SENIOR HOUSING TRENDS: 2021-2022

Insights and guidance on planning for **now** and the **future** from an array of senior living's thought leaders

ALWAYS THINKING

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Welcome!

At Love & Company, we take great pride in Always Thinking, which to us means always looking for new ways to help our field grow and prosper.

In this, our third edition of Senior Housing Trends, we are proud to bring you our most comprehensive collection of insights into the future of senior living from many of the field's most innovative thought leaders. From the design, development and financing of new and repositioned communities, to operational initiatives such as addressing staffing challenges and enhancing health and wellness programs, to the latest thinking in opportunities to grow revenue and enhance marketing and sales, we hope the ideas gathered here will help you and your organization prepare for a successful future.

Rob Love,
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Market Demographics in the Decade Ahead

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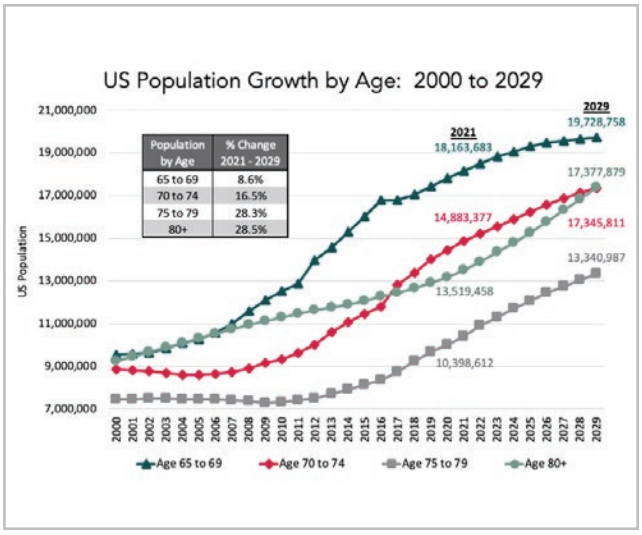
It's long been known that the growth in elder markets will be substantial in the 2020s. As the senior living field moves into planning for the decade ahead, what is really important to understand is the segmentation of the elder market, and the very real differences within those segments.

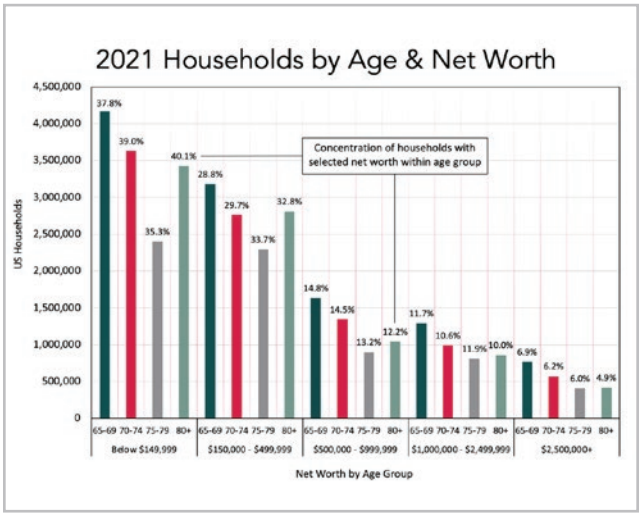
From 2021 to 2029, the overall age 65+ group is projected to grow 19%, but those ages 75 to 79 and 80+ will see a 28% increase, compared to 17% for those ages 70 to 74, and 9% for those ages 65 to 69. Yet while the growth rates are lower in these latter two age groups, they will represent the greatest *numbers* of older adults. Today, in 2021, the greatest number of adults are ages 57 to 61 and 62 to 66, respectively. The vast majority are still employed full-time.

Income and Net Worth

While data still show a decline of income with age, the percentage of households ages 75+ with incomes of 75K+ is growing, reaching 27% in 2021. And while income decreases with age, it appears that households in all age groups are almost equally likely to have net assets of $1 million to $2.5 million, and $2.5 million+, until the age of 80+. This is probably one reason that consumers have greater concern about monthly fees than entrance fees in Life Plan Communities: Their assets are stronger than their incomes. While those ages 80+ may be more likely to have spent down those assets to a greater degree, future members of this age group may also have more significant investments due to having raised smaller households, having increased returns on their owned homes, and living through periods of greater growth in the stock market. Of course, many things could change this scenario quickly.



Graph 1: *Over the next eight years, the older senior population aged 75 to 79 and 80+ will increase at the highest rates the United States has experienced over the past 30 years.*



Graph 2: *The 75 to 79 age group appears to have comparatively favorable net worth, with the lowest concentration of households under $149,999 and the greatest proportion of households with net worth of $1,000,000 to $2,499,999.*

While the Households by Age & Net Worth chart shows that there are substantially more households with a net worth of $1 million or more in the two youngest age segments than the two oldest, which suggests continued opportunities for entrance-fee

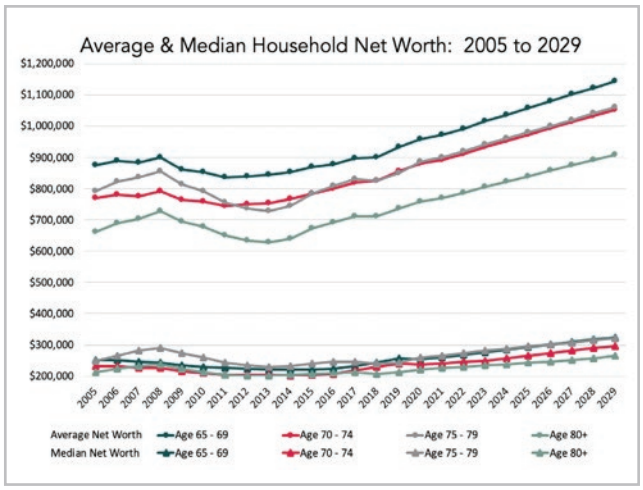
Life Plan Communities, there are more than twice as many households with net assets between $150,000 and $999,999, which suggests very strong demand for middle market options.

Data also show that the net worth of those who already have greater wealth will continue to increase at greater levels than those who have less wealth, reflecting the old axiom that "the rich get richer."

