



# Finding Your Path Forward

Navigating today's retirement living options

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**Discover Your “Why?”**  
This drives your planning  
and decision process.



**Narrow Down the Choices**  
Find alignment between the  
two previous steps.



**Understand the Options**  
All retirement communities were  
not created alike. Education is key.



**Community-Level Research**  
Evaluate your final options



**Find the Right Financial Fit**  
Affordability, today and tomorrow.



**Make a Confident Decision**  
It feels good to be empowered  
to make the best decision for  
your future!




# Characteristics of a Life Plan Community/CCRC

- ◆ Housing, hospitality services, amenities, and care provided under a continuing care agreement
- ◆ Full continuum of care usually available on-site
- ◆ Financial support often available, if necessary
- ◆ Various types of contract models; entry fee often required for continuing care contracts


# Appeal of a Life Plan Community/CCRC



Extensive services and amenities




A “gift to the adult children”



Peace of mind



Security



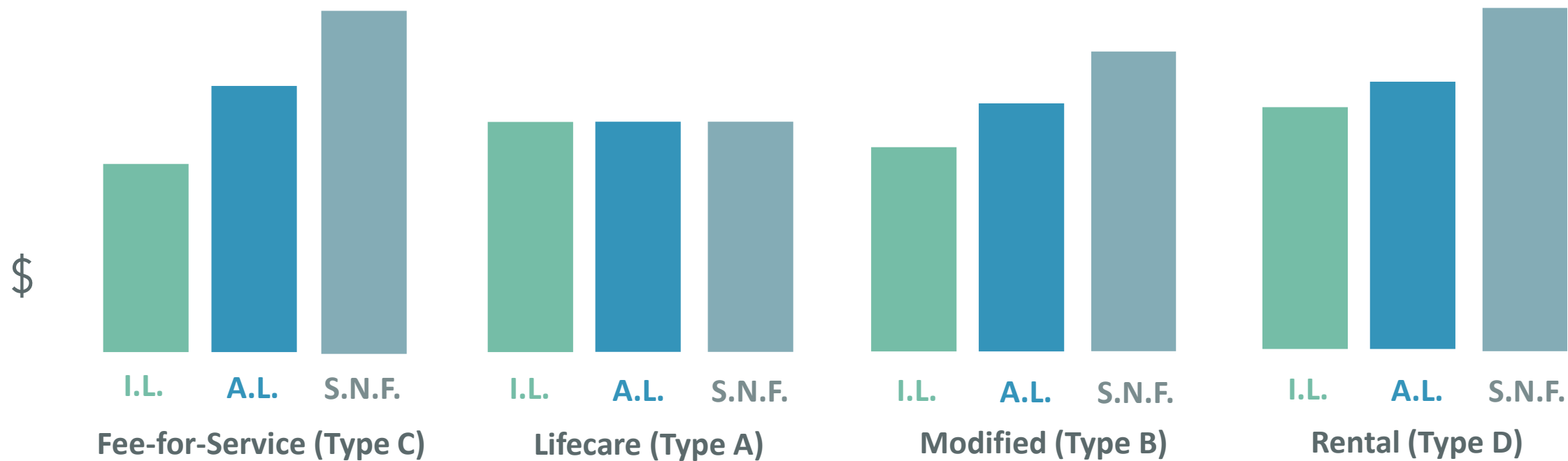
Wellness and Social Benefits

# Examples of Common Entry Fee Options at Life Plan Communities/CCRCs

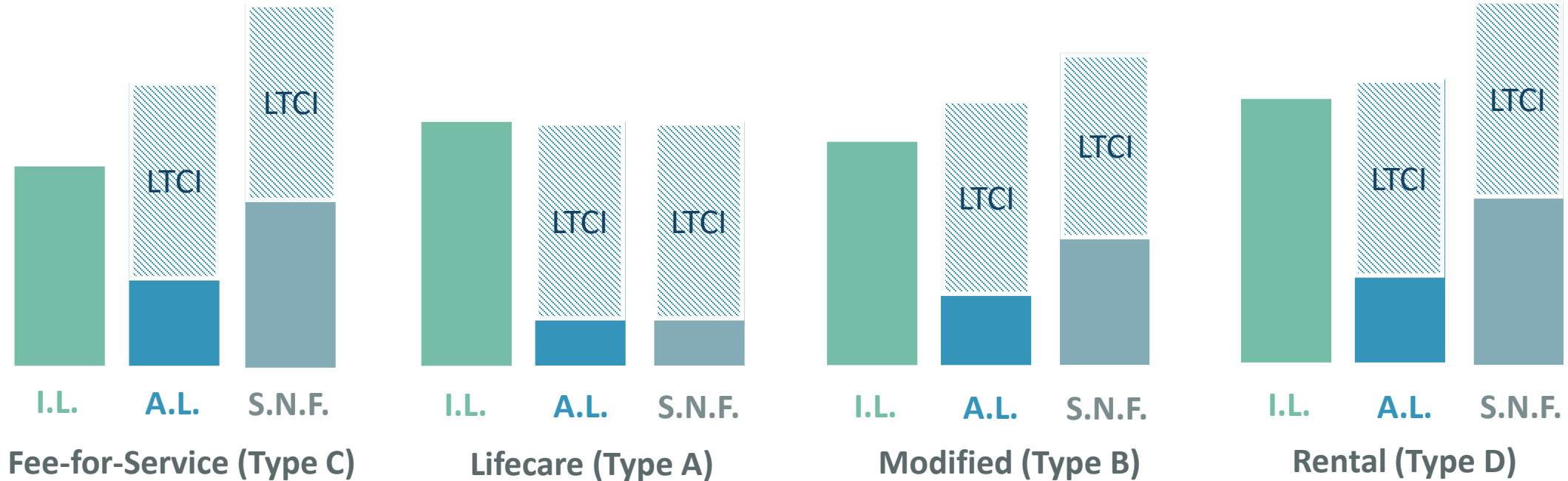


Be sure to read the residency contract for all stipulations and requirements related to the entry fee refund.

