



A Daily Reporter SMALL BUSINESS GUIDE

BABY BOOMERS:

HEALTH CARE ISSUES AND
PREPARING FOR SENIOR LIVING

A SPECIAL FEATURE OF *THE DAILY REPORTER*

OCTOBER 2004

BABY BOOMERS:

HEALTH CARE ISSUES AND PREPARING FOR SENIOR LIVING



Contents:

Needs will determine the appropriate community	3
Ask questions before needs arise	4
Families seek to minimize changes when moving aging relatives	6
It's never too late to save for retirement	7
Physical amenities become higher priority	8
Finding right in-home health care requires research	10
Time off includes consideration for ailing parents	12
Succession planning vital for closely-held businesses	14

The Daily Reporter's 2004 Small Business Guide Series includes our annual Central Ohio Business Resource Guide and publications focusing on:

- Banking, Loans and Investments
- Legal Concerns
- Green Building for Responsible Businesses
- Personnel Issues
- Baby Boomers: Health Care Issues and Preparing for Senior Living

BABY BOOMERS: HEALTH CARE ISSUES AND PREPARING FOR SENIOR LIVING

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Needs will determine the appropriate community

Daily Reporter Staff

The living options for retirees are evolving.

Two decades ago, senior citizens would usually live in their homes until their dependency on care became pronounced. Typically, when that happened, they would move in with their children's family or move into a nursing home.

Today, retirees have more choices. In addition to nursing homes, there are assisted living facilities and retirement communities.

Nursing homes, as such, have not changed much. These facilities are for elderly people who need round-the-clock medical attention. Residents live in one small room,

at times sharing it with another occupant.

Assisted living communities are similar to apartment buildings or apartment communities, but there are nurses on staff 24 hours a day to administer care whenever needed. Bathrooms and bedrooms are often equipped with call buttons or pull cords that will signal nurses to come immediately. Assisted living communities offer residents more independence than nursing homes.

Retirement communities, frequently referred to as continued care retirement communities, or CCRCs, offer utmost independence for retirees while still providing onsite care.

CCRCs are like gated communities. Not only do they have houses for

seniors, CCRCs also include assisted living centers as well as nursing homes all in one area.

Younger independent residents in their 70s often move into retirement communities and live in duplexes or single-family homes. If they ever need care, it is close by and always available.

As CCRC residents age and their need for medical care increases, they can move from their homes to the assisted living facility and eventually to the nursing home.

Ann Marie Ladis, director of marketing for Stoney Brook, a new CCRC being built by Episcopal Retirement Homes north of Worthington, said

(See Needs, Page 5)



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Ask questions before needs arise

“What can I do to preserve my current lifestyle?”
“Where do I want to receive long-term care?”
“How do I know who is the best provider of services?”

By BOB PASCHEN
Daily Reporter Staff Writer

With most life decisions, the more questions one asks the better, and since a person’s life can change dramatically during retirement, questions addressing the topic are not only a good idea, they can be life-savers.

One of the first questions to ask is, “What can I do to preserve my current lifestyle?” said Ann Marie Ladis, director of marketing for Stoney Brook, the newest of Episcopal Retirement Homes’ nonprofit continuing-care retirement communities.

It is a fact of life that as people age they will need more care. Some will need health assistance earlier than others. All will need assistance — not if, but when.

Ladis suggests approaching some of the tough retirement questions as early as possible. Thorough preparation can reduce retirement stress and establish the groundwork of care for the coming decades.

“Where do I want to receive long-term care?” Ladis said this question is pivotal. Since most, if not all, retirees will need some form of long-term care, this question is less about if and more about where.

Most choices of location break into two camps — institutional medical settings or upscale home life settings, she said.

Institutional medical facilities typically focus

solely on treatment. “Residents often live in one room,” rather than in an apartment-like setting, Ladis said.

But because 75 million baby boomers will retire in coming years, institutions have given way to larger subdivision-like retirement communities in which residents live in apartments or homes and, when needed, receive onsite medical care.

“Newer facilities understand that both the environment as well as the medical care are important for health,” Ladis said.

If a person is considering living in a retirement community, Ladis said, an important question is, “How do I know who is the best provider of services?”