Household Type

Among those ages 55+, the percentages that are living alone remain consistent between 2006 and projected figures for 2029. The increased divorce rate among the baby boomer generation is often cited as contributing to growth in the number of single-person households, but it appears the growth is largely due to increasing numbers of elders overall as the proportion of households that are made up of single persons remains consistent. This consistency in the face of higher divorce rates may reflect rates of re-marriage or people living with someone other than a spouse, especially as online resources have grown to facilitate re-partnering.

Nevertheless, half of the households ages 75+ are people who are living alone. While this is often translated to mean that there will be more people interested or in need of smaller residences, it should not be construed as increased demand for one-bedroom residences, although single-person



Graph 3: *Over time, in total dollars the average net worth of all four age groups grows significantly more than does the median net worth of each. This indicates that those who already have a greater net worth are more likely to continue to grow that net worth.*

% of Single-Person Households			
	2000	2029	
Age 55-64	28.6%	28.7%	
Age 65-75	34.5%	35.2%	
Age 75+	50.1%	51.3%	
Total # of Households		Households Living Alone	
2000	2029	2000	2029
14.3M	24.3M	4.1M	6.9M
11.5M	22.8M	4.0M	7.9M
10.9M	19.7M	5.5M	9.9M

households are a lot less likely to opt for the largest residences in communities. One bedroom with a den and two-bedroom residences are often the most popular residence types.

The growing numbers of single-person households may, however, point to "community" as a strong value proposition of campus living when programmed to meet the market's desires.

Education

Education, which is highly correlated with income, is increasing. By 2029, about a quarter of those ages 65 to 74 are expected to hold a bachelor's degree or higher. Among those ages 55 to 64 this figure approaches 30%, so educational achievement will increase even more in the future. This is a characteristic that affects everything from health to interests and income.

Conclusion

Taken together, demographic data show that—should Life Plan Communities position themselves to meet the ever-evolving needs of the baby boomers—there will be continued market opportunities to sustain and grow traditional entrance-fee communities. They also show, though, that there are significantly greater opportunities to serve the rapidly growing middle market.

HEALTH AND WELLNESS

One of the greatest opportunities—and challenges—the senior living field faces is changing from a care-based model to one based on health and wellness. With so many competitive alternatives facing the senior living field, Life Plan Communities in particular need to adopt a powerful positioning that supports a truly unique value proposition. In this section, three senior living thought leaders share insights on how this can be done.

In Search of the Fountain of Youth

How fully integrated health and wellness programs can be a key differentiator for Life Plan Communities

Tom Mann,
Vice President of Sales and Marketing,
Moorings Park Communities

Many of my industry colleagues frequently ask me, "How is it that Moorings Park Communities is able to sell and secure entrance fees that are sometimes in excess of $5 million?" My answer is simple: "Luxury is in the details."

Many of the most obvious details are what people can easily see when they tour our communities, such as the spectacular clubhouses, restaurants, fitness centers and residences. And these are spectacular! For example, our Laguna floor plan is just under 8,000 square feet of pure luxury.

But perhaps the most important details are the ones you cannot see.

Allow me to expand. As many of you know, over the course of my career (which included a wonderful stint with the talented people at Love & Company), I have been obsessed with finding the proverbial Fountain of Youth. I believe this is a necessity for every LeadingAge professional. Why? Because improvements in technology and increases in home-based services are making the option to stay at home an even fiercer competitor than it was in the past. In other words, the wolf is at the door. Remember, approximately 95% of our age- and income-qualified target audience elects to age in their houses rather than make the wise decision to move to a Life Plan Community. To avoid going the way of the horse and buggy, Life Plan Communities need to sell—and deliver—the Fountain of Youth. What does this look like? I believe that Life Plan Communities have all of the assets to deliver and improve upon Executive Health Clinics and what they are offering.

Details, Details, Details

The way we can do this is to develop fully integrated health and wellness programs that tie together the resident's doctor, dietitian, personal trainer and activities team, along with their personal biometrics from tools like Whoop, Apple Watch or the Oura ring so that everyone is sharing the same detailed information and results … which ultimately should result in superior outcomes. (Note: Our innovation team is currently testing the Apple Watch and the Whoop fitness tracker to see if this is a data tool we would like to utilize as an organization for resident data collection.)

Yes, it is true that many other organizations offer services and amenities that are similar to Moorings Park, but what separates the highest performers from everyone else is in the execution of those services and amenities. And that is our biggest opportunity.

Develop a team to pull your internal resources together: physician services/clinical services, fitness/wellness and dietary. Then discuss how resident data can better flow between those services to provide a more robust wellness experience.

No Excuses

When pulling your team together, commit to an atmosphere of "no excuses." And trust me, there will be plenty of reasons why you will hear this can't be done, from technology to time. Start simple. If technology is the barrier, start with paper. If time is the issue, look for opportunities to be more efficient. If an inability to get partners (whether clinical, fitness, dietary, etc.) to participate is the issue, look for better partners.

If you are a CEO or executive director of a Life Plan Community, improving communication between your departments should be your top priority this year. Ask your team a few simple questions that I would ask if I were considering becoming a resident of your community:

- Does your community create a baseline assessment of my health, both physical and cognitive? How does that information flow between my doctor and my exercise physiologist?
- Do you have a team that is preparing my personalized health and wellness plan? If so, who is on that team?
- How are components of my social and spiritual health incorporated into my plan?
- Health experts now say that the gut is the key to good health. Do you have a dietitian on staff? How will my dietary plan flow from my dietitian to my physician and the culinary team? (This is different than dietary restrictions.)
- How do my personal biometrics obtained by my smart watch or device get utilized by my physician and exercise physiologist? For example, will my doctor be reviewing my sleep data?
- Remember, this is your opportunity to change how America ages!

Embracing the New Value Proposition: Purpose, Social Connection and Wellness

John Franklin,
Founder and Principal,
Pearl Creek Advisors

A lasting impact of the pandemic will be as an accelerant. Senior living is no exception. Adoption of technology, including telehealth, implementation of more rigorous infection control protocols and coordination with third-party services, was inevitable, but COVID-19 ushered in these advances in months, not years or decades.