# Examples of Common Monthly Fee Options at Life Plan Communities/CCRCs

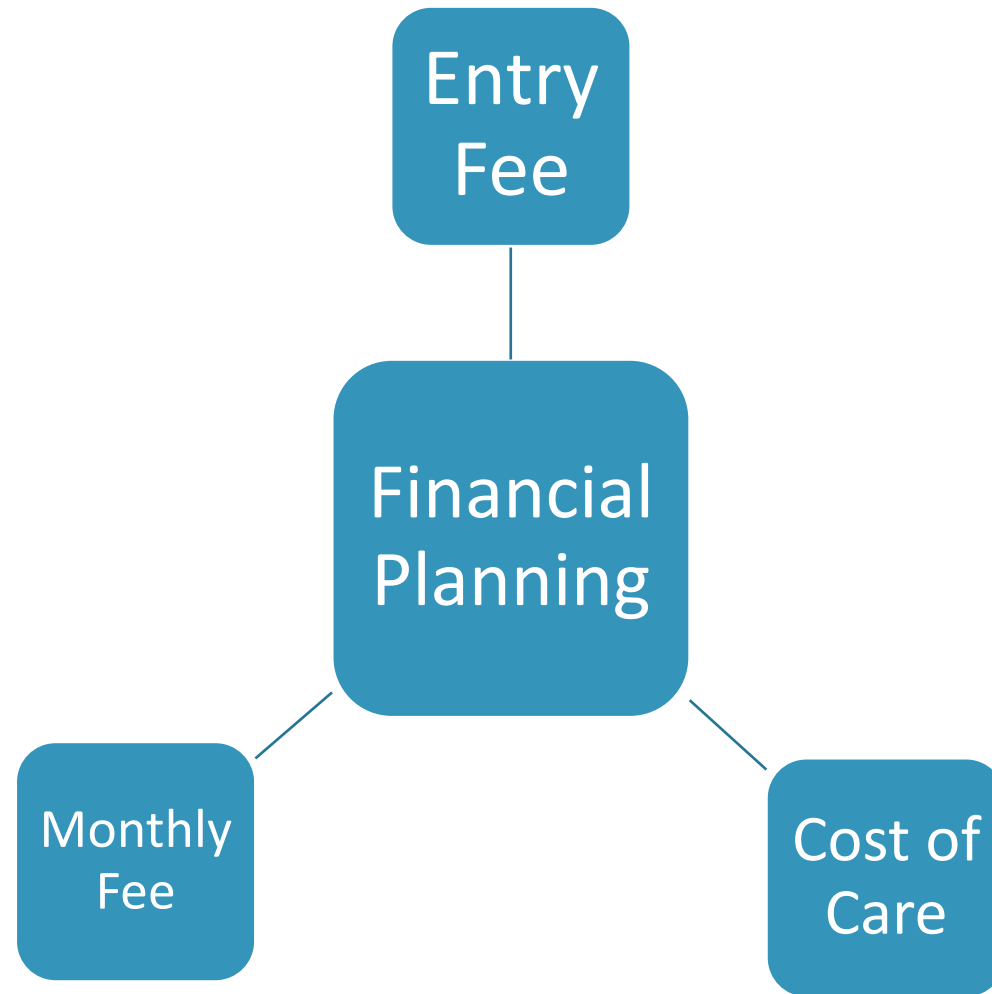


# Examples of Common Monthly Fee Options at Life Plan Communities/CCRCs – *with Long Term Care Ins.*



Talk with a representative at the retirement community as well as at your long-term care insurance company to be sure of any restrictions or stipulations related to using your LTCI.

# Three Parts of the Financial Decision





# Covering the Entry Fee

Options and considerations

# Selling Your Residence

## Determining Net Proceeds

- Capital gain exclusion: \$250,000 single/\$500,000 couple
  - Available every two years, and must have occupied home for two out of five years
  - Capital gains count towards AGI (but are taxed at capital gains rate)
- Possible federal net investment income tax—3.8% in 2022
- State-level capital gains tax or flat tax
- Home improvement expenses could increase cost basis
- Realtor fees

# Withdrawals from Accounts

## Taxable



- Capital Gains Tax
- Ordinary Income Tax on Interest

## Tax-Deferred



- No tax on earnings
- Ordinary income tax on withdrawals
- Penalty on withdrawals pre 59 ½

## Tax Free



- No tax on earnings if held 5 years
- No tax or penalty on withdrawals after 59 ½

## Tax Exempt



- No tax on interest