Ladis said to ask representatives if their communities have received accreditation and commendations or awards. Find out whether current residents are willing to give testimonials, she suggested. Have dinner in the community restaurant. Residents are “always ready to give (potential new residents) the inside scoop,” said Ladis. “A lot of them are happy to tell you what they wished they could have asked before they moved in.”

Another question to ask if selecting a retirement community or assisted living facility is whether it is a for-profit or nonprofit establishment.

“For-profits exist for the purpose of shareholder profit,” Ladis said. “Nonprofits have no shareholders and have a volunteer board. Fees have to go back to into the communities. In nonprofits you will find guaranteed care if you run out of money.”

Needs

(Continued from page 3)

most seniors will live in either a nursing home, assisted living facility or a CCRC. It just depends on when seniors want to move.

For example, those individuals wanting to wait to leave their current homes until it is medically necessary will probably enter a nursing home. Older persons who may have some ailments but retain independence will go into assisted living facilities. Some are ready to move before they are sick, and enter a community of similarly-aged seniors.

The benefit of a CCRC, Ladis said, is that as a person ages or becomes ill, he or she stays in the same community.

“You won’t have to leave campus, and you won’t have to leave the friends you’ve established.”

When deciding what route to take — nursing home, assisted living, CCRC — Ladis said, ask yourself, “What kind of services do I want for my retirement and how would I like to maintain my lifestyle over the coming years?”

Ladis also suggested visiting at least three facilities before deciding on one. It is like test driving a car before you buy it, she said. 🍷

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Families seek to minimize changes when moving aging relatives

By JEREMY HOLDEN
Daily Reporter Staff Writer

With baby boomers facing retirement, the sheer number of the retirement population is expected to drive expansive service offerings at end-of-life and post-employment living communities, giving boomers more choices in where they'll spend their golden years.

"What we were finding was, we were getting patients from assisted living that were declining in care," said Chad Evans, district manager for Beverly Healthcare, which operated nine facilities in Ohio offering several choices in senior living arrangements.

Evans recently concluded a survey seeking input into the amenities sought when shopping for assisted-living facilities.

"We expanded the product," he added. Generally, assisted living involves non-licensed aides fostering seniors through largely independent lifestyles, though licensed, registered nurses often supervise treatment. Individuals looking for facilities that will soften the blow caused when seniors sacrifice some independence are seeking centers that maximize the use of licensed care givers while offering significant independence to seniors, Evans said.

By putting more licensed caregiver — nurses and physical therapists — centers can maximize the quality of the assist in the living arrangement.

Many facilities offer an array of care, ranging from independent living with some assistance to more dependant living arrangements, allowing the centers to expand into a Medicare audience, some-

thing that family members also seek when shopping for centers.

Families want to ensure that once the funds expire their loved ones will not be expelled from their center, Evans said.

"Families look for a facility that can provide a full range of services to accommodate declining parents," he said.

Assisted living facilities also offer an array of living arrangements in terms of how many individuals share a room. Semi-private rooms have two individuals sharing a room, while suites allow individuals to have separate bedrooms with a shared bathroom. Private rooms are available for individuals wanting to live without a roommate.

"Family members want to put mom into a home that is close to being the home environment, and be able to have high quality of life there," Evans said. ♣

It's never too late to save for retirement

By SEAN CASEY
Daily Reporter Staff Writer

As the first wave of the baby boomer generation nears retirement age, those who have not yet put away an adequate amount of money to leave the workforce comfortably most likely will have rougher financial times, but that does not mean they should give up on saving all together.

"It's never too late to start," according to Jim McMichael, who served for five years as the executive director of the Wisconsin State Commission of Aging. "It is only too late if you don't start at all."

Initiating a retirement plan late in a career requires making more sacrifices than those who started stowing funds away earlier, but there are still a number of strategies to employ that will help better prepare late-planners for their retirement years, he said.

First of all, "sock it away,"

McMichael said, encouraging workers with little or no savings as they approach retirement age to pump every cent they can into tax-deferred investment products, such as 401(k) plans and Individual Retirement Accounts, as well as into personal savings accounts.

In order to maximize the benefit of these tools, older workers just starting their retirement plans will have to reduce their expenditures and funnel that money to their nest eggs, he said. If workers in their 50s watch their budgets closely, they should be able to put away some decent chunks of money because they are often near their peak earning power and their children have usually moved out on their own by then, he added.

