



## Rusty's Blog Should You "Rent" or "Invest" in a Retirement Community?

With all the uncertainty in this country and world today, doesn't it make sense to rent when it comes to retirement living, instead of buying into a facility? If you buy into a senior living facility, your capital investment is tied up. It may be that the plan for your unit says that you will be able to get some share of your "investment" when you choose to leave or die, but will it really be available if you or someone needs those funds? Most of the plans say that your unit will not be bought back until there is another buyer available. In this market there may not be a ready buyer, and the price may well have gone down!

Real estate values have been going down in the last few years. This is a phenomenon that we have come to think could never happen, but here it has. Nobody can say with any confidence when or if this will turn around. It seems to me that keeping more of our funds in cash or some in gold may well be wiser than "investing" in real estate in a downward trend. Times may well be coming along when having cash would be a great blessing for you or me or for us to help our children.

I have been a real estate investor for many years and have never seen a market with poorer prospects than we have now. I have a Master's Degree in Chemical Engineering from Cornell University, worked for Dow Chemical in their Economic Evaluation Department, and I have also stayed tuned to television financial programs for 12 hours-a-day since their inauguration. I am fully convinced that many "experts" are currently scared to death about the future! It seems prudent to me to get or stay liquid if possible. There most likely will be a better time in the future to commit money into real estate of any form.

Here are a couple of other things to consider when thinking about investing your funds in a retirement residence or the alternative of renting. Is it possible that the facility you put your funds into could go bankrupt? If it did, what would happen to you and your money. Is it possible that finances would affect the quality of your care? In a rental retirement residence, if the center does not perform up to your expectations, there would be little stopping you from moving. Also, when comparing costs, why do most buy-in facilities charge about as much for their monthly fees as do rental buildings, if you have essentially already purchased your unit?

This may be one of my tougher Straight Talks, but my goal is to bring critical attention to the choices of Senior Citizens and their loved ones as they consider options for retirement communities.

Blessings.

Rusty Blix  
Administrator