



Your Retirement Choice: Rental vs Buy-In

There are a variety of options available in the senior living market. At Sierra Pointe, we want to be a positive part of this process by helping you make an informed decision. Understanding the difference between “RENTAL” versus “BUY IN” could save you hundreds of thousands of dollars in the future for you and your loved ones.

RENTAL (Lease)

In a rental community, residents pay rent monthly and renew their lease annually thereby maintaining control of their assets since there are no buy in fees or hidden costs. An a la carte menu of services is also available so residents have the flexibility to pay for additional medical and non-medical care if needed. At Sierra Pointe, we not only offer both independent and assisted living, but we have preferred providers with nearby healthcare facilities to provide a higher level of care in the event your needs change.

BUY-IN (Life Care or Continuing Care)

In a lifecare facility (also known as a buy-in or CCRC), residents purchase an *insurance policy*—*NOT real estate*. The ‘purchaser’ does not receive either a deed or title to the property they occupy. In fact, life care facilities are regulated by the Arizona Department of Insurance, not the Department of Real Estate.

Residents are committing to live in the facility for life. As their care needs change, they do not remain in the same apartment but physically move from independent living to assisted living to skilled nursing. Initial buy-in fees in the local market currently range from \$175,000 to \$854,000. In addition to the buy-in amount, monthly fees ranging from \$2,000 to \$5,000 are assessed.

As with a typical insurance contract, policy beneficiaries (heirs) are named who *may* receive a percentage return on the policy upon the death of the resident. This payout is most often based on a percentage of the original buy-in fee (unadjusted for any subsequent inflation). Typically, upon death, the space in the facility is remarketed by the owner of the facility—not the heirs. Depending on market conditions and the specific terms of the contract, this may result in a lengthy delay in any return of capital, which may significantly prolong probate.

Comparison	
Rental Sierra Pointe	Lifecare, Buy-In, or Continuing Care
Monthly Payments	Payments for Life
Lease term: One year Entrance fee: \$4,500	Entrance fee: \$175,000 - \$854,000
Preserve your assets. Pay as you go. Free to leave after term of lease.	Deplete your assets. Large upfront fees with only partial refundability.

Questions to ask when you visit a lifecare community

1. May I see a sample deed or title of the apartment I buy?
2. Does the monthly fee change as I move from independent living to assisted living and skilled nursing?
3. Am I required to move to another apartment when my level of care needs increase?

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