And because workers nearing retirement have less time to grow their investments than younger workers do, those without retirement plans should seek options with higher rates of return, he said.

"Don't invest in anything you are

uncomfortable with, but see if you can't squeeze out better returns."

These workers should also consider taking second jobs to bolster savings or simply work a few years longer than desired, even if it is in a part-time capacity, he said.

In addition to delaying retirement, workers with little savings may also opt to postpone receiving their Social Security benefits, he said.

If a person holds off on accepting Social Security checks until age 70, the payments can be up to 25 percent higher than they would be if the person began collecting at age 62.

According to trade group Financial Planning Association, the average worker should save so that he or she has between 70 and 80 percent of pre-retirement income for each year after retiring. Some can live on about half of their working

(See Retirement, Page 8)



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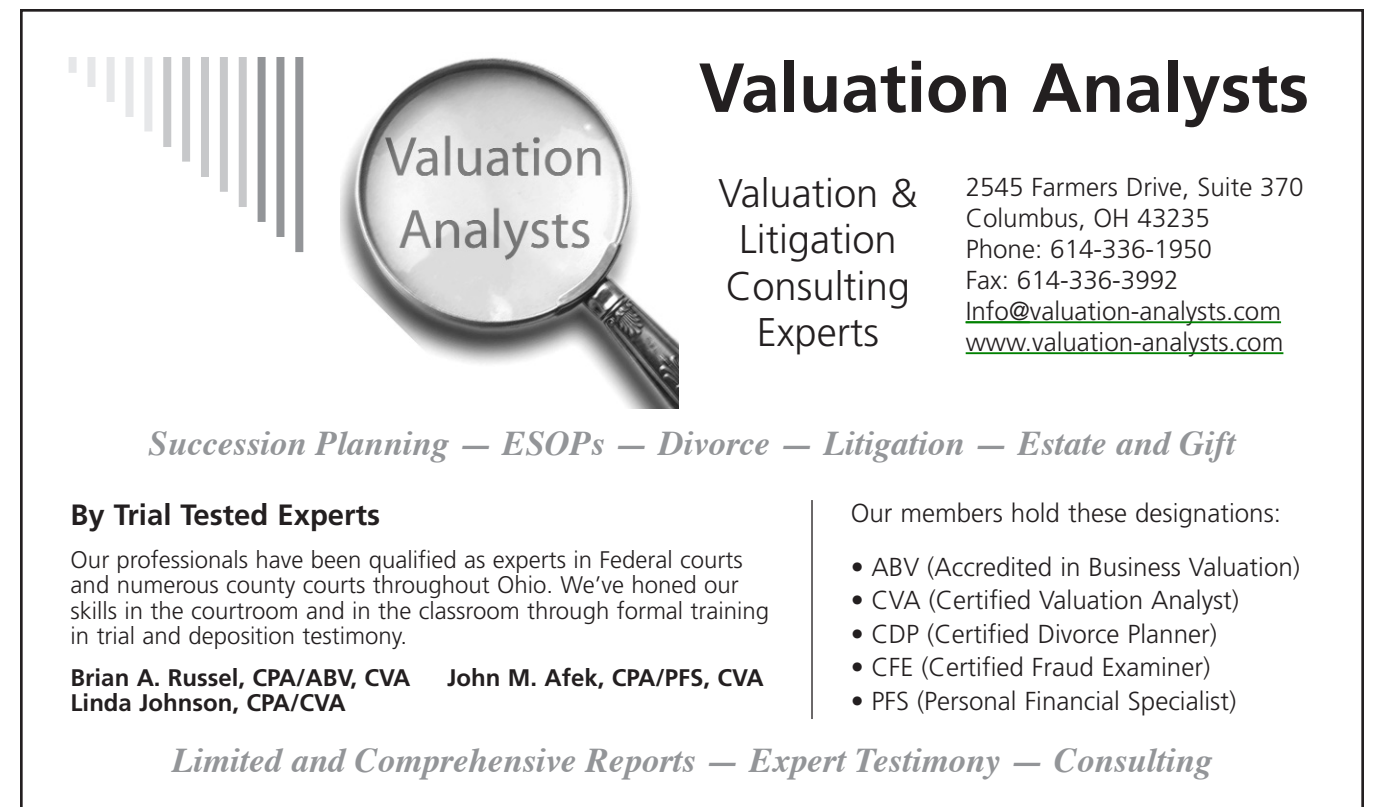
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Retirement

(Continued from page 7)

income, while some spend as much as 100 percent, but about three-quarters is standard.