On the other side of the pandemic, the senior living sector—Life Plan Communities in particular—will need to rethink the value proposition of their offering. Excellent infection control will be a necessity, but that alone will not entice older adults to move into senior living. Providers must pivot to a more compelling consumer value proposition that draws people in. This will involve a shift from a "care model" focused on surviving to a "vitality model" focused on thriving. This new value proposition will be anchored on elevating one's purpose, social connection and wellness. How will senior living organizations successfully execute this pivot? In her exceptional book, ***Disrupting the Status Quo of***

Senior Living, Jill Vitale-Aussem challenges the field on long-accepted practices, and demonstrates how a shift in perspective can lead to culture change. Straightforward and honest, it is one of many resources available to help organizations execute this pivot.

Another resource to help senior living organizations understand the importance of this shift is my three-part series on "How To Embrace Social Connection As a Part of Your Value Proposition" found on my website. Backed up by extensive research, the first paper (What can COVID-19 teach us about marketing Life Plan Communities?) discusses the importance of social connection on health and longevity. The second paper (Identifying obstacles to embracing social connection as a value proposition) discusses the obstacles confronting senior living organizations to embracing this value proposition. The final paper (Identifying solutions to embracing social connection as a value proposition) offers strategies and tools to help organizations pivot to this new value proposition.

How will boards, leadership and staff adopt this new value proposition? To do so, the following missional, strategic, organizational and financial issues will need to be addressed:

- Ensure your mission challenges ageist stereotypes and helps older adults lean into the opportunities afforded by increased longevity.
- Embrace multidimensional wellness as a strategic imperative.
- Invest in technology on an ongoing basis.
- Introduce healthcare navigation as a key service and alternative to moving through the traditional healthcare continuum. Foster resident-driven social connection with in-person and virtual capabilities. Align the organization around the new value proposition, including eliminating silos, competing priorities and mixed messages to the marketplace.
- Utilize data to demonstrate resident engagement and its influence on health and well-being.
- Retool marketing and change sales tactics to emphasize the new value proposition.
- Revamp business models to enhance sustainability through increased profitability by offering price points and products that appeal to a sufficiently large market.

As the industry pivots to this new value proposition, senior living organizations will need to overcome the myths and negative perceptions associated with senior living settings created by the pandemic by telling a new and compelling story grounded in reality.

The Value of Social Engagement in Communities

Kyle Robinson,
Partner, Wellzesta

The positive effects of social support have been well-documented over the last 25 years, yet less research has been conducted to view the specific ways that social engagement is communicated, particularly with recent changes in technology use among senior adults. Social interaction has a tremendous impact on mental health. Staying connected with friends as we age can fend off feelings of isolation and loneliness. Friendships also increase your sense of belonging, as well as improve self-confidence and worth. In senior living communities, what really impacts the value of social engagement?

The COVID-19 pandemic has demonstrated the importance of social connection to well-being. Social engagement now has everyone's attention, by the diminished ability to physically connect with others we had throughout much of 2020 and 2021. According to a recent white paper by Pearl Creek Advisors, they suggest, "The irony is that senior living communities, which pride themselves on social programming, are creating a social isolation crisis in their own communities. And the danger is that we may lose our primary value proposition of combating social isolation by making social connection hard instead of easy." But there is a silver lining: the increased depth and breadth of technology among senior living residents as a means to socially engage. It doesn't replace human-to-human, in-person connection, but it does allow a space for that connectedness to thrive. Technology—specifically engagement platforms—makes it possible to not only connect, but also to personalize and tailor that experience.

In 2020, I conducted a small research study: a series of one-on-one interviews with several Life Plan Community residents and friends about social engagement. This was by no means a longitudinal study with strong ethnography, but still the results were telling. I asked a simple question, "What does social engagement mean to you?"

Time and Engagement Insights

The results demonstrated powerful correlations tied to two primary factors:

1. The lines of in-person community versus virtual community are becoming intertwined
2. The perceived positive value of social engagement increases with one's age

Among some of the most interesting responses were:

- "I realize how much I took physically seeing a friend for granted. But, now, I'm more open to using video like FaceTime and Zoom as a way to socialize."
  — Female age 85
- "When people like, comment on or share my posts, then we are engaging. I don't think about it as impacting my life. It is just part of it everyday."
  — Female age 78
- "As long as I am part of a community, whether that is on a campus or online, then I am staying healthy."
  — Male age 72
- "Social engagement is about navigating relationships. Navigating too many can make you crazy, but not having enough meaningful ones can kill you."
  — Male age 80

As a technology partner in the eldercare space, we've witnessed the ability to both move the dial on engagement, as well as foster a new lens to viewing connection. During COVID-19, the Wellzesta team discovered some interesting findings.

1. Through our senior living resident engagement platform, the time in app went from 25 minutes per day to 53 minutes per day.

2. In 2020, the 80-85 and 85-90 age cohorts increased their weekly engagement by 38%.
3. During COVID-19, the majority of Life Plan Communities using the Wellzesta Life platform maintained a positive, resident-reported mood of "Feeling Good Today" or "Feeling Great Today."
4. There was a significant increase in overall wellness content consumption, especially topics like meditation, mindfulness, devotionals, anxiety-relief and nature-related information.
5. Live-streaming and virtual events, both sponsored by the community and by off-campus organizations, increased.
6. Residents' social network density increased by 35% during 2020.

To increase social engagement's value, we must become digitally intimate with those experiencing our technology. It is all about personalization. The value of engaging socially is fundamental to community stickiness and community development. Our role as providers and partners is to offer a welcoming environment, both physically and virtually, for people to express themselves, connect with others, and get closer to their purpose.

STRATEGIC PLANNING AND FINANCE

In addition to the focus on health and wellness shared in the previous section, senior living organizations face many other strategic challenges and decisions. In this section, thought leaders share their insights on future directions in contract choice, rental and middle market offerings, healthcare offerings, partnership opportunities and even whether to consider becoming part of a larger organization.

Increased Demand for Rental Senior Living and the Implications on Your Entrance Fee Organization

Toby Shea, Partner, OnePoint Partners

Just as they have in many other facets of their lives, younger members of the silent generation and older boomers want to do things differently in senior living. While the entrance-fee model has been the long-held standard in not-for-profit senior living, more and more seniors are preferring the flexibility and freedom found in rental products.

