

Continuing Care Retirement Communities (CCRC) Residents Ask, 'Where's the Money?'

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The way Burton Richter tells it, the house he and his wife had lived in for 40 years needed a fence repaired, and the repairman damaged the pool plumbing. Fixing that messed up the garden's irrigation system. Soon afterward Dr. Richter had to climb onto the roof to repair a solar panel.

"Sitting at the table that night, over a martini, my wife and I looked at each other and said, 'Enough,'" said Dr. Richter, a retired Stanford University professor and a Nobel laureate in physics. The Richters moved into Vi at Palo Alto, a continuing care retirement community, in the summer of 2005.

So did Linda Cork, who headed the comparative medicine department at Stanford. Her mother had died of dementia, and as she thought about her own future, she wanted to know she had access to lifetime care without burdening her family. A continuing care retirement community allows residents to move from independent living to assisted living or a nursing home, all on the same campus, as they need increasing help.

Buying into the complex represented a huge financial commitment, but "I thought I'd done my due diligence," Dr. Cork said. She had visited other communities, hired a financial planner, paid an estate lawyer to review the contract. "I kept telling my children, 'I'm doing this for you.' They said, 'Thank you.'"

Among the 1,900 or so such communities across the country — they house about 650,000 people, and are rebounding after the recession stalled new construction — this complex is in many ways an outlier.

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CONTINUING CARE RETIREMENT COMMUNITIES (CCRC) RESIDENTS ASK, 'WHERE'S THE MONEY?'

Continuing care retirement communities tend to be costly, but the Vi at Palo Alto is exceptionally expensive: Dr. Cork's one-bedroom cost \$674,400 and the Richters' two-bedroom with den, \$1.59 million; residents also pay hefty monthly fees. And although 80 percent of such communities are nonprofits, often affiliated with religious groups, the Palo Alto complex and its nine sister developments are part of a corporation that used to be known as Classic Residence by Hyatt...