In order to gauge what proportion of current annual income will be needed in retirement, individuals must establish a list of desired goals and activities. This will allow them to determine what their consumption levels will be, the FPA said.

And if a retiree is still unable to reach these goals through maxing out savings tools, securing a reverse mortgage might be a favorable option, according to a local certified senior advisor.

A reverse mortgage allows a homeowner to borrow money using the home's value as collateral. These loans can be secured from most lenders and are paid in installments, as a line of credit or as a lump sum on an income-tax-free basis, which makes them advantageous to house-rich, but cash-poor seniors, the advisor said.

These loans can be extremely useful later in life to help pay for ever-increasing medical costs, he added.

So there are options for older workers who are unprepared for retirement, but the longer they put off planning, the harder retirement will be, according to the U.S. Chamber of Commerce.

"The later in life you begin, the less chance you have for your savings to grow or for you to recover from bad economic conditions or life events," the U.S. Chamber said. "You may get tired of seeing this repeated over and over again, but there is no such thing as planning or saving for retirement too early."

Workers need to realize that betting on company retirement benefits, Social Security and Medicare to be sources of sufficient support after leaving the workforce is a losing proposition, according to the U.S. Chamber. Not only are these systems unable to provide adequate resources in retirement, but shrinking benefits and rising costs are jeopardizing their ability to provide much assistance at all.

Instead retirement preparation needs to be a proactive process, especially when that process begins late in a career, added another financial planner. "Your wealth is a business," he said. "And if you manage it like a business, it will be able to pay you a salary." ■



Physical amenities become higher priority

Daily Reporter Staff

Choosing an assisted living or retirement community isn't easy. Different communities focus on different things. Some concentrate more heavily on medical and surgical staff. Others promote social interaction and activities among independent retirees. Then there is cost, location and layout to consider.

Another factor is amenities, whether those are extra-wide doorways, tennis courts, putting greens, topiary gardens or walking paths. These touches can often be the deciding factor between one assisted living or retirement community and another.

"The first thing people are looking for is someplace that is going to take care of them for the rest of their lives," said Steve Love marketing director for Friendship Village of Dublin on Riverside Drive.

Since many senior living communities offer health and wellness care,

retirees equally scrutinize the offering of other amenities.

"People's understanding of these options has gotten very savvy," said Love.

For example, Friendship Village is building an Olympic-sized pool and a gym to attract more customers.

Larry Harris, chief executive officer of Willowbrook Christian Communities, said company's Delaware location has a library and a central restaurant that serves as the "hub of the wheel" for the entire community.

Several years ago, Willowbrook's food service facility was as low-grade as a high school cafeteria, Harris said.

After enjoying an evening out with his wife, Harris decided to hire a restaurant consultant, which led to the transformation of Willowbrook's dining hall into a country club-style restaurant.

"In the retirement community, (the restaurant) is a social hub, not only as a place to eat meals but meet people."

Harris said Willowbrook has numerous widows and widowers. Although they live alone, they enter the restaurant and often are invited to join other residents for dinner.

Another social gathering place at Willowbrook is the library. There community members can sign up to take trips to ball games, concerts and plays together, Harris said.

At Wesley Ridge in Reynoldsburg and Wesley Glen in Worthington, female residents can go to an on-site beauty shop and get their hair cut or styled. For the men, and some of the women, there even are woodworking shops for building projects, said Methodist Eldercare Services chief financial officer Dan Lavender.

Methodist Eldercare Services runs both Wesley Glen and Wesley Ridge. The company is building a third retirement community in Lancaster called Wesley Hills, and is expanding its Reynoldsburg location by 80 acres.

Lavender said that the company's two locations are built near state parks.

Wesley Ridge borders a federally-protected bird sanctuary "it would take an act of Congress to change."

Lavender, Harris and Love said retirees enjoy attending college lectures on such diverse topics as travel and weapons of mass destruction.