People older than 55 are the fastest-growing segment of the country's rental population. This demographic shift—a 28 percent increase in renters older than 55 between 2009 and 2015—represents 2.5 million seniors.

See Infographic from: https://infogram.com/increases-in-categories-of-renters-in-us-2009-2015-1g57pr0yj3kvp01

This shift is something that the not-for-profit senior living field needs to prepare for, as it represents a significant proportion of future demand. While the entrance-fee model remains strong, and is by no means obsolete, many organizations are expanding the reach of their missions by rolling out rental products, some with great success, to reach a broader audience. It is therefore important to understand the trends and consider their implications on our communities.

Seniors are attracted to rental communities for two primary reasons.

1. Affordability

Affordability and flexibility go hand-in-hand and represent important considerations for why many are preferring rentals over entrance-fee communities. For boomers in particular, projections show that a significant proportion do not have strong asset bases. For many, their home will be their major asset, and locking up that asset in an entrance fee is not a realistic use of those funds.

Rental communities, on the other hand, allow boomers to keep their assets liquid. This provides them with more control over their financial futures. The flexibility to leave the rental community, without losing all or part of their entrance fee, is attractive and even worth paying a little more on a monthly basis.

2. Freedom

Seniors are also attracted to rental options for the freedom, which is realized in many ways. As with most Life Plan Communities, rental communities eliminate home maintenance. An in-town, walkable community allows residents to feel more connected to the city center or neighborhood, with more freedom of choice with their newfound time. For some, it is more of a psychological freedom that comes from removing the perceived restrictions and long-term commitments that come with an entrance-fee contract.

In addition, many of today's seniors long to enjoy what comes with city apartment living, which is largely rental: a low-maintenance lifestyle that allows them to be part of an active community. They are not as interested in an isolated, independent living "campus." Boomers are seeking places where they can still have easy access to grocery shopping, restaurants, walking trails, fitness centers, music venues and theaters. As this generation gears up to enter its rightsizing years, Life Plan Communities will need to prepare to meet the desire for this lifestyle, especially when considering expansions and partnerships.

Should your entrance fee organization introduce a rental product? And does it require a separate site/campus, or can a rental model be successfully integrated into an existing entrance-fee community campus?

There are several key operational and structural differences between entrance fee and rental communities. The chart below provides an overview of the contrasts.

If your organization wants to take advantage of the increased consideration of rentals, or if the market in which you operate dictates consideration of a rental option, two main approaches tend to work for existing providers.

- The first approach is to convert some or all of your existing entrance-fee product into rental. This requires two key ingredients: capital and time. This approach is difficult and requires much advanced planning as the refund obligation of existing entrance fees combined with lost entrance fees from turnover proceeds pose a major funding challenge when trying to harness those two key ingredients.
- The second approach is to develop a new rental product. In many ways, this can be easier to accomplish than a conversion from entrance fee to rental. Furthermore, organizational leadership may view the addition of a new rental product more optimistically, and as an intentional, strategic initiative to diversify product offerings and serve a broader consumer market, while converting entrance-fee residences to rentals is sometimes perceived as an attempt to fix an existing market challenge.

Regardless of the approach, additional recommendations for success include:

- Start with a deep understanding of your market and the potential influence of rental offerings on your specific community. Adding a rental offering—either through conversion of existing or development of new—is not a strategy in and of itself. Are rental competitors impacting your occupancy? Is there opportunity in the market to add a rental product? Understanding your market and positioning of your community is the first place to start.
- Do not wait too long to start, and do this from a position of strength and strong performance. Conversion to rental becomes exponentially more difficult if your community is already struggling with occupancy. Similarly, if the market opportunity exists to develop new rental product, waiting to act can invite competition and the opportunity could be lost.
- Have a focused master plan with a distinct direction based on your organization's chosen approach to adding rental, and an understanding of how adding rental product to your campus fits within the overall vision and plan.
- Focus on the operating plan. Since rents will be the sole source of cash flow, it is important that the services and amenities are consistent with your future cash flow.
- Have a sound understanding of the potential financial implications of adding rental—particularly if it is replacing entry fee product—and the impact on cash flow moving forward. Also ensure you have a capital strategy in place to adequately support the needs of this effort.

As the rise of rental continues, our field must recognize that rentals present a different opportunity, while the entrance-fee model remains a viable option. The ultimate direction your community should take will depend on your market's unique conditions and on how your leadership team determines you can best be positioned for future success.

Contrasting Rental and Fee-Based Communities

Attribute	Entrance Fee	Rental	Rental Perspective
The need to accumulate cash & build reserves	High	Low	Lack of refund liability and healthcare benefit limits required reserves
Operating margin	Low	High	Independent living typically generates significantly higher operating margins than higher levels of care
Resident turnover	Low	High	Rental residents are typically more transient given contract structure; increases importance of marketing
Debt-to-equity	High	Low	Entrance fees serve as "quasi-equity," whereas rentals require more initial equity
Healthcare benefit	Frequent	Rare	Healthcare needs can be offered by partners, including a parent Life Plan Community
Expected amenities	More	Less	While rentals typically offer fewer amenities to manage costs, some are starting to increase their offerings
Sources of CapEx funding	Entrance fees	Operating margin	Rental communities need to be diligent about setting aside funds for future CapEx needs

The Future of Continuing Care Contracts: Will Type A, B, C or D Become the Predominant Choice?

A.V. Powell, ASA, MAAA, Founder and Chief Strategy Officer, A.V Powell & Associates

Molly Shaw, ASA, MAAA, Chief Actuarial Officer, A.V Powell & Associates

Since our initiation into the continuing care space in 1979, we have heard rumors that lifecare contracts were dinosaurs and would be extinct soon. Continuing care contracts*, previously referred to as lifecare, include those agreements sold by Life Plan Communities, aka continuing care retirement communities (CCRC), and continuing care at home (CCaH) entities. These contracts offer a product similar to long-term care insurance that covers benefits or services to support changes in one's functional status that may be temporary or permanent. In the past, these changes often resulted in a resident moving along the continuum of care, with contracts written to be location-specific. In other words, monthly fees may or may not change when a resident moved to a different location and are not necessarily based on the costs of services he or she received. The continuing care concept was an innovative and unique combination of managed care techniques with up-front funding and monthly payments to help create an affordable fee structure to cover benefit costs and risks. When actuaries began their study of this field in the late 1970s, there were approximately 300 entry-fee-based Life Plan Communities nationwide serving around 60,000 to 90,000 seniors. Today nearly 2,000 such communities serve more than 400,000 to 600,000 seniors—a small fraction (less than 2%) of the estimated 38 million seniors older than age 70.

