Today’s Continuing Care Retirement Community (CCRC)

The strengths of this popular senior living model, its stress points and challenges...and its outlook tomorrow

CCRC TASK FORCE
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This paper was developed by a task force of CCRC executives of both not-for-profit and for-profit communities, consultants, financial advisors and attorneys in cooperation with the American Association of Homes and Services for the Aging, American Seniors Housing Association and National Investment Center.
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Executive Summary

CCRCs Offer Seniors An Attractive Lifestyle Option
For many decades, Continuing Care Retirement Communities (CCRCs) have offered older adults (usually age 65 and older) an innovative and independent lifestyle that differs from other housing and care options. CCRCs are especially attractive to seniors making decisions for their long-term care future. They allow seniors to convert home equity or other assets into housing and to receive daily living services and health care in a way that keeps monthly expenditures more stable. Today, sponsors include religious, fraternal and community organizations, universities, hospitals, and companies dedicated solely to the development and operation of senior living communities.

CCRCs Offer a Range of Services and Entrance-Fee Options
Emerging from traditional religious and community-based models, CCRCs have evolved and diversified dramatically since the mid-1980s, offering consumers more service packages and entrance-fee options. CCRCs generally feature a combination of independent living apartments and/or cottages and nursing care, and many offer assisted living, memory support care, and other specialty care arrangements. They also provide residents with 24-hour security, social and recreational activities, attractive dining options, housekeeping, transportation, and wellness and fitness programs.

After many decades, CCRCs continue to remain a very attractive lifestyle option for seniors because of the unique features they offer, including:

- Secure private accommodations and common area amenities in a variety of styles and with a wide range of pricing options;
- A continuum of services at a single location, including dining, housekeeping, social and recreational programs, transportation, and health-care services, as needed;
- Payment plans that may utilize home equity to help keep monthly expenses at a lower level and that may offer repayment of a portion of the entrance fees;
- Possible income-tax deductions in the form of a medical expense deduction for certain fees paid to the CCRC; and, most importantly,
- Protection against the loss of accommodations and services if the resident exhausts his or her funds.

In response to the changing financial preferences of seniors, residents have their choice of several entrance-fee alternatives—from the traditional entrance-fee refund, which usually fully amortizes in 4 to 6 years, to refundable option plans ranging from 50% to 100%. Refunds may be conditioned upon re-occupancy of the resident’s vacated apartment or may be repaid within a fixed period of time after the resident vacates the apartment.
CCRCs Practice Financial Disclosure
CCRCs are financially complex and often incorporate actuarial principles into their pricing methodology. They also cover a wide range of housing, hospitality, and health-care services, with different staffing, physical plant, and utilization parameters for each. The trend has been to greatly expand the level and detail of disclosure given to residents and prospective residents. This has led to lengthy and detailed contracts that, in turn, have sometimes led to confusion by some consumers in fully understanding the various financial requirements and obligations of the CCRC. While financial disclosure regulations vary by state, most require disclosure of key contract and financial terms; others have more comprehensive regulations related to the sales process, reserve requirements, and changes in fees.

CCRCs Weather the Financial Storm
Virtually every business in every sector of the economy has been affected by the slump in the housing market, and the CCRC market is no exception. But moving to a CCRC is a decision made after careful planning—not one made in desperation due to an urgent health-care need. Many consumers today are waiting for the home resale market to improve before making a decision to sell their homes and move to a CCRC. Despite the weak housing market, though, most CCRCs remain fundamentally strong and financially sound. Those CCRCs that face continuing challenges tend to have a “dated” campus, never achieved full occupancy prior to the economic downturn, are still in start-up, or have a project in the development queue. Some among this group have decided to merge or affiliate in order to gain access to larger, stronger organizations; others under stress are working hard to find appropriate solutions for their organizations.

Current residents of CCRCs are keenly aware of the fact that management’s ability to fill a vacant unit directly affects the ability of a CCRC to operate on a sound financial basis and the level of fees that residents must pay in order for the operation to remain sustainable. Financial failures have been relatively rare; and even in cases of bankruptcy, a new provider usually takes over the CCRC’s operations, ensuring that residents can remain in their apartments. In past CCRC insolvencies, the lenders and investors were most likely to suffer financial loss and not the individual residents. Because many CCRCs are financed with long-term debt, lenders and investors have a long-term interest in the health of the CCRC and often establish covenants (financial requirements) in order to ensure its long-term financial health. Covenant violations usually do not result in payment default if the community follows the procedures outlined in the financing documents, which typically include communicating the problem to stakeholders as early as possible, following the recommendations detailed in a required management consultant’s report, and correcting the problems within a specified period of time.
I. A Snapshot of Today’s CCRC

A CCRC is a residential alternative for older adults (usually age 65 and older) that provides flexible housing options, a coordinated system of services and amenities, and a continuum of care that addresses the varying health and wellness needs of residents as they grow older. The emphasis of the CCRC model is to enable residents to avoid having to move—except, perhaps, to another level of care within the community—if their needs change and they require health care and supervision. Remaining within the community allows the residents to continue their existing relationships with a spouse and friends, avoid the stress of a move, and receive health care, should it be needed, in an environment they know and trust.

A CCRC typically includes apartment or cottage living units (independent living), assisted living units, and skilled nursing care in a campus-style setting. Residents have lifetime access to the community’s continuum of care. Typically, all of the living options (independent living, assisted living, and nursing) of the CCRC are on a single campus. As care and services for older adults continue to evolve, CCRCs have been adding additional components, such as memory support and wellness programs, to their services mix.

The CCRC’s services and associated charges are contained within a contract that specifies if and how charges will change as a resident’s health and social needs change over time. An estimated 65% to 75% of CCRCs offer contracts that include a lump-sum initial payment (entrance fee), and the large majority of these offer some degree of refundability or repayment of the entrance fee to the resident if the resident moves out of the community or to the resident’s estate if the resident dies. The amount of the entrance fee typically varies based on the size and type of living unit. Residents also pay a monthly fee. The entrance fee, if required, and monthly fee give the resident the right to live in his or her unit and receive services such as meals, housekeeping, repairs and maintenance, and the use of community facilities, activities, and other amenities. Access to limited or unlimited medical and nursing care may be included in the monthly fee or available on a fee-for-service basis, depending on the contract. While most CCRCs offer one contract type, some offer two or three and a range of refund options.