The popularity of lectures at retirement communities and assisted living centers is yet more proof that retirees are changing. The new group of retirees is from a different generation and thus has different wants.

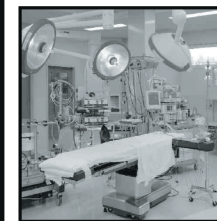
Love said that in the near future, planned living communities will likely begin building massages centers and facilities for yoga, Pilates and mediation. In short, homeopathy could transform the future of assisted living.

Harris said there are "different flavors" or "a whole array of choices" in assisted living and retirement communities "not there 25 years ago. Some are light on health care and strong on a social model." Others focus more heavily on health care, catering to older clients. But when several communities are similar, it is the amenities that can make all the difference. ■



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Finding right in-home health care requires research

By SEAN CASEY
Daily Reporter Staff Writer

Before choosing an in-home health-care service provider, consumers should screen potential companies to ensure that they are ethical, knowledgeable and effectively staffed, said Carol McMullin, registered nurse and intake liaison for Heartland Home Health and Hospice.

In order to verify that an in-home health-care provider is reputable, individuals should inquire whether the company is accredited by Medicare or by industry standards writers the Joint Committee on Accreditation of Healthcare Organizations or the Community Health Accreditation Program, she said.

Agencies with these credentials are licensed, bonded and employ staff members that have passed background examinations and completed proper courses of training, McMullin explained.

Once a list of reputable agencies is established, individuals must assess their personal needs to determine which service provider would best fill those urgencies and to discover through what avenues these services are offered, said Patty Callahan, information and assistance care giver specialist for the Central Ohio Area Agency on Aging.

"Know what you are looking for and how it is paid for," including

price rates and minimum commitments, Callahan said.

Patients' needs differ from individual to individual, she said. Some may require the assistance of skilled nurses or therapists in their homes, while others may simply desire help with registering for a Meals-on-Wheels program, a visit from a chaplain or respite service for family members.

Many elementary services are offered at little or no cost through non-profit county and area organizations such as the COAAA, so a patient should compile a list of needs before contracting a for-profit provider, she said.

If the patient requires more involved and attentive care though, an in-home health-care company may be a more advantageous option, but the patient must be aware of the guidelines for Medicare coverage, McMullin said.

Medicare will pay for 100 percent of the in-home health-care costs if the

Many elementary services are offered at little or no cost through non-profit county and area organizations such as the COAAA.

patient whose malady requires skilled care that is prescribed through a doctor's order is homebound in a safe environment, she said. Medicare and most insurance plans also cover all Hospice expenses depending on the progression of the disease, she added.

As long as a patient meets these guidelines, cost should not be a con-

cern, but if the patient does not meet the eligibility requirements, he or she should be prepared for out-of-pocket expense, she said.

If an individual is unsure about whether eligibility requirements are met for Medicare, insurance coverage, free programs, government assistance or what in-home health-care service provider to choose, there are some resources that can be accessed at no cost.

The state has a program called Care Choice Ohio that offers free in-home assessments of patient needs, Callahan said. Appointments for consultations can be made through the state's aging organizations, including the COAAA, which also offer information on many private providers.

The Web sites of Medicare and the Ohio Department of Health also offer an online service that compares different in-home health-care providers in order to help an individual find the right one to satisfy personal needs, she said. ■

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Time off includes consideration for ailing parents

By JEREMY HOLDEN
Daily Reporter Staff Writer

The baby boomers born between 1946-1964 recently have accepted a different moniker to describe their age group: the sandwich generation. The label illustrates their situation of having both children and parents simultaneously requiring care.

Fortunately for employees, Congress has given workers the ability to step away from the daily grind to care for both the preceding and ensuing generations.

The Family Medical Leave Act, enacted by Congress in 1993, requires employers to grant 12 weeks of leave time each year for employees to address family needs, whether the birth of a child, hospitalization of a toddler, or, increasingly common, providing care to elderly parents.

"Among those (reasons) is to care for a parent with a serious health condition," said Al Kinzer, an attorney with Vorys, Sater, Seymour and Pease LLP in Columbus.

The act allows employees to take time in one 12-week period, or to take time intermittently throughout the year, Kinzer said, adding that federal law requires only unpaid leave to be granted.

