is sold or they leave. In that case, the amount of money that gets paid back when they leave the home are the funds that were borrowed plus any interest that has accumulated during the life of the loan.

"It provides seniors with increased liquidity, flexibility and accessibility," Sless said.

The option, he notes, is unique because it offers homeowners the opportunity to leverage what is in most cases their largest asset. They could take out a home equity loan, but that features a monthly payment and may derail their budget. A regular mortgage is another option, but those traditionally come with a 15- to 20-year term, which a senior might not want to take on.

Sless notes reverse mortgages are a great option because they are federally

insured, which means the funds can never be frozen or suspended.

"They don't have to make a monthly mortgage payment unless they chose to," he said.

One key way seniors can better manage their retirement finances is with the help of a professional.

"I think it is important to have somebody working on your behalf that is not emotionally involved in your finances," Sless said. "Emotions can trigger rash decisions, and you don't really want to make a rash decision when it comes to something as important as retirement."

Topolski observes that many people just have 401(k)s or 403(b) plans through their employer.

"Most folks do not work with an adviser," he said. "Most of them are not investing correctly for their goals."

He encourages folks to find an adviser who does comprehensive planning.

"I would say work with one that is more holistic where they sit down with you and they help you create a plan, they let you know from A to Z how everything is going to work out."

Sless said it is important to have a plan specifically for all the different risks in retirement, including long-term care and health care. Also, people must be ready to transition from wealth accumulation to wealth distribution where they understand how much they can safely take out and not outlive the money.

"Getting educated on that wealth distribution, I think that is paramount for anybody to live a comfortable retirement," he said.

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