• Brief history

The CCRC model has evolved over a very long period of time, with some dating back more than a century. In fact, 25 of the AAHSA Ziegler 100 senior living systems operate CCRCs that were founded more than 100 years ago. Some CCRCs in operation today evolved from nursing homes and tend to have a higher number of nursing beds; others were originally built as a CCRC (i.e., “purpose-built”) and were designed with a proportionally greater number of independent living units. Since the 1960s, CCRCs have

1The AAHSA Ziegler 100 is an annual publication ranking the largest not-for-profit multi-site senior living organizations by their market-rate units.
experienced steady growth—both in their sheer numbers and in their delivery of services across a wide variety of geographic (urban vs. rural) and demographic (modest vs. upscale and vigorous vs. frail) populations.

The first major growth period for the purpose-built CCRC was during the 1970s and early 1980s, as new contract types emerged that attracted prospective residents. Growth of the purpose-built CCRC slowed during the 1980s, when a number of defaults occurred primarily due to unsophisticated lending practices and inexperienced developers common to a nascent industry (the purpose-built CCRC model was still “young”). By the mid-1980s, for-profit organizations became more involved in the development of CCRCs. Even so, not-for-profit organizations, often with faith-based affiliations and/or catering to affinity groups, still sponsor the majority of CCRCs. Only about 18% of the CCRCs currently in operation have for-profit ownership, according to the Ziegler National CCRC Listing and Profile, a report published by Ziegler Capital Markets in November 2009.

The period from 1990 through the mid-2000s was characterized by the addition of 10 to 20 new communities per year—due to increasing sophistication by CCRC operators and the lending community, as well as increased access to capital from banks and institutional investors. The growing financial strength of CCRCs led to the first credit ratings for CCRC debt.

The period from 2008 to the present has been a time of sharply declining new construction in response to capital constraints, the challenges of the housing market, and general caution with regard to the overall economic climate.

Today, there are approximately 1,900 CCRCs in the United States, located in 48 states and the District of Columbia. Pennsylvania, Ohio, California, Illinois, Florida, Texas, Kansas, Indiana, Iowa, and North Carolina boast the greatest number (ranked in that order). The majority of CCRCs in operation today were purpose-built. Roughly half are faith-based; a university, health system, military group, or fraternal organization may sponsor others; and a small number have emerged from interested citizens who have come together with the sole common interest of establishing a CCRC. Whether they are for-profit or not-for-profit entities, the majority of CCRCs today are part of a multi-site system.³

²The Ziegler National CCRC Listing & Profile, 2009 lists a total of 1,861 CCRCs. For purposes of this publication the round number of 1,900 will be used.
³Ziegler National CCRC Listing & Profile, 2009
CCRC facts

- A CCRC may have not-for-profit sponsorship (82%) or for-profit ownership (18%).
- Approximately half of all CCRCs are affiliated with faith-based organizations; among those affiliations, 21.1% are Lutheran, 17.6% are Methodist, 13.8% are Presbyterian, and 12.8% are Roman Catholic.
- A CCRC may be a single-campus organization or part of a system; the majority are part of a system.
- A typical CCRC has fewer than 300 total units; about one-third have more than 300 units; only 8% have more than 500 units.
- CCRCs are located in a range of geographical areas from urban to suburban to rural.

—Source: Ziegler National CCRC Listing & Profile, 2009

The capital markets have increasingly looked to experienced developers to guide development of the CCRC model. Some are for-profit developers who have specialized in the senior living sector. Others are not-for-profit organizations that have acquired this expertise and develop communities for both their own and unrelated organizations. In today’s capital markets, it is rare for a CCRC to be developed by an entity unknown to the sector. While most CCRCs (whether for-profit or not-for-profit) are self-managed, approximately 15% use an outside manager. Management relationships often emerge from faith-based roots, as well.

- Resident service agreements
  A number of the more than century-old CCRCs had their roots in residences established to meet the needs of widows and orphans resulting from the casualties of the Civil War. The needs of the elderly were heightened during the Depression, and “old age homes” sponsored by faith-based, not-for-profit organizations emerged as a response. Contracts in those early days of the CCRC (if contracts existed at all) required prospective residents, as a condition of moving in, to turn over their assets in return for a promise of care for life, highlighting the trust level and expectation among these early CCRC residents that the move was a commitment for the remainder of their lives.

Today, CCRCs and the individual or couple entering the community also enter into a formal contract or resident service agreement that details the charges, along with the level of services that will be provided either at and/or by the community. Most new CCRC residents begin by living in an apartment or cottage, and the community may offer an entrance-fee contract, rental contract or, in relatively rare cases, an ownership option for those living accommodations.
Entrance-Fee CCRCs. When the CCRC model began growing in the 1960s and 1970s, entrance-fee CCRCs typically provided an extensive resident service package that included little (if any) additional charge if the resident transferred to areas of the community that offered higher levels of care. As CCRCs evolved, additional contract types were developed to provide choice for prospective residents and options for the providers. Today, the type of contract available to a prospective resident may depend on his or her health condition or history and the related risk of overutilization of health services.

The entrance-fee contracts that CCRCs currently offer residents usually fall into one of the following categories:

**Life-care (extensive) contract (Type A)**
This is the original full-service contract in which individuals (or couples) agree to pay an entrance fee and ongoing monthly fees in exchange for living accommodations and an extensive range of services and amenities. A Type A contract generally provides for a resident’s transfer to the appropriate level of care—assisted living or nursing, either on-site or accessible off-site—for an unlimited time at little or no additional cost. The CCRC bears the majority of the financial burden of the resident’s long-term care.

**Modified contract (Type B)**
With this type of contract, the resident pays an entrance fee and ongoing monthly fees for the right to stay in an independent living unit and receive certain services and amenities. The Type B contract obligates the CCRC to provide residents with appropriate assisted living or nursing care for a specified number of days at no extra charge and/or at rates that are discounted from those charged to those admitted from outside the CCRC. The number of covered days and/or the discount varies from community to community. The CCRC bears the financial burden of the resident’s long-term care during the covered period; thereafter, the financial responsibility for long-care shifts to the resident, who must pay the regular per-diem rate charged to those admitted from outside the CCRC.