While employees have the option to take large pockets of time — up to 12 consecutive weeks — it is more common for employees to take leave time intermittently throughout the year in caring for elderly parents.

"It's very difficult to predict those needs. The Family Medical Leave Act requires the employee to present notice. If it's foreseeable, the employee must give 30 days notice. If it is not foreseeable, it's as soon as practicable. That depends on the circumstances. It's that area, the unforeseen, intermittent usage, that's difficult for employers to manage," Kinzer said.

Employers have some ability under the federal law to police the workplace, he added, but must do so in a manner that does not dissuade employees from the rightful use of their leave time.

Employers are able to require medical documentation, and

could go so far as requesting second and third opinions regarding the underlying medical condition giving rise to the leave.

The U.S. Department of Labor provides forms that employers can require in order to grant leave, and the federal law establishes specific regulations concerning medical leave.

"The employer cannot interfere with the employees' rights to take leave," Kinzer added.

The federal law requires employers to notify eligible employees that leave time is available to care for eligible family members, including posting official posters with FMLA regulations. Employers also should notify employees of all rights and expectations under the act in an employee handbook. Eligible employees must be full-time employees at companies with at least 50 employees working in a 75-mile radius, Kinzer said, adding that no leave time is required to care for in-laws.

When employees take advantage of available leave time, the workplace must either make do with remaining workers or hire temporary replacement workers. When an employee returns from qualified FMLA time, an equivalent position must be available, Kinzer noted.

In order to avoid hiring temporary employees, employers often are attempting to get more from remaining employees.

"The Department of Labor has said they are receiving some concerns that the workers left on the job are having to work extra hard to cover this. That's one of the effects," Kinzer said.

With intermittent time off, employers must be prepared to be short more than one employee at a time, as no safeguard exists to prevent multiple employees from taking FMLA time simultaneously, he added.

While employers might be hesitant to question an employee who has requested leave time to care for a dying parent, the entire workplace benefits by employers ensuring that leave time is not abused, Kinzer said. When no temporary replacement worker is utilized, the remaining workforce suffers overtime requirements.

"If fraud happens, it's employees left on the job who suffer," he said. ♦

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Succession planning vital for closely-held businesses

Entrepreneurs who postpone or ignore the succession planning process are likely to face familial problems in addition to financial ones.

By SEAN CASEY
Daily Reporter Staff Writer

Many small business owners have dreams of retirement, but not enough of them have actual plans, according to Brian Russel, a partner in Valuation Analysts, a Columbus consulting firm.

Preparing for the succession of leadership is essential to a small business owner's retirement, but too frequently proprietors of closely held companies ignore this process because they are too caught up in daily operations, he said.

Those who put this process on the back burner because of a reliance on the belief that they can simply sell the company and sail into retirement are in for a rude awakening, he said.

The reality is that selling a small, closely-held company is very difficult, as there are very few willing buyers in the market, Russel said. So, these businesses are not nearly as liquid as the owner might think. In fact, two-thirds of all closely-held businesses do not survive past the first generation, he added.

Additionally, entrepreneurs usually overestimate the actual value of their companies, often by as much as 200 percent, said John Afek, Russel's partner in the valuation service.

These misconceptions can lead to some major financial problems when it comes time to retire, especially because a large majority of an owner's assets are generally wrapped up in the business, Afek said.

Entrepreneurs who postpone or ignore the succession planning process are likely to face familial problems in addition to financial ones, Afek added. Business owners should decide whether they intend to pass company leadership down to a family member, and if so, to which one and how much stake each family member will have in the venture, he said.

In order to make their transition into those much-deserved retirement years, small business owners should begin succession planning as early as possible, Russel said.

Contacting business attorneys, financial planners, tax consultants and business valuers and discussing personal retirement goals will get the ball rolling, he added.

These professionals will help establish an exit strategy that encompasses all the facets of leaving the position as owner-manager of a company, including creating enough wealth to retire on, ensuring that a company can be sold at its fair value, determining how much insurance would be needed to offset estate taxes in the event of death, or keeping the business in the family, if that is desired, he said.

In addition to enabling a small business owner to enter retirement worry-free, succession planning and the valuation process can help entrepreneurs identify factors impacting performance, which may enable them to increase efficiency or profitability, making their working years a little more worry-free as well, he said. ■

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