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The hidden costs of aging

The important conversation you need to have about care and housing expenses

Perspective, research and practical insights created in collaboration with The Center for Innovative Care in Aging at the Johns Hopkins University School of Nursing to help you prepare for the unexpected in retirement.



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What's inside

The Hidden Costs of Aging was created in collaboration with The Center for Innovative Care in Aging at the Johns Hopkins University School of Nursing. Our goal is to provide research and perspective on the costs associated with age-related care and housing and to offer practical guidance on how those expenses can impact your financial plan for retirement.



3 Retirement realities

Tough conversations to have now



4 Profile of aging

Changing demographics, forging new expectations for retirement



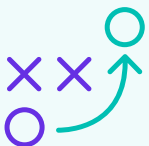
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An overview of housing solutions from aging in place to medically staffed nursing facilities



8 Considerations in the housing decision

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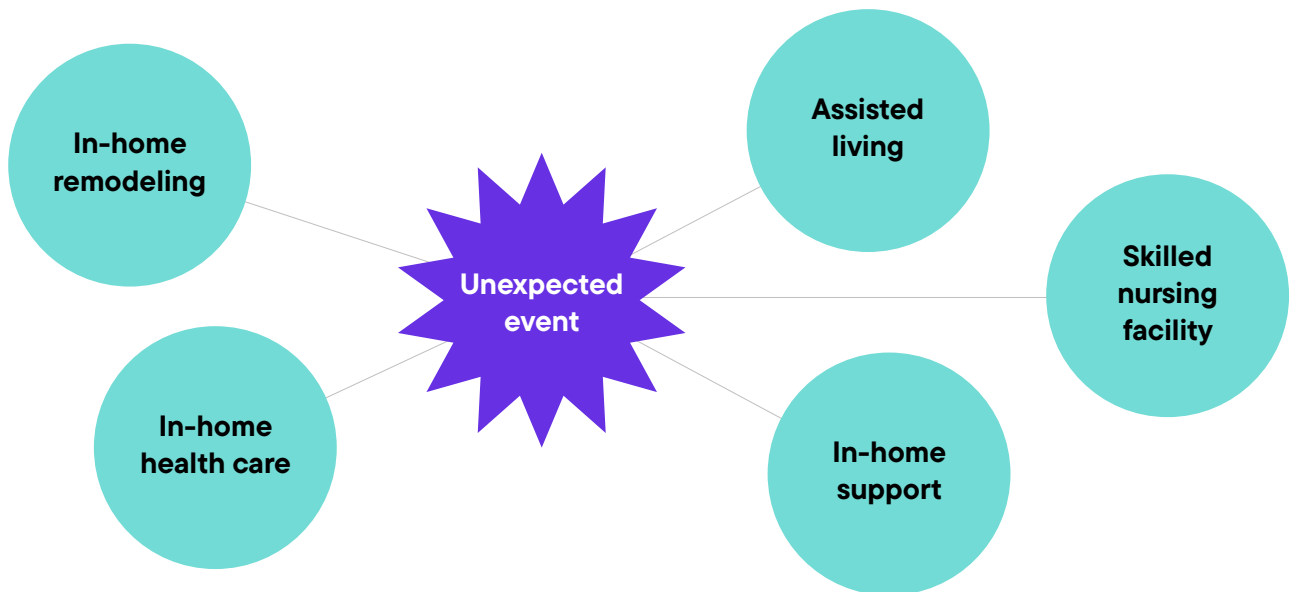
Steps you can take today to ensure that you are prepared

Retirement realities



A financially secure retirement is the culmination of years of planning, work and savings. Most people are so focused on reaching retirement, however, that they aren't fully prepared for the challenges of managing their finances during retirement.

How aging can derail your financial plan



What's at risk

You have worked and saved for decades, planning for your retirement and the estate you want to leave behind. Unaccounted for expenses related to health and housing, such as the examples in the graphic above, can seriously impact your long-term financial plans.