- Capital gain tax if sold (at a gain) before maturity

# 2022-2023 Capital Gains Tax Rates

<b>Tax-filing status</b>	<b>0% tax rate</b>	<b>15% tax rate</b>	<b>20% tax rate</b>
Single	\$0 to \$41,675.	\$41,676 to \$459,750.	\$459,751 or more.
Married, filing jointly	\$0 to \$83,350.	\$83,351 to \$517,200.	\$517,201 or more.
Married, filing separately	\$0 to \$41,675.	\$41,676 to \$258,600.	\$258,601 or more.
Head of household	\$0 to \$55,800.	\$55,801 to \$488,500.	\$488,501 or more.

*Short-term capital gains are taxed as ordinary income according to federal income tax brackets.*

# 2022-2023 Ordinary Income Tax Rates

## Married Filing Jointly

Tax rate	Taxable income bracket	Taxes owed
10%	\$0 to \$20,550.	10% of taxable income.
12%	\$20,551 to \$83,550.	\$2,055 plus 12% of the amount over \$20,550.
22%	\$83,551 to \$178,150.	\$9,615 plus 22% of the amount over \$83,550.
24%	\$178,151 to \$340,100.	\$30,427 plus 24% of the amount over \$178,150.

Additional tax brackets not shown

## Single Filers

Tax rate	Taxable income bracket	Tax owed
10%	\$0 to \$10,275.	10% of taxable income.
12%	\$10,276 to \$41,775.	\$1,027.50 plus 12% of the amount over \$10,275.
22%	\$41,776 to \$89,075.	\$4,807.50 plus 22% of the amount over \$41,775.
24%	\$89,076 to \$170,050.	\$15,213.50 plus 24% of the amount over \$89,075.

