SOCIETY OF ACTUARIES

LIVING to 100
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Mortality and Longevity

Aging and Retirement

2020 Living to 100 Discussant Comments 4B: Housing, Health and Social Support of the Elderly

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Discussant Comments Session 4B: Housing, Health and Social Support of the Elderly--- A Discussion of Two Papers

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Two papers were presented in this panel:

Does Living in a Retirement Village Extend Life Expectancy? The Case of Whiteley Village in the UK – Les Mayhew, Ph.D.; Ben Rickayzen, Ph.D.; David Smith, Ph. D., City University, London.

Health and Social Care Analysis Regarding the State of Canadian Women Living in the Alone State of Retirement, – Douglas W. Andrews, FSA, FCIA, Ph.D.; Lori Curtis, Ph.D., University of Waterloo.

The issues they raise overlap and may apply in other countries as well. I am very pleased to see these topics as part of Living to 100 and for the SOA to be discussing them.

- Both papers deal with quality of life issues at older ages. Note that the Society of Actuaries addresses such issues in several other studies.
- Both include discussion of communities where care and housing are integrated in forms of Continuing Care Retirement Communities (CCRC). Both discuss issues relative to such communities.
- Both papers look at a variety of retirement community issues. It would be interesting to see a broad comparison of retirement community types across more countries with comparative information about them.
- Both papers focus heavily on women and include a focus on later years.
- The Mayhew paper focuses on improvements in life span and quality of life, in a U.K. setting where the group focused on is lower income. This is particularly interesting since in the U.S., such communities are generally out of reach for lower income individuals. However, the community financing enabled the lower income individuals to be there. The group includes couples and people alone.
- The Andrews paper focuses on a variety of strategies to improve quality of life. The individuals who are the focus of the paper do not have partners, but they may have adult children. The examples in the paper extend beyond Canada.
- The Andrews paper discuss three types of strategies to help improve quality of life: communities that integrate housing and care, social prescribing, and technology, particularly robotics.

Quality of life issues have been discussed in other Society of Actuaries research and activities. For example:

- Age friendly communities were discussed in the 2017 Living to 100. Unlike the special communities which integrate senior living and care, age friendly communities are not age segregated and they bring support services in the community.
- The Society of Actuaries has conducted a series of research projects about the situation at age 85 and over. This research includes some quality of life issues.
- The Society of Actuaries is a contributor to the Sightlines research conducted by the Stanford Center on Longevity. A major finding of this research is the importance of social engagement as a contributor to quality of life at older ages.
- Caregiving was a topic of focus in the 2017 Society of Actuaries Post-Retirement Risks Survey. The 2019 Survey includes a section on the emotional realities of retirement.
- In 2018 the Society of Actuaries issues a call for essays on family and retirement security.

The papers focus on CCRCs and discuss different models than CCRCs. There are CCRCs in the United States, but the details differ from the models discussed. Within the U.S., there are probably many variations, but I did not study that topic. The common element of CCRCs is that they offer multiple levels of support within the same community. Such communities can differ in the specific services that they offer, how they define levels of support and how many levels of support they offer, their financing, the promises made to the residents, the likelihood that people will stay long-term, the conditions under which they can be asked to leave, and how well they work for residents.

The papers look at examples of CCRCs. The Mayhew paper focuses on a community in the United Kingdom which is structured for lower economic status individuals. That paper demonstrates that the community studied seemed to increase life spans for lower income women. That seems very reasonable to me. The residents get good food, exercise, many opportunities for social engagement, and care when it is needed. For the residents, life is probably much less complex than it was before they came. However, there are health requirements at entry and it is unclear how much these requirements affect the life spans.

The Andrews paper points out that Canadian communities require substantial financial resources for entry. The same thing is true in the U.S. The Andrews paper recommends subsidies if these communities are to be helpful to the majority of people. The Andrews paper offered different examples of communities that offer integrated services. One of the examples had payments based on need. The Andrews paper discusses the general challenge of paying for integrated services and the need for public/community support for some people. That paper discussed regulation of these issues.