Tough talks to have now

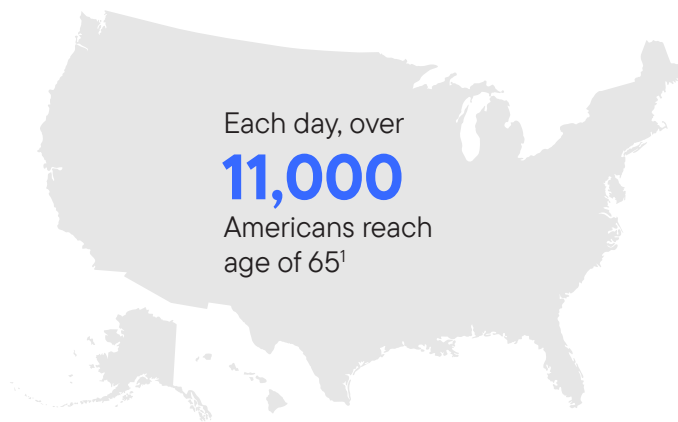
As people age, some expenses may decline (i.e., travel, activities), but costs related to health and housing may increase dramatically. If you want to control where and how you age and protect your financial plans, then you need to understand the financial implications of aging.

While this is a difficult topic for many people to discuss, working with your Financial Professional now will help you prepare mentally, emotionally and financially.

Profile of aging



Today's seniors are redefining what it means to age in America. As Baby Boomers reach and pass age 65, they are forging new expectations for retirement, including housing trends. **Several trends impact decisions related to housing during the years of retirement.**



Between 2020 and 2040 the over 65 population is expected to grow significantly.²



Housing³

Seven out of ten seniors will require residence in an assisted living facility in their lifetime.



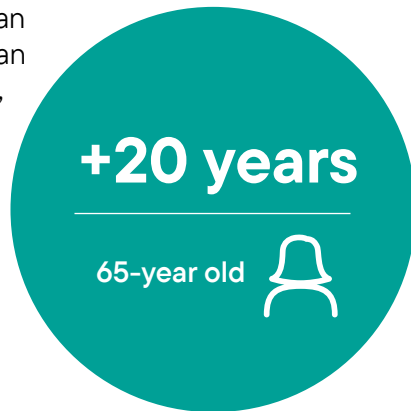
The percent of elderly residing in assisted living facilities increases with age, with **50% of residents being 85 or older.**³

1. Source: US Census, "Population Estimates by Age", July 1st 2024. This number is expected to continue into the 2030s.
2. Source: 2023 Profile of Older Americans: ACL, May 2024.
3. Source: Consumer Affairs. "Assisted Living Statistics". January 2024.

Life expectancy

The population is living longer. Women are outliving men.

A 65-year old woman can expect to live an additional 20 years, on average.⁴



A 65-year old man can expect to live an additional 17 years, on average.⁴



Once a woman or a man reaches 85, there is a good chance their lives will extend another 6–7 years.⁴



Women are more likely than men of the same age to be widowed.²

29%

65-year old 

11%

65-year old 

“The time to repair the roof is when the sun is shining.”

John F. Kennedy

4. SSA. 2024 Trustees Report.

Care and housing options



While it may be difficult to imagine today, there are any number of age-related issues that could impact your potential to live independently, including the inability to drive, loss of mobility, memory problems or a major illness. You can't predict or prevent some of these effects of aging, but you can be prepared by understanding the available care and housing options in this program.

Housing as you age

Below are brief summaries of the most common housing choices for older adults, including information on the level of assistance and medical care provided. Talk to your Financial Professional about the Assessing Your Housing Needs Discussion Guide and other helpful resources and worksheets in this program.



Aging in place

Given the choice, most people would rather remain in their homes for the rest of their lives. This option is challenging, however, because as residents grow older they may need more help, including assistance navigating and maintaining a living space in a way that ensures safety. You may be able to extend your time at home by making changes and/or adding support services.

Home modifications	<ul style="list-style-type: none">• No-step entry, single-floor living, wide doorways and hallways, reachable controls and switches, easy-to-use handles and switches.
Assistive devices and technologies	<ul style="list-style-type: none">• Medication management and reminder systems, remote monitoring and medical alert systems.
Support services	<ul style="list-style-type: none">• House cleaners, food services, driver, companion care.
Health care services	<ul style="list-style-type: none">• Home health aide, visiting nurse, physical therapist, occupational therapist, speech-language pathologist.
Out-of-house services	<ul style="list-style-type: none">• Adult day services, adult day health care, adult day care services.
Features	<ul style="list-style-type: none">• Enjoy the comforts of home and continuity of residence• Maintain medical and social relationships• Cost effective if home is suitable
Resources	<ul style="list-style-type: none">• Home Safety Assessment Checklist• Selecting a Geriatric Care Manager Worksheet• Hiring a Home Care Agency Worksheet• Interviewing a Caregiver Worksheet• Evaluating Adult Day Services Worksheet



55+ independent living communities

Singles or couples who do not yet need on-site medical care may want to consider an independent living community for people typically aged 55 and older. These communities can offer single-family homes, condos, town homes and high-rise apartments that are all relatively maintenance-free. They also usually offer services and amenities specific to the needs of older adults.