**Fee-for-service contract (Type C)**
Fee-for-service continuing-care contracts require an entrance fee and ongoing monthly fees but do not include any discounted health-care or assisted living services. Rather, the resident receives priority or guaranteed admission for these services, as needed, but must pay the regular per diem rate paid by those admitted from outside the CCRC. With this type of contract, the resident bears the financial burden of his or her additional long-term care needs. The charges will vary, depending upon the services needed.
The pricing of a CCRC’s entrance fees and monthly fees is typically accomplished through actuarial analysis. Because the Type A and Type B contracts include all or a portion of the resident’s long-term care needs, the entrance and monthly fees may be higher than a Type C contract offered by the same CCRC. Also, a portion of the fees paid by the resident may be available as a medical deduction.

*Rental CCRCs.* Residents of rental CCRCs pay no entrance fee (other than a possible security deposit plus, typically, the first and last months’ fees) at the time they occupy their apartment or cottage unit. They pay the prevailing market rate for any care required. This type of contract, like the fee-for-service entrance-fee contract, includes no coverage for the cost of assisted living or nursing services, but offers the resident the lowest level of upfront expense.

*Benevolence care.* For many CCRCs, providing support for residents who qualify for financial assistance or who run out of funds is viewed as a fulfillment of the organization’s mission and purpose. These CCRCs will typically evaluate the financial status of a prospective resident in order to project the financial resources that may be required to meet the resident’s potential financial shortfall. This type of financial aid could also be a critical expense area for which a CCRC must plan in order to protect the financial health of the entire community.

**Entrance fees and refunds**

As noted above, most residents begin living at a CCRC in an apartment or cottage, and the community may offer an entrance-fee contract, rental contract, or, in relatively rare cases, an ownership option for the living accommodations. A resident may also enter directly into a CCRC’s assisted living or nursing level but, in that case, is usually not charged an entrance fee.

Refundable entrance-fee contracts emerged in response to consumer preference. As noted earlier, an estimated 65% to 75% of CCRCs offer contracts that include entrance fees, and the large majority of these offer some type of entrance-fee refund. Refundable entrance-fee contracts may include a *traditional* declining-scale feature (where the refund/repayment declines over time), a partial refund/repayment, or, in some cases, a full refund/repayment. A declining-scale refund feature, for example, may reduce the entrance-fee refund by 2% per month, with a one-time 4% administration fee; after 48 months of residency, the refund is reduced to zero. Many CCRCs, however, offer contracts that refund a specific percentage of the entrance fee regardless of the length of residency; for example, several communities currently offer 100%, 90%, 75%, or 50% refundable contracts. Also, an individual CCRC may offer one or more refund options.
Any refund or repayment due is paid to the resident if the contract is terminated or to the resident’s estate upon his or her death; however, the timing of the refund or repayment will vary. It is often paid only after the resident’s apartment or cottage is reoccupied.

Entrance fees today range from about $20,000 to more than $500,000 or even $1,000,000, based on the geographic location of the CCRC, features of the living space, the size of the living unit, the additional services and amenities selected, whether one or two individuals receive services, the type of service contract, and the refundability of the entrance fee (if applicable). In 2010, the average CCRC entrance fee nationally was $248,000, up from the prior year’s average of $238,600.\(^4\) Entrance fees typically are strongly correlated to local housing prices in the CCRC’s market area.

Residents who have paid an entrance fee do not own their units; rather, they have the right to live in the community for the rest of their lives in accordance with the terms of their contract. Residents who have rental contracts typically anticipate staying for the remainder of their lives, as well, but do not pay a significant up-front fee in order to do so.

In many states, CCRCs are required by statute to make full disclosure of their financial, operating and governance information to their stakeholders, which include both prospective residents and existing residents, on a continuing basis. Accreditation agencies, financial rating agencies, and other oversight bodies may have their own disclosure requirements or suggested disclosure practices, as well. Disclosure gives residents added confidence in their decision to move into the community and, going forward, provides a full understanding of the fees and what those fees include (and do not include), of levels of care and how moving from one to another level is determined and financed,

\(^4\)The MAP Monitor, An Analysis of 1Q10 NIC MAP Data, NIC, 2010
and whom to contact about any questions that might arise about the community or about the resident’s own financial situation. Suggested best practices for disclosure are described in *Suggested Best Practices for CCRC Disclosure and Transparency*.

• **Accommodations and services**

CCRCs vary in size, accommodations, and services provided, although most offer several types of accommodations and levels of services in one setting, as well as access to health-care services either on-site or nearby. When an individual ages within his or her own home and the level of care needed changes, the coordination of that care by various agencies can be challenging. The CCRC, however, fosters a partnership among the persons served, their families, and the care providers for the purpose of coordinating services across all levels of care.

CCRCs generally feature a combination of apartments (and/or cottages) and nursing beds, and many have assisted living units, memory-support units, and other specialty care arrangements. The types of accommodations and services are generally defined as follows:

*Independent living units (ILU)*

Common to all CCRCs, the ILU may be a cottage, townhouse, cluster home, or apartment in a low-, mid-, or high-rise building. Meals, housekeeping, laundry service, repairs, and maintenance are often included in the monthly fees/charges, along with amenities such as transportation to outside events, use of a pool or gym, and other activities. Some amenities may require an additional fee. The resident is generally healthy and needs little, if any, assistance with the activities of daily living. Home health-care services may be available to the resident.

*Assisted living (AL)*

Many CCRCs provide this type of accommodation, usually in a studio or one-bedroom apartment with scaled-down kitchen facilities, that is designed for frail individuals who still can maintain a certain level of independence but need some assistance in the activities of daily living—more than in an independent living setting described above but less than the level of care and supervision provided in a nursing home. Residents in assisted living commonly receive meals in a dining room, housekeeping and transportation services, and emergency assistance, along with personal assistance with activities such as dressing, eating, medication administration, and bathing. They are encouraged to participate in group dining, as well as social and recreational activities.

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5Available at [www.aahsa.org](http://www.aahsa.org), and [www.seniorshousing.org](http://www.seniorshousing.org)
Nursing
Many CCRCs offer nursing services (and, in fact, most offer skilled nursing, a category of nursing care designated by Medicare) either onsite or easily accessible nearby, where round-the-clock care is available to aid in recovery from a short-term illness or injury, for treatment of a chronic illness, or for higher levels of support and supervision. The accommodations—furnished rooms with a bathroom—are either private or shared with one or more other individuals. Rehabilitation services are often offered to assist residents in achieving their highest level of independence.