Life Plan Communities have typically defined themselves by the type of contract they offer. In the 1980s, the predominant contract was Type A, generally referred to as extensive or lifecare contracts. During the past four decades, we recall many conversations with marketers suggesting the Type A contract was losing favor among prospects. We and others have observed significant growth in the number of communities offering options for Type B, limited or modified contracts, and Type C, fee-for-service agreements. At first blush, this decades-long trend of offering multiple contract options might

suggest that the demise of the Type A contract is imminent. However, the expansion in types of contracts offered by Life Plan Communities does not represent the actual contract selection by prospects. To our knowledge, no one has conducted either a national or random sample longitudinal survey to determine trends in contract selection. This would be a useful and interesting study.

So, the $64,000 question remains: What are the continuing care (Type A, B or C) provisions that will appeal to an overwhelming majority of Life Plan Community prospects, both now and in the future? Pondering this question is similar to pondering whether an adjustable rate or a fixed-rate mortgage is better. Most would agree that it depends on the individual's risk aversion/tolerance, as well as the relative pricing of the products. A priori, the expected lifetime costs of healthcare and the corresponding, actuarially adequate pricing combination of an entry fee and future monthly fees are the same for all healthy individuals that would qualify for independent living admission. In other words, an individual does not know beforehand if a Type A (lifecare) contract will result in less lifetime cash outflows than a Type C (fee-for-service) contract. Hence, an individual cannot know, with certainty, which contract is most financially advantageous. *This implies that most individuals should be financially indifferent to their contract selection.*

However, suppose you factor in one's risk aversion utility curve. In this case, some will prefer to "insure" themselves against uncertain financial risks, while others will be willing to accept those risks of higher-than-expected future healthcare utilization and costs. To actuaries, this means there is no perfect contract design—all are equally acceptable if priced on an actuarially fair basis. An anecdotal observation from our combined consulting experience: Whenever multiple contracts are offered by the same Life Plan Community and the actuarial margins show more than a 10% difference, at least 70% of prospective residents will select the contract that is in their financial favor (lowest margin).

Looking to the future, we believe there is a high growth opportunity for continuing care contracts due to the relatively low penetration among today's target-aged seniors. Moreover, these seniors will demand more contract options to fit their perceived needs for prefunding healthcare. The risk averse will select Type A contracts, while those with high risk tolerance will seek Type C or Type D (rental) contracts. Others will fall somewhere in between, opting for Type B. *There is not one "right" continuing care contract for everyone.* The key is to recognize and address market desires by offering variations in healthcare benefits (as evidenced by the growth of refundable contracts) and pricing them adequately with clear and transparent explanations of contract provisions.

As the practice of aging in place becomes more prevalent in the future, it is likely that location will no longer trigger continuing care contract benefits. Instead, changes in an individual's functional status or care coordination needs will be the trigger for contract benefits, similar to CCaH contracts. This means that continuing care contracts will be written so that monthly fee changes correlate with changes in the resident's ADL or IADL status.

We believe that the most successful providers will respond by implementing risk management methods that allow them to offer all types of continuing care contracts on the same campus, including combining CCaH options with Type C contracts or unbundling Type A and B to combine with a new form of CCaH contract. For providers, this means developing admission underwriting conventions or actuarially fair fee adjustments to cover potential variations in utilization risks for an individual prospect to minimize the likelihood of adverse contract selection.

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*For a definitions of continuing care types, refer to the link: https://en.wikipedia.org/wiki/Continuing_care_retirement_communities_in_the_United_States.

Strategic Planning for Higher Levels of Care in the Shadow of a Pandemic

Brad Paulis, ASA, FCA, MAAA, Partner, Continuing Care Actuaries

Chris Borcik, FSA, FCA, MAAA, Principal, Continuing Care Actuaries

Much of 2020 and early 2021 was a constant struggle of assessing the latest information and reacting as quickly as possible to answer the question, "What needs to be done *now* to keep residents safe?" Now, as residents and employees are likely as vaccinated as they are going to be, a pivot towards strategic planning for the long-term is crucial. What changes should be made to meet resident demands in the post-pandemic world?

There has been constant pressure for communities to steer away from skilled nursing over the last twenty years. Before the pandemic, many communities were shrinking or eliminating their skilled nursing beds to provide additional and enhanced assisted living and/or memory care residences. Some developers were planning new communities without skilled nursing complements, only including them in the plan if the new community's management team insisted skilled nursing be a part of the project.

In the new COVID-19 world, this trend has accelerated. Because of the communal nature of skilled nursing facilities and the high-risk elder population being served, those living in skilled nursing are at increased risk of infection and severe illness from COVID-19. Additionally, much of the national media attention around COVID-19 followed the spread of the disease and the high mortality rate of those infected while living in a senior living facility. In reality, there were very few deaths in independent and assisted living, with the majority of deaths occurring in skilled nursing.

Will skilled nursing utilization bounce back after the pandemic, or is this a permanent shift in nursing utilization? Consumer demand will determine the future of skilled nursing. Healthcare demand has not changed, and a significant portion of the senior population will require care. Will they feel comfortable going into a skilled nursing facility after the pandemic comes to an end, or will they prefer having in-home skilled nursing care in the future?

In our respective work with long-term care companies, we have seen reduced utilization of skilled nursing, as many seniors avoided care during the pandemic to reduce the risk of infection, when possible. If skilled nursing utilization remains below historical levels, this will increase demand for in-home nursing care, assisted living and dementia care.

Three Key Questions

As skilled nursing bed complements continue to diminish, there are three areas that communities should examine to help with long-term planning:

1. **Home Care**: How do you currently manage in-home care? If it is not currently part of your community, should you add this service or allow outside providers to bring this service to your residents? If you do allow outside providers into your community, should you regulate who is permitted on campus or only allow providers that have specific agreements with the community to control the quality of care?