Features

- Medical services typically nearby
- Access to a range of amenities and social activities, such as exercise and art classes
- Opportunity to engage with others at the same stage of life

Resources

- 55+ Independent Living Communities Worksheet



Continuing care retirement communities (CCRCs)

A combination of living accommodations and a continuum of care contract allows CCRCs to provide different levels of health services, on location, for the remainder of a resident's life. This popular senior living arrangement is relatively expensive (high entry and monthly service fees) but does offer an attractive solution for singles who do not have a partner to assist them, or couples in which one individual needs care and the other is still active.

Features

- Services that may include meals, housekeeping, transportation and on-site medical care
- May include lifestyle amenities such as pools and fitness centers
- Ability to stay in place as medical needs increase
- Most comprehensive of all housing options

Resources

- Continuing Care Retirement Communities Worksheet



Assisted living facilities

Individuals who want to be as independent as possible but who may need help with some daily living activities may choose an assisted living facility. These facilities do not provide 24-hour skilled care, so they are most suitable for older adults who need some assistance with personal care and medication management but who do not need medical care.

Features

- Services that may include meals, housekeeping, transportation and on-site medical care
- Provide help with bathing, dressing and mobility
- Ability to stay in place as medical needs increase

Resources

- Assisted Living Facilities Worksheet



Skilled nursing facilities

These medical facilities offer full-time physicians, on-site nurses and nurse practitioners, social workers and dietitians. These facilities are well suited for individuals with serious medical conditions and/or Alzheimer's disease, dementia or cognitive impairment. Residents receive 24-hour care, including closer supervision and facility security.

Features

- Highest level of medical care prescribed by a doctor
- Increased security to protect patient safety
- Ability to serve patients with memory care issues

Resources

- Skilled Nursing Facilities Worksheet

Considerations in the housing decision



Where and how you live in your later years is a major decision, one that will impact your lifestyle, care and finances. A number of factors go into making a housing decision, so people in the same life stage may take different paths. Below are some of the considerations that can guide your housing selection process.

Options	Family	Lifestyle	Health care
Aging in place	If family members live in the area, they can assist in or manage support and medical services.	Individuals who lose mobility can become isolated living alone. Driving and public transportation are important factors to ensure socialization and lifestyle.	Geographic stability allows individuals to continue relationships with existing medical professionals. Home health care services can provide assistance for medical and non-medical care as needed.
55+ Independent living communities	Residents can have family visit and stay. Couples who live together but have different non-medical needs may bring in-home health aides for support.	Offer a built-in social outlet and recreational facilities, encouraging residents to engage with others at a similar stage of life.	Doctors' offices are often located close to these communities. Policies vary, but residents may bring in medical and non-medical care, but not usually skilled nursing care.
Continuing care retirement communities	Offer attractive options for couples where one party requires more extensive medical or non-medical care, allowing couples to still live in close proximity of each other.	Provide 24-hour security, social and recreational activities, attractive dining options, housekeeping, transportation, wellness and fitness programs.	Every level of care is offered, from independent to skilled nursing. The resident must be able to live at the independent level of care at the time they move. As their health care needs change, assisted living and skilled nursing are available.
Assisted living facilities	Families gain peace of mind from knowing that their family member is not alone and has support to carry out activities of daily living.	Social engagement with others occurs in a more supported living environment.	Health care supervision ensures that medical needs are being met either through on-site staff or periodic medical visits. Patients can be referred if health deteriorates, or a higher level of care is required.
Skilled nursing facilities	Provide full-time skilled nursing care that may be difficult for the family to provide in the home. Family members may visit or arrange to pick up a resident for a home visit.	Designed to provide on-site access to services, including meals and activities for residents.	Medical and nursing care are provided on-site and can often meet the care needs of patients for the rest of their lives. Some facilities offer separate memory care units for patients.

Costs to keep in mind

When exploring housing options, it is important to be aware of the relevant costs of services. Below are some key financials⁵ to consider in your evaluation.