Additional tax brackets not shown

# Summary of Taxation on Income/Withdrawals

## Married Filing Jointly

### Up to \$83,500 AGI

Ordinary Income	Capital Gains
10-12%	0%

### Over \$83,550 AGI

Ordinary Income	Capital Gains
22-37%	15-20%

## Single Filer

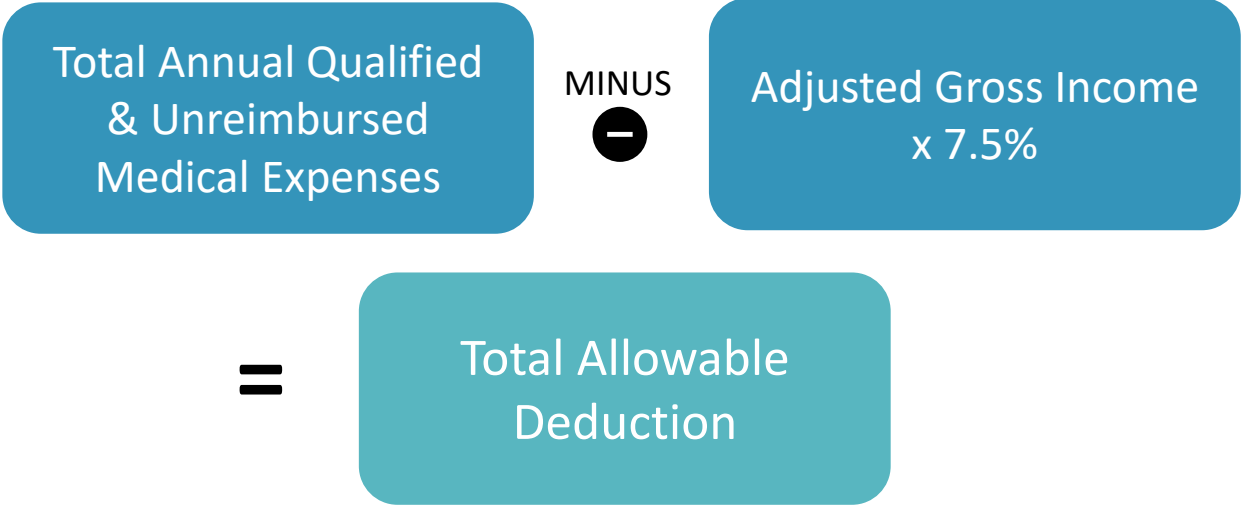
### Up to \$41,755 AGI

Ordinary Income	Capital Gains
10-12%	0%

### Over \$41,755 AGI

Ordinary Income	Capital Gains
22-37%	15-20%

# Medical Expense Tax Deductions

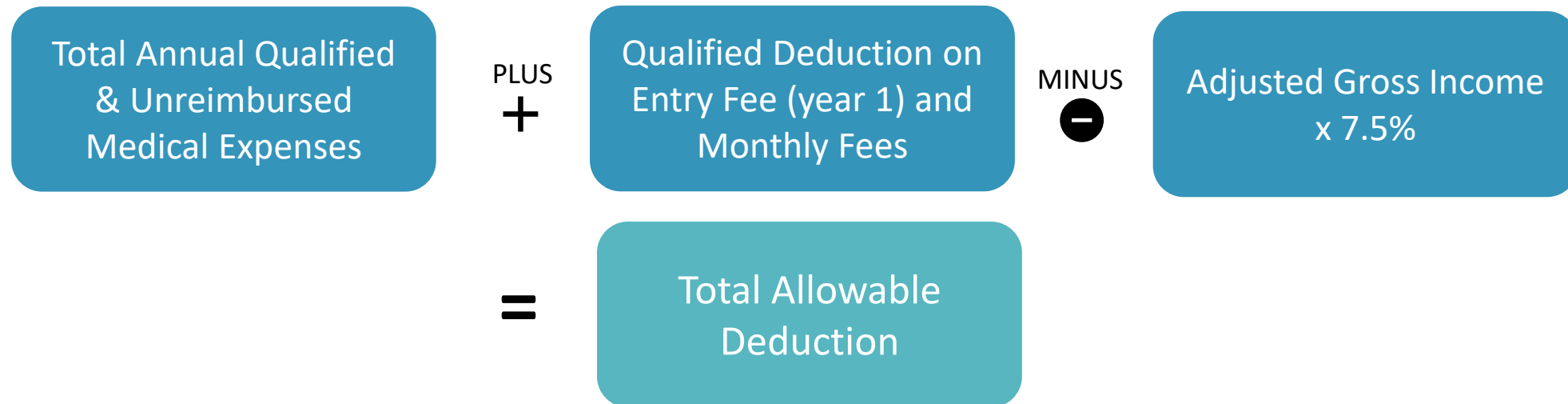


See IRS Publication 502 for guidance on tax deductions: [https://www.irs.gov/publications/p502#en\\_US\\_2015\\_publink1000178969](https://www.irs.gov/publications/p502#en_US_2015_publink1000178969).