2. **Assisted Living**: With increasing home and dementia care and decreasing skilled nursing care, what is the right level of assisted living care in your community? What is the smallest number of beds for a unit to operate efficiently, while remaining large enough to meet the demand in your community?

3. **Dementia Care**: In this ever-changing world, communities need to be up to date on best practices for dementia care. Additionally, if communities must lock down again in the future to ensure the safety of their residents, how do they improve activities that maintain resident socialization?

   This is especially critical in independent living, where residences may be dispersed throughout the campus, isolating residents further.

When working on strategic planning, the following will help drive decision making:

- Define the philosophy of care in the community. Where should certain services be provided?
- Determine efficient unit operations by examining a range of options and weighing the pros and cons of each.
- Develop expected population movements. Create baseline assumptions and then do stress testing to see how ILU occupancy and resident healthcare utilization could change the population in each level of care.
- Complete an operational revenue analysis. Do expense changes make sense with your current contract(s)? How are your accounting and actuarial benchmarks affected by the changes that you could make?

In the post-pandemic world, it is critical to remain flexible. Now is the right time to start asking some big questions about how your community must change to meet future residents' needs, wants and expectations.

Joint Ventures & Partnerships to Advance Growth Opportunities

Lisa McCracken, Director, Senior Living Research and Development, Ziegler

The 2020 LeadingAge Ziegler 200 publication reported that 34% of the largest not-for-profit senior living and care organizations are in a formal joint venture of some kind. The most common joint venture partners are other senior living providers and hospitals/health systems. We find that it is common for senior living providers to enter into joint ventures for owning and operating home and community-based service platforms such as home care, home health or hospice. Joint ventures for PACE (Program for All-Inclusive Care for the Elderly) are commonplace as well. There are other partnerships that exist on the bricks-and-mortar side of the business but are often less common than joint ventures with home and community-based service lines.

Why Enter into a Joint Venture?

There are a number of reasons why senior living providers enter into joint venture partnerships. The list below is a sampling of some of the more common drivers.

- The ability to diversify into alternative business lines with pooled resources from partners (human resources, capital) allows for growth that may not otherwise be possible alone.
- Each partner may have unique areas of expertise that the other does not have, which collectively allows for greater depth and likelihood of success with a particular venture.
- It may not make sense in your particular market to launch your own initiatives if the depth of the unmet consumer demand is not there. There is more to gain by partnering together on the initiative than fighting for a more limited return because the market is over-saturated.

- If the organization is historically risk-averse, entering into a new venture with partners spreads that risk across the multiple entities. If the venture were to struggle, the partners would equally carry that risk as opposed to a sole entity bearing all of the losses.

- The business of senior living and care is becoming much more complex by the year and partnering on smaller, joint-venture arrangements can be a stepping stone to more advanced arrangements and partnerships in the future. These relationships allow the partners to increase their familiarity with one another. After a successful initial joint venture, it is not unusual for some of those same partners to come together for other initiatives in the future.

It will be important to understand each partners' objectives prior to entering into a formal arrangement and to structure the partnership to align with those goals. Conversely, it is important to understand what each partner wants to avoid by entering into a new joint venture initiative. Specifically, it is generally important to discuss the scenario by which a partner wants to exit the arrangement or if a particular venture is not being successful. Understanding how success is defined and how to respectfully exit or dissolve a relationship if needed will be important.

Not-for-Profit Examples of Joint Ventures & Partnerships

It is often helpful to have examples from peer organizations of partnerships that are currently in existence in the not-for-profit senior living & care sector. Below are some examples.

- ATRIO Home Care: Partnership between Holland Home, Resthaven and Clark. (Michigan).

- Your Neighborhood Connection: Three-way partnership for home care services. Partners are Luthercare, Moravian Manor and Pleasant View. (Pennsylvania)

- Perennial Advantage: Provider-owned Medicare Advantage Plan. Institutional Special Needs Plan (ISNP). Partners are Juniper Communities, Ohio Living, Christian Living Communities and AllyAlign. (Ohio, Colorado)

- Parasol Alliance: Joint venture on a technology solutions company. Providers include Chicago Methodist Senior Services, Evergreen, Saint John's on the Lake, Norwood Crossing and Marquardt Village.

- WellSpire: Joint venture between a senior living organization (WesleyLife) and a health system (Genesis). These two organizations are partnering on senior living development projects. (Iowa)

There are many more examples than those listed above, but these can give a sampling of some of the ways in which providers can come together to advance growth initiatives.

Concluding Thoughts

It is important to note that this article specifically excluded conversations about mergers, affiliations and acquisitions. The activity in the sector for those arrangements is quite high, but it is a different level of relationship than a joint venture. A more in-depth article, "The Momentum Behind Not-for-Profit Sponsorship Transitions," has been written on this topic and we encourage readers to review that material.

The Momentum Behind Not-for-Profit Sponsorship Transitions

Stephen Johnson, Managing Director, Senior Living Finance, Ziegler

We know that across the past decade, more than 900 not-for-profit senior living communities have changed hands. This includes not-for-profit senior living mergers, acquisitions and dispositions as well as closures that have occurred. We have observed this consolidation trend in numerous other healthcare sectors, notably the hospital world. There are very few freestanding community hospitals today compared to twenty, or even ten, years ago. The COVID-19 pandemic has accelerated the rate of sponsorship transitions. The graphic below highlights the top drivers for the not-for-profit senior living consolidation.

Source: Ziegler Investment Banking=

Ziegler often gets asked the question, "How big is big enough?" The answer to this question is not a simple one and often comes down to sophistication, overall revenue and the ability to be competitive in your local market(s). Bigger is not always better. Particularly with increasing size, decisions may take longer, communication can be slower, and there have been examples of mega-organizations with a large national footprint that have struggled. However, given the growing complexity of the sector and the sponsorship transition drivers that were previously outlined, the larger you are and the greater your sophistication, the more likely you will be able to sustain yourself in the long-term. Many providers have come to appreciate that benefit of scale throughout the past year of the pandemic.