Period	Hourly	Daily	Monthly	Annual	Year-Over-Year Increase
Homemaker services	\$33.00	\$207	\$6,292	\$77,504	10%
Home health aide services	\$34.00	\$213	\$6,483	\$77,792	3%
Adult day health care	—	\$100	\$2,167	\$26,000	5%
Cost of living in an independent living community⁶	—	—	\$1,500–\$10,000	\$18,000–\$120,000	—
Cost of living in an independent care community⁷	—	—	\$900–\$10,500	Entry Fee \$100,000–\$500,000 + \$10,800–\$126,000	—
Assisted living facility	—	\$194	\$5,900	\$70,800	10%
Nursing home, semi-private room	—	\$305	\$9,277	\$111,325	7%
Nursing home, private room	—	\$350	\$10,646	\$127,750	9%

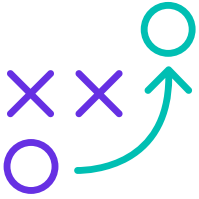


5. Genworth. 2024. Cost of Care Survey.

6. www.retirementliving.com, How much does senior housing cost? January 10, 2025.

7. www.care.com. "The cost of continuing care communities. Can you afford it?". Jayme Kennedy. January 31, 2021. (Pay as you go contract, one of three typical types of CCRC contracts).

Formulate a plan



No amount of wealth can forestall aging, but financial readiness can ensure that you have choices in care and housing. Take the time now to understand the potential issues, to have family conversations about your wishes and to develop a plan for how and where you wish to live in your later years. The more you know, the better equipped you will be to make choices that meet your needs and finances.

Learn how a Financial Professional can help you have more control of your destiny in retirement. Consider these tools and resources to start the conversation.

Factors

It is important to plan for the financial impact of a health crisis, whether that occurs in your 70s, 80s or 90s. The costs associated with in-home care or a change in housing can be substantial. A Financial Professional can help you with a variety of scenarios, work with you to develop an annual budget and help you plan for sufficient assets to cover late-in-life care and housing expenses.

Talk to your Financial Professional about

- Retirement savings that allow flexibility in care and housing
- Liquidity management
- Impact of inflation on future expenses, including housing
- Annual spending budget
- Asset allocation strategy
- Estate planning

Geriatric care manager

Dealing with the effects of aging can be confusing and stressful. Many people find it helpful to work with a professional in making decisions. A geriatric care manager is usually a licensed nurse or social worker who specializes in geriatrics. These professionals are trained to conduct assessments and recommend solutions. You can research geriatric care managers in your area.

Among the valuable services they can provide are:

- In-home visits
- Health and care service recommendations
- Medical services coordination
- Short-term and long-term plan development
- Alternative housing evaluations

Care and housing worksheets

The Hidden Costs of Aging program was created to help you initiate conversations with your family and your Financial Professional so that you will be more prepared for whatever the future brings. This series of questions and worksheets will help you articulate your priorities, preferences and ultimately your plan.

Workbook topics include:

- Finances
- Home safety assessment
- Family support and location
- Support services and resources
- Neighborhood considerations
- Medical services criteria
- Care needs
- Lifestyle goals

Intergenerational planning worksheets

Making decisions related to where and how you will live in your later years isn't the only important topic you should consider. In fact, there is a wide range of conversations that are important to have with your loved ones. Planning and communicating your goals during your lifetime will ensure that your family is prepared for the roles they may be asked to play in the future. The Intergenerational Divide program was created to help with these important estate planning topics.

Workbook topics include:

- Personal information checklist
- Emergency contacts chart
- Beneficiary considerations
- Definitions of roles in planning process
- Family mission statement, core values and concerns

1. SPEAK TO A FINANCIAL PROFESSIONAL

Reach out to your Financial Professional to ensure that your next planning meeting includes a discussion of future care and housing. Understand that covering this important topic will take time and that your decisions may change over time, but the time to start planning is now. You may also want to consider involving close family members in these discussions.

2. DETERMINE YOUR WISHES

Do your due diligence comparing the types of housing available if your health deteriorates. Pursue additional information through friends, family and the many professional resources available, including our worksheets. Be sure to prepare for all health scenarios.

3. IDENTIFY SPECIFIC RESOURCES AND FACILITIES

Explore the benefits of a geriatric care manager, home safety assessment or adult day services. Look into communities and facilities in your area or a location you would move to.

4. TAKE ACTION

A Financial Professional may help you develop a plan for the care and housing options you are considering.

5. DOCUMENT YOUR WISHES

Create a record of your care and housing plan and add it to your related documents, including your financial and estate plan, power of attorney, will and other instructions. Our worksheets on estate planning can help.

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