Memory-care support
CCRCs may offer dedicated cognitive support care (also referred to as a dementia care specialty program or an Alzheimer’s program). A maturing and challenging field, memory care focuses on optimizing the function and quality of life of residents in a safe physical environment. The aim is to help them maximize their functioning, maintain their dignity, preserve their sense of self, and optimize their independence as long as possible. CCRCs are increasingly adding memory-care support units to their campuses, reflecting the growing need for the service.

Home-and community-based care
Many CCRCs view home- and community-based care as a sensible way to enrich the services offered to their independent living residents, as well to expand the organization’s reach into the greater community. The services are personalized for residents needing specialized care and assistance with daily activities in their homes or access to activities elsewhere; participants may also receive respite, hospice, counseling, and other services. The care and services are delivered by a variety of personnel—health professionals, support staff, educators, drivers, and volunteers—in private homes, community settings, and/or health-care settings.

An overall objective of any CCRC is to create an environment and choices that enable older adults to experience fully actualized, creative and satisfying aging. With that overall interest in mind, CCRCs may provide swimming pools, wellness and exercise rooms (and equipment), common areas for social activities, cafés, business centers, woodworking shops and craft rooms, and high-speed internet access, along with a range of educational programs that promote, for example, proper medical care, wellness, and nutrition.
• Resident demographics

Who’s moving in? Those moving into a CCRC, whether an individual or as a couple, are generally healthy and active when they enter the community but anticipate the possibility of needing assistance with daily living activities and/or nursing care as they age. They either are unable or, more likely, no longer want to maintain a house, preferring to live among peers and wanting the security of a seniors-only community. They also have the financial resources to pay the fees associated with living in a CCRC.

A survey conducted by American Seniors Housing Association (ASHA) and published in the organization’s Independent Living Report, 2009 identified the following demographic characteristics of CCRC residents:

PERCENT OF RESPONDENTS BY AGE GROUP AND GENDER

<table>
<thead>
<tr>
<th>AGE GROUP</th>
<th>&lt;77</th>
<th>78 to 82</th>
<th>83 to 87</th>
<th>88+</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>29%</td>
<td>27%</td>
<td>36%</td>
<td>42%</td>
</tr>
<tr>
<td>Female</td>
<td>71%</td>
<td>73%</td>
<td>64%</td>
<td>58%</td>
</tr>
</tbody>
</table>

- 20% of the new residents had someone available upon whom they could rely did not differ should they require assistance. The proportion with in-laws and step-children.
- The median number was four children when including sons-in-law, daughters-in-law and step-children. This network of the respondents, we asked the residents to...
Age and gender

The average age of recent movers into entrance-fee CCRCs was 81; into rental CCRCs, 80.2 years. Two-thirds of the survey respondents were women, but the proportion of male respondents increased as the age of the respondents increased: 29% of the male respondents age 77 or younger and 42% of those age 88 or more were men.

Source: Independent Living Report, ASHA, 2009
Marital status
The majority of survey respondents (54%) were widowed, 35% were married, 6% were divorced, 4% were never married, and 1% were separated. A significantly greater proportion of respondents from the entrance-fee CCRCs were married (43%) and fewer were widowed (46%) than from rental communities (27% and 61%, respectively).

<table>
<thead>
<tr>
<th>Educational Achievement of New Residents and U.S. Population 65+ Years of Age</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grade school or less</td>
</tr>
<tr>
<td>Some high school</td>
</tr>
<tr>
<td>High school graduate or G.E.D.</td>
</tr>
<tr>
<td>Some college</td>
</tr>
<tr>
<td>College graduate</td>
</tr>
<tr>
<td>Graduate or professional degree</td>
</tr>
</tbody>
</table>

Source: Independent Living Report, ASHA, 2009

Education
More than twice as many new residents of independent living communities (45%) responding to the survey had a college degree, compared to the general U.S. population age 65 or older (20%). New residents of entrance-fee CCRCs (57%) were significantly more likely to have a college degree than those in rental CCRCs (32%).

<table>
<thead>
<tr>
<th>Percent of New Independent Living Residents by Current Annual Household Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income</td>
</tr>
<tr>
<td>----------------------------------</td>
</tr>
<tr>
<td>Less than $10,000</td>
</tr>
<tr>
<td>$10,000 to $14,999</td>
</tr>
<tr>
<td>$15,000 to $19,999</td>
</tr>
<tr>
<td>$20,000 to $24,999</td>
</tr>
<tr>
<td>$25,000 to $29,999</td>
</tr>
<tr>
<td>$30,000 to $34,999</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>

Source: Independent Living Report, ASHA, 2009
**Income**

Although some very affordable CCRCs are available, most CCRC residents represent the middle- or upper-income brackets. According to the ASHA survey, new independent living residents reported current annual incomes ranging from less than $10,000 to $200,000 or more, with 32% reporting annual income between $50,000 to $99,999. The incomes reported by new residents in entrance-fee CCRCs were significantly higher (63% with an income of $50,000 or more) than those in rental CCRCs (38%). Despite these statistics, CCRCs typically plan for providing benevolence care should residents outlive their resources.

**Home ownership**

Among the 66% of new residents who sold their homes prior to moving into a CCRC, 48% achieved a sales price between $100,000 and $299,999; 15% achieved $500,000 or more. Most of the residents with incomes between $50,000 and $99,999 sold their homes for $100,000 or more; 62% of those with annual household incomes of $100,000 or more sold their homes for $300,000 or more. Interestingly, 53% of respondents in entrance-fee CCRCs sold their homes for $300,000 or more, while 58% of those in rental CCRCs sold their homes for less than $200,000.
Net worth
The survey respondents had a net worth ranging from less than $50,000 to $2 million; at least half of all respondents reported a total net worth of $300,000 or more. Only 8% of those living in an entrance-fee CCRC reported a net worth of less than $100,000 compared to 25% of those in rental CCRCs; 32% of those living in entrance-fee CCRCs had a net worth of $1 million or more compared to 14% for those in rental CCRCs.