The above information is general in nature and should not be viewed as personalized financial or tax advice. Be sure to consult with your financial and tax professionals before making any decisions.

# Tax Deductions on Entry and Monthly Fees

A tax deduction for pre-paid medical expenses *may* be available on some portion of the entry fee and/or monthly fee.



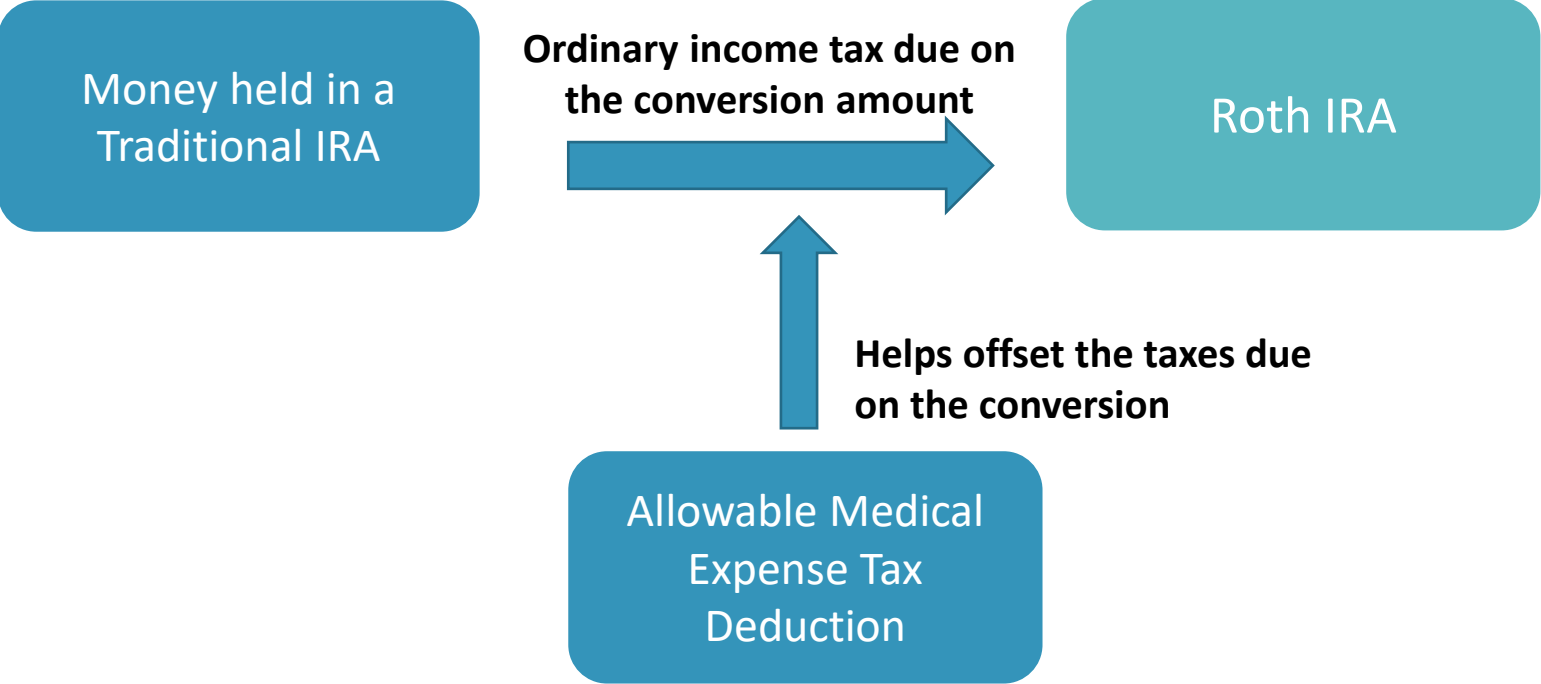
**Note:** On an apples-to-apples basis, a community with a higher available tax deduction is likely to have higher fees in general because some portion of the fee is going towards future healthcare. Deductions are not allowed on the refundable part of the entry fee.

See IRS Publication 502 for guidance on tax deductions: [https://www.irs.gov/publications/p502#en\\_US\\_2015\\_publink1000178969](https://www.irs.gov/publications/p502#en_US_2015_publink1000178969).