In the U.S. environment, CCRCs serve only a small minority of the elder population. Integrated services can be offered in the CCRC or they can be brought to the community for aging in place. Most people in the U.S. need to patch together the services they need as they need them. My paper "*Improving Retirement by Integrating Family, Friends, Housing and Support: Lessons Learned from Personal Experience"*[1] offer insights based on several case studies. Some of the key points raised in that paper are as follows:

- People in CCRCs like them very much – they can be a great solution unless thing go wrong. People whose parents were in CCRCs generally had very positive things to say.
- CCRCs usually require substantial up-front payments and monthly payments.
- My conclusion is that they can be a very good choice if the individual has an exit strategy, so that there are alternatives if things go wrong.
- While doing the research for my paper and while helping a family member investigate a CCRC, I discovered several things:
    - There was little literature for consumers on evaluating the risks in a CCRC.
    - The contracts vary with regard to how much of the up-front payment is refundable on leaving or on death. Some have no refunds and there is no guarantee about how much monthly payments will be.
    - The individuals often believe that they have a guarantee of lifetime care. However, the contracts may include situations where they can be asked to leave.
    - There are a number of risks that may not be well understood. There is the potential for financial trouble if there are not enough new entrants, unattractive refinancing of debt, and/or too much utilization of long-term care. Some CCRCs have gone into bankruptcy, but they also may be rehabilitated afterwards. In most states, CCRCs are not subject to the same level of financial regulation as insurance companies.
    - The contracts reserve rights to the CCRCs that are not well understood by the residents. I was personally aware of a situation where the sales people were telling a story totally different from what it said in the contract.

[1] Published by the Society of Actuaries in Managing the Impact of Long-Term Care Needs and Expense on Retirement Security Monograph, 2015.

- Individuals may face a problem if they are unable to meet the ongoing monthly payments. Some CCRCs have charity funds and can help some residents but these may be discretionary. The contract may give the CCRC the right to ask the person to leave.
- Individuals needing care may be satisfied with the care or not. They may find the quality of care is not what they hoped for, or that they need specialized care that is not available. The CCRC could determine that it Is unable to care for some situations. The contract may give the CCRC the right to ask someone to leave for an issue related to care.

The preferred alternative for where to age is usually cited as aging in place. Most people say they want to stay in their own homes. U.S. policy is moving toward more support for aging in place. The two papers did not discuss the alternative of aging in place and which is better. My response to the question of which is better is – it depends. For someone with a good support system and engagement in the community, aging in place is often the preferred choice. But if they develop severe limitations, there may be limits on how long that will work. On the other hand, for someone without the support system, or with challenges, the CCRC may be a much better choice if it is affordable. Some communities offer a variety of options that combine access to the community options for housing with support at different stages.

The Andrews paper is focused on people alone, and it does not distinguish between those adult children and/or siblings who might help vs. those with no family at all. I believe the situation is very different depending on the availability of family. Society of Actuaries research indicates that family is a major source of help in retirement, but often that such help is not planned for, by either the person receiving the help or the helper. The SOA telephone survey of individuals age 85 and over showed that nearly half of the respondents were getting help with being driven places, about a third were getting help with taking care of their residence, but fewer than 10% were getting help with activities of daily living. About four in ten in this group were not getting any regular help.

The Andrews paper focuses on the growth of technology and the possibility of expanded roles for robots. *The U.S. White House report: Emerging* Technologies to Support an Aging Population focuses on other communications that can improve the quality of life including:

- Technologies such as Facetime and Skype to improve family and other communication.
- Social media as a way to help people stay connected.
- Sensors can play a variety of roles including fall identification and monitoring whether a refrigerator has been opened,
- Improved medical care through three D printing, smaller diagnostic equipment, remote monitoring and more,
- Driverless cars,
- Smart homes,
- Robo advice opens the potential for financial advice to many more people.

The Andrews paper also describes the idea of social prescribing and shifting to a focus on preventative and holistic focus in working with people. His description also extends social prescribing to include social engagement. I would like to learn more about this, but I am doubtful that it will fit well into the U.S. health care environment as currently organized.

I am happy that Living to 100 includes these two papers focusing on housing, health care and the quality of life. I hope that there is more focus on these topics by the SOA and in future Living to 100 sessions.

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With roots dating back to 1889, the Society of Actuaries (SOA) is the world's largest actuarial professional organizations with more than 31,000 members. Through research and education, the SOA's mission is to advance actuarial knowledge and to enhance the ability of actuaries to provide expert advice and relevant solutions for financial, business and societal challenges. The SOA's vision is for actuaries to be the leading professionals in the measurement and management of risk.

The SOA supports actuaries and advances knowledge through research and education. As part of its work, the SOA seeks to inform public policy development and public understanding through research. The SOA aspires to be a trusted source of objective, data-driven research and analysis with an actuarial perspective for its members, industry, policymakers and the public. This distinct perspective comes from the SOA as an association of actuaries, who have a rigorous formal education and direct experience as practitioners as they perform applied research. The SOA also welcomes the opportunity to partner with other organizations in our work where appropriate.

The SOA has a history of working with public policymakers and regulators in developing historical experience studies and projection techniques as well as individual reports on health care, retirement and other topics. The SOA's research is intended to aid the work of policymakers and regulators and follow certain core principles:

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