<table>
<thead>
<tr>
<th>Sales Price of Home</th>
<th>Entrance Fee CCRC</th>
<th>Rental CCRC</th>
<th>Combined IL/AL</th>
<th>Free-standing IL</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt; $100,000</td>
<td>3%</td>
<td>17%</td>
<td>23%</td>
<td>31%</td>
</tr>
<tr>
<td>$100,000 to $199,999</td>
<td>20%</td>
<td>41%</td>
<td>22%</td>
<td>42%</td>
</tr>
<tr>
<td>$200,000 to $299,999</td>
<td>23%</td>
<td>14%</td>
<td>25%</td>
<td>16%</td>
</tr>
<tr>
<td>$300,000 to $499,999</td>
<td>33%</td>
<td>17%</td>
<td>22%</td>
<td>6%</td>
</tr>
<tr>
<td>$500,000+</td>
<td>20%</td>
<td>12%</td>
<td>9%</td>
<td>6%</td>
</tr>
</tbody>
</table>

Source: Independent Living Report, ASHA, 2009

II. Financial Strength of the CCRC Model
Residents entering a CCRC often sell a home and/or liquidate some investments in order to pay the entrance fee, and they generally expect to live in the CCRC for the remainder of their lives. Well-managed CCRCs have taken extreme care to safeguard their organization’s financial soundness in order to protect the resources that residents have devoted to the community.

Like many other sectors of the U.S. economy, the CCRC sector has been affected by the current economic challenges that began in the fourth quarter of 2008. Payment defaults on debt have occurred for some CCRCs, and several CCRCs filed for bankruptcy protection. The affected CCRCs typically had new projects or expansions in the fill-up stage of development. Established CCRCs, for the most part, have managed their way through the most difficult period, with some even noting that the economic challenges provided an opportunity to re-examine expenditures and operations in a very constructive way.

Even in the best of times, however, management and board members must regularly evaluate and communicate to their stakeholders (staff, residents, investors, regulators, others) the financial health of the organization. CCRCs that follow—and continuously update—their strategic plans to adapt to changing market conditions position their organizations for long-term viability.
• **Financial ratios**

The availability of specific financial benchmarks is somewhat limited. The diversity of the CCRC model challenges traditional benchmarking efforts, causing CCRCs to compare themselves to others with similar attributes—such as size, character, services, staffing, and geography—and who are willing to share data. Associations such as the American Seniors Housing Association (ASHA) and the American Association of Homes & Services for the Aging (AAHSA) poll their members and provide comparative data and statistics from time to time. And The National Investment Center for the Seniors Housing & Care Industry (NIC) issues The MAP Monitor®, a quarterly report detailing occupancy, supply and demand, construction activity, and pricing data.

One useful tool that CCRCs use when measuring their financial strength is *Financial Ratios and Trend Analysis of CARF-Accredited Communities*, a reference published by CARF International⁶ that includes 18 years of analyzed information from the audited financial statements of multiple accredited organizations. The publication provides valuable data for the senior living sector, including benchmarks, financial trends, and provider challenges. The ratios are used extensively by senior living providers throughout the country as a point of reference for developing internal targets for financial performance.

**The Benefits of Financial Ratios**

Financial ratios are valuable tools of analysis. Ratios are:

- A useful tool in analyzing a provider’s financial strengths and weaknesses;
- Valuable in identifying trends;
- Presented in the form of numerical computations that are easy to use for both internal and external comparisons;
- Helpful in identifying unusual operating results;
- Useful for illustrating best practices of financially strong providers; and
- Valuable because they provide comparisons among providers regardless of the actual dollar amounts of the underlying data.

*Source: Financial Ratios and Trend Analysis of CARF-Accredited Communities*

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⁶CARF International is a not-for-profit accreditation organization that has developed standards for all levels of senior care. The CARF-Continuing Care Accreditation Commission (CCAC) is the only third-party system that accredits all levels of the CCRC model.
Three categories of financial ratios provide the basis from which to evaluate a CCRC’s financial condition:

1. **Profitability ratios.** One of the drivers of success for CCRCs is the ability to generate annual operating surpluses in order to provide for future resident care expenses and capital and program needs, as well as to handle unexpected internal and external events. Profitability (margin) ratios—net operating margin ratios, operating ratios, and the total excess margin ratio—indicate the excess or deficiency of revenues over expenses and the degree to which the provider is able to generate surpluses. Some of the profitability ratios measure the margins of an organization, including both operating and non-operating income; other ratios focus specifically on revenues and expenses from the core service: resident care.

2. **Liquidity ratios.** A CCRC’s ability to meet its short-term (one year or less) financial obligations is of particular interest to any lender extending credit to the organization. Liquidity ratios are intended to measure a provider’s ability to meet the short-term cash needs of its ongoing operations such as payroll, goods and services, current debt-service payments, and essential maintenance and repairs. A financially sound organization will maintain adequate unrestricted cash and investment reserves—or have access to third-party cash/reserves—to fund unforeseen shortfalls of operating cash required to meet commitments. The three liquidity ratios most commonly applied to senior living organizations are: days in accounts receivable ratio, days cash on hand ratio, and cushion ratio.

3. **Capital structure ratios.** Effective asset/liability management is key to a CCRC’s long-term survival. Capital structure ratios—such as debt service coverage ratios, long-term debt ratios, and the average age of facility ratio—focus on balance sheet strengths and weaknesses. These ratios are useful in assessing the organization’s long-term solvency so that funds are available to meet strategic objectives and contractual obligations, as well as to replace, renovate, or expand current facilities. For a CCRC, a high percentage of debt relative to assets or equity may indicate important investments in long-term capital improvements, but high debt-repayment obligations and high annual debt-service payments may result.

As useful as financial ratio analyses may be for setting minimum standards, they are only a basis for forming judgments about financial performance and not conclusive (positively or negatively) in and of themselves. The most useful purpose of a ratio analysis is to determine trends. Ratios calculated from a single year’s financial statements have limited value unless they are compared with similar ratios for the community over time or with comparable ratios (calculated in the same way) for similar communities or with senior living sector averages.
Also, the significance of certain ratios will differ, depending on the form of ownership. An entrance-fee community with bond covenants that require minimum liquidity and capital-structure ratios, for example, will focus on the days cash on hand ratio and the debt-service coverage ratio—both of which are typically not relevant to the operations of a rental community or a community with a low level of debt.

• **Rating agencies**

Credit ratings can provide a tool for evaluating the financial strength of a CCRC and have achieved wide investor acceptance in the tax-exempt bond market. Approximately 500 of the 1,900 CCRCs have credit ratings; the remainder may not have felt the need to seek a rating. Conventional bank financing, for example, typically does not require a rating; and those without debt have no need for a credit rating. Only CCRCs with publicly traded debt may have sought credit ratings, and even some with this debt have not felt the need for a credit rating due to market conditions when their debt was issued.