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# Leveraging Entry Fee Tax Deduction for Roth Conversion



See IRS Publication 502 for guidance on tax deductions: [https://www.irs.gov/publications/p502#en\\_US\\_2015\\_publink1000178969](https://www.irs.gov/publications/p502#en_US_2015_publink1000178969).

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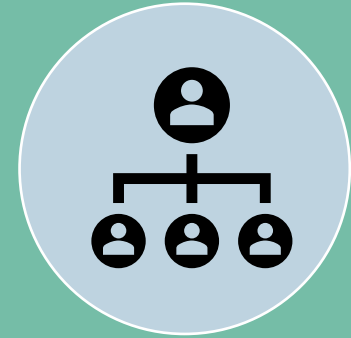
Contract  
Details



Quality of Care



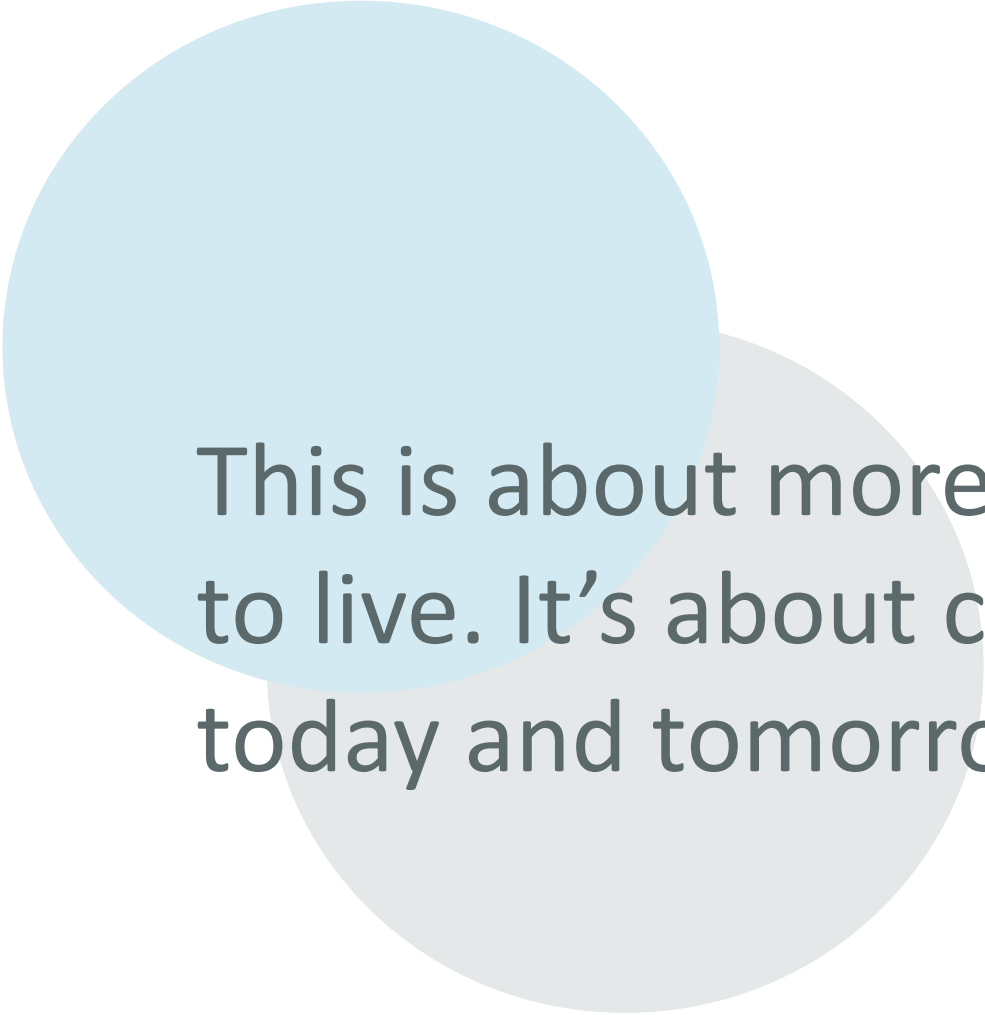
Quality of  
Organization



Management/  
Resident  
Relationship



Due Diligence



This is about more than just choosing *where* to live. It's about choosing *how* to live... both today and tomorrow.

[www.MyLifeSite.net](http://www.MyLifeSite.net)

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