At the same time, some provider organizations have reached the point of assessing whether they are positioned to be the affiliator or the affiliatee. This generally relates to control. Are you, the provider, willing to become a part of another organization through a transfer of sponsorship, or are you only interested in growth, whereby you are the primary sponsor and other organizations fold into yours? It is noteworthy to acknowledge that when you are in a position of financial and operational weakness, you may not have a choice in this regard. For those who are looking to grow by having others affiliate with their organization, it is important to take a proactive stance and actively seek engagement opportunities. Taking a passive, opportunistic approach may lead to lost opportunities in this fast-moving environment.

Do Not Wait Too Long

It cannot be emphasized enough that if provider organizations are experiencing early, or even advanced, signs of distress, it is important for them to reach out to explore options. One of the reasons that more than half of the not-for-profit sponsorship transitions since 2010 have gone to private sector buyers is because the communities were in too much financial distress for a not-for-profit organization to step in as the new sponsor. Ziegler has created a checklist tool that may be helpful for boards and leadership teams to use. The purpose of this checklist is to give not-for-profit senior living and care providers the tools necessary to make informed decisions regarding the future of their organizations. In many instances, the items below can be "red flags" for organizations and can serve as a catalyst for making a meaningful change. The items listed below are a sample of questions from the checklist.

- There is new competition in the area and the organization is having difficulty being the top one or two leaders in the primary market area.

- Occupancy has dropped and is not showing signs of significant improvement.
- The organization has had significant operating losses for the last two or more years and limited financial reserves to cover these losses.
- Your organization needs money for other initiatives, such as supporting another related organization or developing a new service.
- The organization struggles to provide a competitive wage compared to others in the area.
- There are concerns about the ability to fulfill payment of debt obligations.
- There have been no meaningful physical upgrades to the community in the last 20 years.
- The organization does not have the resources needed to bring the aging physical plant up to par for current and future residents.
- The board and leadership team have not engaged in a strategic planning process in recent years.
- Turnover is high and there is difficulty retaining talented people.

Concluding Thoughts

It is important to note that every affiliation, merger, acquisition, disposition and closure is a unique story. Similarly, the conversation about whether to formally join with another organization is a personal one, unique to your organization. It is important, however, for organizations to be prepared and for boards to have the conversation. This puts organizations in a much stronger position if growth opportunities present themselves in the future, or if the organization needs to make a decision to partner with another for long-term sustainability.

A Middle Market Playbook

Melissa Andrews, President and CEO, LeadingAge Virginia

In December 2017, LeadingAge Virginia convened a Cabinet with the charge of developing a community prototype(s) that successfully serves the mature middle market. The primary challenge to the Cabinet was, "How can not-for-profit providers develop a model that will attract middle market consumers, justify the risk to our boards and expand our mission into new arenas?" We gathered thought leaders around the table who brought their expertise, passion, problem-solving and willingness to consistently engage until we found the solution.

The Middle Market Need

Rarely in the history of the senior living field has the need for creativity and the imperative for action been clearer. The rapid growth trajectory of the 75+ middle market is more dramatic than the growth of low-income elderly for the first time in memory.

Middle-class Americans have very few alternatives available to them. Government-subsidized programs help provide alternatives for low- and very low-income families, and there are Life Plan Communities for upper middle- and upper-income elders, but the 56% of older adults that are in the middle market are falling between the cracks.

A high percentage of these people will have future care and mobility needs. There is a broad range of financial personas regarding asset/income mix that makes up this market; one size does not fit all.

The Cabinet believes that there is a strong social and ethical imperative to solve this problem and to serve this market. It also believes that it can represent an opportunity for providers.

The bottom line is:

- Very rapid growth trajectory of the 75+ middle market
- Very few secure alternatives available to these older adults
- Multiple financial personas regarding asset/income mix make up this market
- There will be a significant need for services after age 75
- It will take a creative approach, distinctly different from the current product array to meet the need

Defining the Middle Market

LeadingAge Virginia's Cabinet broadly defined the "middle market" as those older adults who have too much income to qualify for government-subsidized housing such as HUD housing or tax-credit housing, and too little in assets and income to qualify at age 75 for residency in a Life Plan Community.

We used 75 as the age on entry because we believe that the benefits of living in a community—higher wellness, higher social engagement, lower depression and less utilization of healthcare—are unrealized when the move to a community setting occurs at an advanced age.

Getting Started

The following are some of the questions that will lay the table for your organization as it determines whether and how to develop a middle market project:

Mission

1. How do we define success for a middle-market project?
2. What are the non-negotiables that must be included for our organization to feel that we are fulfilling our mission?
3. Does serving a middle-market customer fit within our core competencies?
4. Is our organization willing to take on the risks and challenges of a new model?

Operational

1. What financial resources would we be willing to commit?
2. What levels of living and services are required?
3. Do we have the discipline to operate a community with a different operating philosophy/cost structure from our existing model?
4. Where will the management for this initiative fall on our existing organizational chart?

Partnership

1. Do we have to control all components of the project, including delivery of all services, or are we willing to partner with other providers for service delivery?
2. What type of commitment of care are we willing to make? Where are we willing to let partners and other providers take over?
3. Are there schools or religious institutions nearby that could volunteer their time to both offset certain operational functions, as well as integrate an intergenerational component to the community?
4. Is dining necessary to have on campus or can we partner with a local restaurant or service?

The Value Proposition for a New Alternative

After a lot of analysis and financial modeling, our Cabinet proposed a service-enriched independent living model to serve the middle market based on socialization, community-mindedness, partnerships, care navigation and access to services.

Our model is financially viable, mission-consistent and would:

- Provide an enhanced model to a currently underserved market
- Address changes that occur with aging
- Address different needs of residents and families
- Create a new model that depends on:
  - Self-actualization
  - Creativity (on multiple levels) to achieve affordability
  - Community partnerships and volunteerism for lifestyle
  - Technology/disruptors to power some services

We sought to design an approach that might do a better job of ensuring engagement and of offering some sense of safety/peace of mind about future healthcare needs.

A Middle Market Playbook is offered to LeadingAge Virginia Members, LeadingAge National and all LeadingAge state association staff at no charge. Non-members may purchase a digital copy online. For more information, please visit: https://leadingagevirginia.org/store/viewproduct.aspx?id=17211147.