Credit ratings are relative measures of credit risk—the credit worthiness of the obligated party—but do not imply a specific probability of default nor guarantee or assure credit quality. Rather, they represent the rating agency’s opinion on the relative willingness and ability of an organization to meet financial commitments such as interest, repayment of principal, and other obligations—or the credit quality of a particular debt issue. Investors use ratings to indicate the likelihood of receiving money owed to them in accordance with the terms on which they invested.

For the senior living sector, rating agencies base their determination on occupancy levels, the experience of the management team, the credibility of the sponsor, the level of cash reserves relative to the amount of long-term debt, the amount of liquidity, the ability to generate cash to pay annual debt costs, and other measures of financial strength. While there are strong single-site CCRCs, being part of a larger multi-site system typically provides increased financial strength and stability due to the ability to share resources within the system and appeal to diverse market areas. The rating agencies have noted, therefore, that multi-site systems may be better positioned financially because of their revenue diversity and risk dispersion.

The approximately 500 CCRCs with investment-grade ratings have obtained credit ratings as either a standalone, single-site borrower or as part of a larger, multi-site system of CCRCs and other senior living communities. These ratings are typically in the “BBB” category.
• Third-party oversight and government regulations

The federal government does not regulate CCRCs. At the state level, CCRCs are regulated in most states. Some states are currently considering whether to increase their oversight of CCRCs, while others are looking to avoid the costs of regulation. Because of the substantial payments that residents make to CCRCs, combined with recent bankruptcies, the potential risk of financial loss to residents has prompted concern and inquiry into CCRC regulation.

Regulatory agencies in most states, typically assigned to a state’s department of insurance (because CCRCs are often classified as an insurance model), monitor CCRCs through periodic disclosure and reporting requirements. Licensing, operating permits and approvals vary from state to state but generally include disclosure of the CCRC’s finances, fees and refund provisions, and the services included or available for an extra charge.

State regulators typically require CCRCs to provide annual financial disclosure (e.g., audited financial statements, verification of reserve levels, if applicable) and several states also impose operating reserve requirements, require escrow of resident deposits, and establish minimum refunds in the event of contract rescission or early withdrawal by the resident.

For a number of CCRCs, third-party financial oversight is provided by regulation, as well as by the financial markets themselves. Many CCRCs are financed with long-term debt, which means that the lenders/investors have a long-term interest in the health of the CCRC. Consequently, the lenders/investors often establish covenants (financial requirements) that they believe the CCRC should honor in order to ensure its long-term financial health.

III. Weathering the Economic Storm…and Moving Forward

Although a number of CCRCs continue to struggle with vacancies, particularly CCRCs located in regions of the country that have been hardest hit by the decline in housing values, the occupancy rates of CCRCs overall continue to exceed those of free-standing assisted living communities, nursing homes and even free-standing rental independent living properties. And, while occupancy performance for CCRCs has weakened in the last 24 months, the CCRC occupancy rate decline is significantly less than those of the retail and office sectors, for example, and only slightly more than that of apartments.

7The MAP Monitor, An Analysis of 1Q10 NIC MAP Data, NIC, 2010
8Property and Portfolio Research (via Mortgage Banker’s Association); NIC MAP Data & Analysis Service.
The ability of CCRCs to weather the economic storm has been, in large part, due to the lifestyle they offer residents. A common theme voiced by residents who recently moved into a CCRC is, “Why did I wait so long?” Not incidentally, the typical CCRC reports that resident referrals are the strongest source of leads.

**Maintaining strength**

Despite the current economic environment, many CCRCs are fundamentally strong and financially sound. Recent trends of rated organizations are cause for some optimism. In 2009, only 10 of 22 senior living financial ratings outlook changes trended positively (i.e., from negative to stable or stable to positive); whereas in 2010 (through April 2010), eight of 12 outlooks have trended positively.

The strongest and healthiest CCRC organizations have earned a respected brand within their primary markets and one that is supported by their local communities. They have strong management teams and boards/owners that promote efficient and effective operations, along with quality care and services. They have achieved a size sufficient to attract and retain qualified and committed staff. Their occupancy declines have moderated or levels have remained steady throughout the economic downturn.

CCRCs are responding to the tight credit markets they have faced in the past 18 to 24 months, as well as to investor insistence on more conservative business plans, by adjusting their business models to reflect increased reserve funds and more conservative occupancy targets. They are firmly focused on managing margins. They are committed to maintaining an attractive physical plant. They are looking for creative approaches and best-practice solutions that will help them continue to provide quality environments, care, and services for their residents and for others in the surrounding community.

They are actively considering how to amplify their service offerings—and, perhaps, the bottom line—through joint ventures, partnerships, and affiliations. In addition, some see the current economic climate as an opportunity to fulfill their missions by providing increased financial assistance or benevolence.

**External forces/internal challenges**

Most CCRCs—whether not-for-profit or for-profit entities and whether healthy or struggling—are addressing internal issues created by external market forces.
As occupancy levels declined, mainly due to the economic malaise and real estate market woes, many communities stepped up their marketing efforts; for many, too, the remarketing time for vacated units has increased. In some cases, this has led to pressure with respect to the repayment of entrance fees pursuant to the residence contract. In most instances, contracts specify that the refunds or repayments be paid upon receipt of proceeds from reoccupancy of the vacated unit. In many ways, this timing is no different from other real estate-related activities; in order to receive equity from a home, the home must be sold. In the past, however, many organizations have honored entrance-fee repayments/refunds in advance of reoccupancy, using available financial resources.

Organizations are taking steps to meet occupancy challenges by offering new marketing incentives in hopes of attracting prospects into the community. Incentives may include traditional discounts, moving assistance, space planning, and other strategic responses—and even “outside the box” programs such as assisting with home sales or purchasing homes outright—to mitigate the downdraft in real estate values over the last 18 to 24 months and the inability or reluctance of people to sell their homes.

For their part, prospective residents have heightened concerns about the value and affordability of retirement community living—and even about outliving their assets. Holleran research indicates an increasing anxiety by CCRC residents regarding their personal financial situations and the CCRC’s abilities to care for them should they run short of funds. To ease these fears, many CCRCs are reminding residents of the organization’s commitment to provide financial aid and are examining methods to encourage residents to communicate financial concerns.

