

How to Pay for Assisted Living: Surprising Options and 7 Tips

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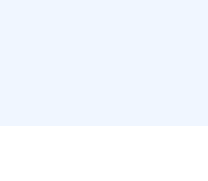
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Your aging loved one is ready for a social, engaging lifestyle with activities, amenities, and meals. But they need help with some daily activities as well. **Assisted living** can offer support while encouraging your relative to maintain independence and enjoy retirement.

The national median cost of assisted living is \$4,300 a month, according to Genworth's 2020 cost of care survey. Many families are surprised and disappointed to learn it's not covered by Medicare, and may not have that money in the bank. Luckily, there are several ways to cover costs and save money on your loved one's care. Learn how people **pay for assisted living**, plus tips on choosing the right community without breaking the bank.

Who pays for assisted living?

Most families use private funds to pay for assisted living. This means a combination of personal savings, pension payments, and retirement accounts. Though many seniors save for retirement over the years, family members often contribute to **elder care costs**. Before choosing a community for your loved one, consider how you'll pay for assisted living — determine the top features your relative prefers, how much care they'll need, and what funds are available through insurance, savings accounts, and family contributions.



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Our free tool provides options, advice, and next steps based on your unique situation.

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Does insurance cover assisted living?

Older adults often rely on health insurance to cover medical procedures, hospital stays, and other care. But can insurance help you afford assisted living? The answer varies by plan:

Medicare only covers short-term, non-custodial care, so you can't use it to pay for assisted living. However, Medicare may cover some of the health care your loved one receives in the assisted living community. For example, if your relative needs help bathing, dressing, and administering insulin, Medicare won't cover the cost of personal care assistance, but you may be able to claim the injection fees.

Private health insurance, like Blue Cross, Aetna, or Humana, may cover some skilled nursing or health care costs, but rarely contributes to personal care in assisted living. You'll need to contact the insurer directly for more details about your loved one's policy.

Long term care insurance (LTCI) — sometimes called nursing home or senior care insurance — generally goes into effect when your relative can no longer perform two **activities of daily living (ADLs)**. Your loved one likely would've had to register and pay for a policy before age 80. Does long term care insurance fully cover assisted living? It provides more benefits than most policies, but with considerable premiums over the years. Learn more about what LTCI covers by age group and policy

How to pay for assisted living with a life insurance policy

Many people don't realize a senior's life insurance policy — or that of a family member — can be used to pay for assisted living. You can sell a policy to a third party for market value and use the proceeds to fund a long-term care benefit plan while retaining some death benefits. Another option is "surrendering" a life insurance policy to the life insurance company for cash value. In this case, you give up ownership and won't receive any benefits upon death.

Who are you researching for?

Parent

Spouse

Someone Else

Myself

1 of 5

How does one pay for assisted living with home equity?

If your loved one owns a home or other property, they may be able to cover **assisted living costs** with home equity. Some ways to leverage home ownership to pay for assisted living include:


- **Bridge loans.** This short-term loan is ideal for urgent situations and can help homeowners gain cash flow quickly. Bridge loans can be used to pay for assisted living while you're liquidating assets or waiting for the home to sell.
- **Reverse mortgage.** This option allows a spouse or adult children to remain in the home. **Reverse mortgages** tap into home equity, so the borrower can receive money either as a lump sum or as needed to supplement income.
- **Sell or rent your home.** **Selling a home** can free up assets to pay for assisted living or other elder care. However, a spouse or relative may still live in the house, or want to keep the property in the family. If the home is vacant, but you aren't ready to sell, **consider renting**.

How do you pay for assisted living with other benefits?

In many senior living communities, a shared space is more cost-effective than a single room or apartment. In addition to saving money, sharing a room can be safer and prevent loneliness, a common problem among the elderly.

Wartime veterans or spouses may qualify for a pension program through the Department of Veterans Affairs (VA) to offset the cost of senior care. Our **Guide to VA Benefits and Long-Term Care** includes detailed information about how to apply, what's included, and eligibility.

Federal and Postal employees and annuitants, as well as qualified relatives, can apply for Federal Long Term Care Insurance (FLTCI), which helps pay for future long term care expenses. Employees have to apply for FLTCI before retirement, and certain medical conditions may prevent approval.



Talk with a Senior Living Advisor

Our advisors help 300,000 families each year find the right senior care for their loved ones.

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7 tips to save money on assisted living

Even with the above benefits, senior care can be expensive. Discover how to pay less for assisted living with these seven tips.

1. Ask about price flexibility and specials

Depending on the time of year and location, communities may be willing to offer a discount to fill vacant rooms. Many facilities offer deals at the end of the month or during seasons with lower move-in rates. Ask these questions during your tour:

- Are there any move-in incentives?
- Do you have any specials available?
- Is the community willing to negotiate its monthly price?
- Can the entrance fee be waived?
- Can you offer a month free if we sign up for an extended lease?
- Are there any discounts available with lump sum payments?

2. Compare a la carte costs with inclusive pricing

Some assisted living communities allow families to select either an all-inclusive rent fee or to pay for services individually based on need. Figuring out the best option for your needs will help you plan and budget more efficiently. The two payment models are:

- **A la carte.** This option allows you to purchase services or items separately based on need, including laundry or bathing services, additional housekeeping, meal delivery, and more.
- **All-inclusive.** In this model, a monthly fee covers a range of services so there are no surprise charges. Be sure to ask what's included.

If family members are available to help with services like housekeeping or personal grooming, a la carte payments may save money in the long run. However, all-inclusive rent payments are often a better value if you expect care needs to change over time.

3. Consider a roommate

In many senior living communities, a shared space is more cost-effective than a single room or apartment. In addition to saving money, sharing a room can be safer and prevent loneliness, a common problem among the elderly.

4. Enroll in discount programs for essentials for low-income seniors

Your loved one may be eligible to receive funds or assistance through senior benefit programs, allowing them to reallocate money normally spent on necessities to cover assisted living costs.

The National Council on Aging (NCOA) lists several programs for vulnerable adults or low-income seniors to save costs on drug prescriptions, food, hearing care, dental care, vision coverage, and energy bills.

5. Save on moving expenses

Hiring a **senior move manager** can help cover downsizing and transition costs. Move managers may be able to help you determine the least expensive time to move, the best options for seniors, and how to sell possessions to help cover assisted living costs.

Most senior move managers partner with estate agents to help organize sales of personal collections, antiques, cars, and more. Many assisted living communities offer referral discounts for senior-specific relocation services.

6. Explore tax credits and deductions

One surprising way to recoup assisted living costs is through **senior and caregiver tax credits**. Seniors who are considered "chronically ill," or who need help with two or more ADLs, can qualify for up to \$7,500 in senior living tax deductions. Relatives who pay for at least 50% of an elderly loved one's care may also be eligible for caregiver tax credits.

7. Get personalized senior living advice

A Place for Mom's **senior living advisors** have experience helping families find affordable senior living. "How does one pay for assisted living?" is one of the most common questions families ask. "Some families can simply pay for care with their income and their savings," says Mary Lontkowski, a Senior Living Advisor. "But for other families, it takes a little more creativity."

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