

Spending Behaviors of Older Women Living in an Assisted Living Facility



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ABSTRACT

A major demographic trend in the United States is the increasing older adult population. According to the US Census, the number of persons, ages sixty-five and older has increased approximately 4 million in 2000 and will continue to grow. As the baby boom generation reaches retirement, one issue facing older adults is how to assess and manage their housing and living expenses. An option for older adults that need some support, but are not totally dependent on others for their care is assisted living facilities. There is little public awareness about the cost associated with this housing option. The purpose of this study is to examine the monthly expenditures of older adult women living in an assisted living facility located in rural southwest Virginia. Interviews with the women identified spending patterns and the actual living expenses beyond the base rate residents pay each month. The findings highlight the array of expenses for older adult women living in an assisted living facility.

PURPOSE OF THE STUDY

The purpose of this project was to examine the monthly expenditures of older women living in an assisted living facility in Montgomery County, Virginia. In this geographic region, the older adult population is 8,629 or 8.6% of the total county population. This segment of the population is growing, and will continue to grow in the up coming years. As a result of this trend, retirement communities have become a popular housing alternative.

From a business perspective, this is an attractive market opportunity to invest in this growing industry. Knowing the cost of living in these communities will not only benefit older adults interested in this housing option, but also the entrepreneur who is considering career opportunities in this expanding market.

METHODS

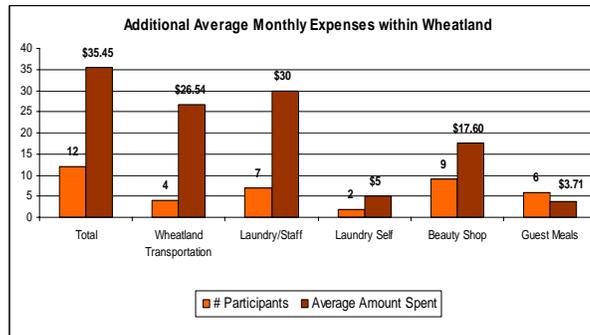
- **First Phase:** Gathered cost information for private pay residents at assisted living facilities in Montgomery County.
- **Second Phase:** Conducted face-to-face interviews with 12 female residents at Wheatland Retirement Community.
 - Wheatland's Activity Coordinator provided a list of cognitively able residents who could be invited to participate in brief face-to-face interviews
 - Located the targeted residents and explained the purpose of the study and invited their participation. Each interview lasted 30-45 minutes.
 - The women were asked questions about their background, health status, expenditures within Wheatland, personal expenditures outside of the facility, and overall financial satisfaction using a structured interview guide.
 - If the women were not aware of their monthly expenses or could not provide complete financial information, the primary investigator asked their permission to contact their power of attorney.

PARTICIPANTS

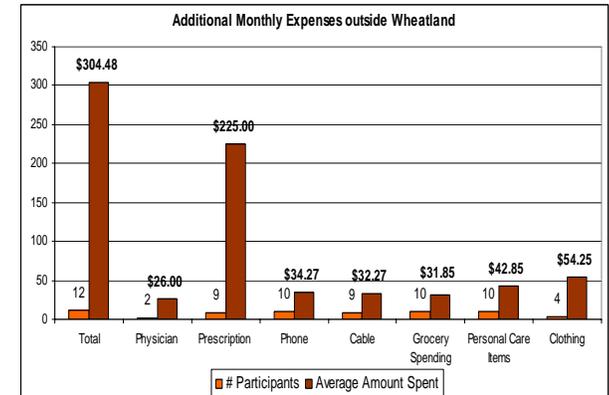
- 12 women, ranging in age from 74-96; Mean age = 83 years (S.D. 6.62)
- Current health status:
 - Poor: 1 woman
 - Fair: 6 women
 - Good: 3 women
 - Excellent: 2 women
- Income: Ranging from under \$9,000 to over \$50,000 for 9 of the women 3 of the women did not provide their income
- The percentage of their finances that the women managed themselves:
 - 100%: 5 women
 - 75%: 2 women
 - 25%: 1 woman
 - 10%: 4 women
- 10 women reported having a POA; 9 of the POAs were adult children

RESULTS

- Average base rates of four assisted living facilities in Montgomery County:
 - Semi-Private: \$1489.38
 - One Bedroom: \$1782.50
 - Two-Bedroom: \$2300.00
- Average additional monthly expenses within Wheatland: \$34.45
- Average additional monthly expenses outside of Wheatland: \$304.48



RESULTS (continued)



- Social and Recreation Activities: 2 residents spent and average of \$98.25 a month
- Unanticipated Expenses: expenditures from the previous year that the women do not regularly incur:
 - Purchased a home: \$98,000
 - Video Magnifier: 2,000
 - Dentures: 1,043
 - Ambulance Fee: 600
 - Car battery: 78

CONCLUSIONS

- The main expense of women who live at Wheatland Retirement Community was their base facility cost. Additional expenditures within the facility were minimal.
- The majority of women's expenses within Wheatland were spent on laundry services and transportation services. Another popular service was the beauty shop.
- The women's outside expenses were much higher than within Wheatland. The largest proportion of their external expenses were for prescription drugs, clothing, and personal care items.
- The majority of personal expenses that women incurred were not a specific result of living at Wheatland Assisted Living Facility. The findings suggest the need to have financial advisors working with assisted living residents and their families to help identify and project expenses beyond the monthly facility costs, including transportation to utilize resources outside of the facilities.