The capital crunch of 2009 delayed or canceled many renovations, expansions, and new development projects that, contingent upon financing, were set to go. Movement on these projects has begun in recent months, though some sponsors continue to face challenges with regard to their access to capital. For the traditional fixed-rate borrower, the lender or investor is very focused on credit quality. As a result borrowers with stronger credit will pay less for their debt. For those interested in accessing attractive low-cost variable rate debt, which requires a bank’s letter of credit, access to bank financings is, unfortunately, dramatically changed. Credit is exceptionally tight, fees have doubled or tripled, and commitment periods have shortened. For some senior living providers, then, the cost of capital is simply too high to pursue growth strategies at this time. For those with credit strength, however, capital is more easily accessible.

\[\text{Holleran CCRC National Database of Resident Satisfaction, 2010}\]
• **Operations stress points**

Despite the collapse of the real estate market, investment losses experienced by prospective residents, and, perhaps more significantly, the perception that it was not a good time to be selling a house and/or moving to a retirement community, most CCRCs managed successfully through the worst days and months of the economic downturn. Some had built-in flexibility, effective strategic plans, long waiting lists, or a system large enough for the stronger affiliated communities to absorb the problems of those that were not as strong.

As noted above, most CCRCs have had to address internal challenges created by external market forces, but these stresses are creating significant problems for some CCRCs. Those facing significant continuing challenges tend to fall into one of four situations: they have a dated campus, they have never reached full occupancy, they are newly opened, or they have a project in the development queue. Some among this group have decided to merge or affiliate in order to gain access to the resources of larger, stronger organizations that were, for their part, very interested in expanding their markets. Others under stress are working hard to find appropriate solutions for their organizations.

For CCRCs dealing with increased operational stress, the most common stress points are:

- Soft occupancy levels, although those levels appear to be stabilizing and the outlook going forward is optimistic, according to NIC MAP data (as indicated above);
- Rising operating costs;
- Revenues constrained by market limitations;
- Investment earnings and endowment funds that have declined; and
- Difficulty obtaining contributions that support the provision of benevolence care.

• **Covenant violations and payment default issues**

The number of CCRCs known to be in payment default or to have filed for bankruptcy since the current economic crisis began is relatively small and includes about 15 borrowers. On the other hand, a number of established communities are facing covenant violations, or technical default situations, in which a debt covenant other than one requiring payment of interest or principal is violated. Technical defaults are generally more manageable situations than a payment default. It is nearly impossible to track the actual number of borrowers facing a technical default, as covenant violations under letter-of-credit (LOC) agreements are not always made public; but they are likely to be more prevalent than publicized defaults would indicate.
For CCRCs that are currently filling, the most common covenant violation is not meeting occupancy or marketing requirements. For existing communities, the most common covenant violations are debt-service coverage ratio violations, due to reduced entrance-fee turnover, and the impact of realized investment losses and liquidity covenant violations, due to the impact of realized and unrealized investment losses. Covenant violations under LOC agreements often result in substantially higher LOC fees, delayed audits, and one-time fees for waivers or covenant adjustments.

Covenant violations typically do not result in default if the community follows the procedures outlined in the bond documents, which include communicating the problem to stakeholders as early as possible, following the recommendations detailed in a required management consultant’s report, and correcting the problems within a specified period of time.

With respect to the more serious payment default situations, the not-for-profit CCRC sector borrower default rate of 6.7% for the period 1990-2009 (19 years) was an increase over the 5.8% rate for the period 1990-2008 (18 years) and the 5.2% rate for the earlier time period 1990-2007 (17 years). A further increase is expected for 2010, due primarily to the effects of the housing market on newly opened communities and the economic climate (portfolio losses, turnover issues, and operational pressures) on borrowers that had been operating on thin margins.\(^1\)

Of the roughly 500 CCRCs whose debt is rated (either on a stand-alone basis or as part of the system to which they belong), few are in the “A” category or above. Even so, the number of CCRC organizations that, at this point (through spring 2010), have defaulted and sought bankruptcy protection during this economic crisis remains a small proportion of the nearly 1,900 CCRCs. That’s a notable accomplishment, considering the surge in defaults that has affected most industry sectors—and particularly non-investment grade issuers—throughout the world.

10-year average cumulative default rates, 1999-2009

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<tr>
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<tr>
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<th>U.S. Public Finance (USPF)</th>
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<tbody>
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<td>All issuers</td>
<td>.58%</td>
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<tr>
<td>Non-investment grade</td>
<td>18.42%</td>
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\(^1\) Ziegler Senior Living Research, 2010
The health-care sector contributed eight of 10 Fitch-rated USPF defaults that occurred in the 10-year period, but only one of those health-care defaults was issued by an organization owning CCRCs—National Benevolent Association (NBA) in 2004. The other nine defaults were issued by hospitals. In the case of NBA, its buyer assumed all resident obligations, its communities have been stabilized, and no residents suffered financial harm as a result of the bankruptcy and subsequent sale.

To avoid payment default situations that may lead to bankruptcy, which is typically a last resort, CCRCs must maintain a “laser” focus on operations to weather the storm and build reserves. They may replace management in order to ensure that appropriate priorities are established and maintained. They may look for affiliation opportunities to gain access to the new partner’s resources. They may try to restructure their debt, or they may sell the CCRC. In each of these latter situations (affiliation, restructuring, or sale), bondholders may recover all, a majority, or only a portion of the amount they are owed.

The reality is that the senior living sector has a long history of fulfilling its contractual commitments to residents even in difficult economic periods. The great majority of CCRCs have negotiated successfully through recent economic downturns and remain strong and financially viable. Those CCRCs that have needed to resolve financial difficulties by filing for bankruptcy protection in most cases have done so without adverse impact to the financial security of their residents. One recent bankruptcy, however, has occurred at a CCRC with a high entrance-fee refund feature; and residents of this CCRC have had their rights to receive future refunds impaired. Nonetheless, residents have retained their right to remain at the CCRC under the new ownership, which is the ultimate goal in any such situation.
• Future outlook
What, then, is the future for CCRCs? In 2011, baby boomers (those born between 1946 and 1964) will begin to turn 65; and by 2012, nearly 10,000 baby boomers will turn 65 each day. According to the Alliance for Aging Research, those aged 65 and older will account for approximately 20% of the nation’s total population by 2030, more than doubling the number of aging Americans to more than 71 million from just over 35 million in 2000.\textsuperscript{11}

Furthermore, the U.S. Census Bureau has projected that, while the proportion of those age 65 and over will remain relatively stable after 2030, the group age 85 and over, those most likely to move into CCRCs, could leap from 5.8 million in 2010 to 8.7 million in 2030 and then soar to 19 million by 2050.\textsuperscript{12}

**Changing Age Structure Within the Older Population**
*The age composition within the older ages is projected to change between 2010 and 2050. As the baby boomers move into the older age groups, beginning in 2011, the proportion aged 65–74 is projected to increase. The majority of the country’s older population is projected to be relatively young, aged 65–74, until around*

\textsuperscript{11}“The Long and Winding Road,” Histories of Aging and Aging Services in America, 2006-2016, AAHSA and Decision Strategies International, 2006
\textsuperscript{12} The Next Four Decades, The Older Population in the United States, 2010-2050, U.S. Census Bureau, May 2010
2034, when all of the baby boomers will be over 70. As the baby boomers move into the oldest old-age category, the age composition of the older population shifts upward. In 2010, slightly more than 14% of the older population will be 85 and older. By 2050, that proportion is expected to increase to more than 21%. The aging of the older population is noteworthy, as those in the oldest ages often require additional care giving and support.

—U.S. Census Bureau, May 2010

First among 11 “top trends” identified by AAHSA in 2006 is that aging baby boomers will redefine issues of care and launch a consumer revolution in care for the aging. Two major uncertainties, however, lie in the road ahead:

1) What type of post-retirement living environments will this huge cohort desire, and what kind of aging services will they need?

2) How will the senior living sector resolve the scarcity of available staff required to provide quality care and services to such a huge influx of aging individuals?

A segment of the age-appropriate population—from as little as 5% to as much as 25%, depending on the region of the country—can be expected to find the CCRC lifestyle choice an attractive option. That group could be described as “planners,” who will evaluate the risk of needing long-term care, accept their potential need, and value the varying elements of the CCRC contract that provide access to the desired—and, eventually, needed—programs and services of the community.

As noted earlier, current residents, reflecting their contentment with the choice they have made to move into a CCRC, are the primary referral source for new prospects—accounting for 60% to 70% of all resident move-ins. Just 1% or fewer of respondents to an ASHA survey in 2009 indicated that they were dissatisfied with their residence after moving to a CCRC; none reported being very dissatisfied. That bodes well for the referral picture (and occupancy levels) going forward.

As the demographic-driven need for aging services continues to increase, CCRCs are uniquely positioned to capitalize on their experience providing these services to the aging. Additional inventory and continued product repositioning will be required to accommodate future generations—particularly since current economic conditions have resulted in a more than 50% reduction in new seniors housing units under construction since construction rates peaked in 1Q08.

13 Ibid
14 Independent Living Report, ASHA, 2009
15 Op. Cit. The MAP Monitor
For those retirees who have the financial wherewithal to pay entrance and monthly fees, the CCRC, in essence, offers the confluence of a variety of industries in one place—housing, hospitality, health care, and (if offering life care) insurance. The commitments made are typically lifelong. Up to this point, the business model has been fairly straightforward. Entrance fees received plus monthly fees received over a resident’s life, less the entrance fees repaid or refunded to the resident, must be adequate to provide the housing, services, and health-care costs over the resident’s life plus provide reserves for the repayment of debt and renewal of the CCRC’s physical plant.

Many providers have used initial entrance fees to repay debt early. This has, in effect, reduced the overall debt burden and allowed providers to price their communities as competitively as possible. Should the financial resources of consumers decline, an increasing number of future retirees may find the rental model of CCRC more attractive. However, since the cost of a private nursing home room can range from $50,000 to more than $200,000, depending on the location, the CCRC is often especially attractive to those who want to plan ahead for their future long-term care needs and/or those of their spouse and to older adults who have the resources to choose from a variety of lifestyle options\(^\text{16}\). It seems certain, however, that choice will remain a critical element of tomorrow’s CCRCs: choice for entrance fee vs. rental, choice for refundable entrance fees (more expensive) vs. fully declining entrance fees (less expensive), and choice for the types of services selected.

CCRCs have historically been—and continue to be—an attractive lifestyle choice for older adults. They offer a healthy wellness- and social engagement-oriented lifestyle for the vigorous and for the frail. They are often especially attractive to those who want to plan ahead for their future long-term care needs and to older adults who have the resources to choose from a variety of lifestyle options. These adults will continue to be attracted to a number of CCRC features:

1. Secure private accommodations and common area amenities in a variety of styles and with a wide range of pricing options;
2. A continuum of services at a single location, including dining, housekeeping, social and recreational programs, transportation, and health-care services, as needed;
3. Payment plans that may utilize home equity to help keep monthly expenses at a lower level and that may offer repayment of a portion of the entrance fees;

\(^{16}\)2010 Genworth Financial Cost of Care Survey. The U.S. Median Annual Private Room rate is $75,190; Private Room Median Annual Rates for the least expensive state (LA) and most expensive state (AK) are $51,056 to $202,210, respectively.
4. Possible income-tax deductions in the form of a medical expense deduction for certain fees paid to the CCRC; and, most importantly,
5. Protection against the loss of accommodations and services if the resident exhausts his or her funds.

All of the above provide peace of mind not only for the residents but for their family members and other loved ones.

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**About the CCRC Task Force**

Through a joint effort of the American Association Homes and Services for the Aging, the American Seniors Housing Association, and the National Investment Center, a consortium of CCRC leaders and industry experts made contributions to this report.

**About the Editor**

Jane E. Zarem, a freelance editor, researcher, and writer, is editor of *Senior Living Business*, a monthly newsletter published by Irving Levin Associates that focuses on financial news and growth strategies for providers and suppliers in the not-for-profit sector of the industry. She is also a senior editor at Mequoda Group, which publishes studies and reports on best practices for online publishers and marketers. And she is a contributor to *Folio: and Audience Development* magazines, having researched and written numerous feature articles over the past several years, including three annual supplements on digital media (2008-10). She has researched and written feature articles, white papers, special reports, newsletters, and marketing materials for clients in or related to the aviation, banking, education, publishing, real estate, senior living, and travel industries. She earned a B.S. from Boston University, School of Management, and resides in Weston, Connecticut.