Innovative Financing Strategies Create Operational Cashflow During COVID-19

Melissa Messina, Senior Vice President, HJ Sims

The municipal bond market has historically provided a reliable vehicle for senior living communities to obtain financing. When legislative changes obstructed a major path to tax-exempt bond financing, our team established innovative routes to reach the same destination. Over the last three years, including throughout the COVID-19 pandemic, communities have utilized innovative financing strategies to create operational cashflow. These non-traditional methods have been successful in the recent and current bond markets. However, future regulatory and legislative changes may necessitate a shifting of strategies in response to such changes. The Tax Cuts and Jobs Act of 2017 (the 2017 TCJA) had an enormous impact on the municipal bond market with the elimination of advance refundings. In 2018, our team identified alternative strategies in the absence of advance refundings. These strategies included "Cinderella" bank-held bonds, taxable fixed-rate advanced refundings, forward refundings and tender offers. The following are examples of organizations that used each of these strategies.

- The use of **Cinderella bonds** aims to secure an advance refunding that is at first taxable and converts to tax-exempt, when permitted. It was applied to the financing of The Marshes of Skidaway Island (The Marshes) in Georgia to provide significant savings. The Marshes successfully closed on a $47.1 million financing in December 2020, saving the community approximately $1.14 million annually and $15.36 million, in the aggregate, through a bank financing.

- Westminster Communities of Florida, the largest provider of Life Plan Communities in the state of Florida, utilized a **taxable fixed rate advance**

> "I'm often asked what will happen with senior living financing over the next five years. Essentially, we can't really predict what will happen. A good bit hinges on how this administration approaches private activity bonds (we expect favorably) and the reinstatement of tax-exempt advance refundings (we hope favorably, but are not sure that this will rise to the top of their agenda). If they do not reinstate tax-exempt advance refundings, and tax-exempt yields continue to hover near historic lows, then we expect taxable bond issuance to continue its march towards a greater market share, and refinancings to be achieved primarily through the means noted in this article and in our white paper. If tax-exempt yields rise sharply, and it appears as though the marginal tax rates will increase, we expect that investors will continue to demand tax-exempt paper, a demand that would be satisfied if tax-exempt advance refundings are reinstated."
>
> *—Melissa Messina, SVP, HJ Sims*

refunding of bonds to acquire Glenmoor, a 223-unit senior living community in St. Augustine, after its successful turnaround. Westminster also proceeded with a taxable advanced refunding and tax-exempt new money issuance to fund upcoming capital projects, which procured strong investor interest in a successful $107,360,000 transaction.

- A **forward refunding** approach was utilized by Peconic Landing at Southold (Peconic) in New York. This strategy utilizes tax-exempt fixed-rate bonds priced on a present-day basis, but not delivered and "closed" until 90 days prior to the call date of the refunded bonds. The elimination of tax-exempt advance refundings meant immediate access to the tax-exempt market wasn't possible, and the current BBB-rating made access to the taxable bond market impractical. The forward refunding secured pricing on a 20-year term on the refunding in late 2019, saving Peconic approximately $300,000+ in annual debt service with the ultimate settlement occurring in November 2020, amidst the COVID-19 pandemic.

- A **tender offer** financing was implemented for the Maryland Obligated Group of Asbury Communities (Asbury). In 2018, Asbury Maryland Obligated Group's capital stack was composed of outstanding bonds placed directly with an institutional investor without an optional call feature and with a balloon payment. Negotiating an exchange of the bonds at a purchase price for a new series of bonds, extending the amortization, provided additional years of repayment and reduced Asbury's overall debt burden.

The use of these strategies was a direct result of the 2017 TCJA, which changed the borrowing landscape for 501(c)(3) organizations. As the new administration and Congress identify and implement their fiscal policies, these strategies may or may not continue to be the most efficient means of increasing borrower cash flow through refinancings, and additional strategies may come into play as well.

To learn details about each strategy and read the *Sims Perspective,* click here.

DESIGN AND TECHNOLOGY

The pandemic has made senior living leaders rethink many things about how their communities are designed and operated. The pandemic has also brought substantial changes to the ways that older Americans view technology. In this section, architects, strategic planners and other thought leaders lend their insights into ways the senior living field needs to evolve to meet the design, amenity and technology expectations of prospects and residents through the rest of the 2020s.

Design Alternatives to Evolve Beyond Pandemic Influences

J. David Hoglund, FAIA, LEED AP, Principal & Executive Director, Perkins Eastman

From an operational perspective, 2020 and early 2021 were an "all hands on deck" endeavor for Life Plan Communities. As we are transitioning out of the COVID-19 pandemic, it is inspiring to see that many senior living providers are already thinking ahead to how they can evolve their communities to remain viable beyond this challenge. We are beginning to see communities consider what will keep their products relevant—and safe—into the future.

This begs the question posed by senior living insiders and outsiders, alike: Why would seniors want to move into group living right now?

Fortunately, with the proper insight and adaptations, Life Plan Communities can counter and answer this question with data-backed responses that speak to what your prospects value most, what they want and, perhaps most importantly, what they need that isn't currently accessible.

The first step is discovering what prospects want and need, which comes from senior living market intelligence. Initial market research provided by Love & Company reveals what seniors want from Life Plan Communities in the age of COVID-19 and suggests how providers will need to adapt their offerings to stay relevant.

Data Are Encouraging

In a series of studies of Life Plan Community prospects, Love & Company noted encouraging feedback.

"Our early data suggest that markets are holding," Karen Adams, Vice President of Market Intelligence at Love & Company, said. "Prospects are generally showing the same commitment to making a move, with their biggest concern being continued spread of the virus, rather than factors such as the economy or home values."

The prospects are still out there, and in the vast majority of cases, they are still keen on making a move. Now, Life Plan Communities must transition to telling the story that not only are their communities safe, but they are desirable places to be. Beyond tailoring messaging and sales tools to COVID-19 concerns, communities may consider making larger-scale design adaptations, as well.

Countering COVID-19 (and Whatever Comes Next) with Structural Evolutions

For both current and planned projects, our clients are asking questions that go well beyond PPE and social distancing. Due to how COVID-19 has disrupted our field, we've been asked about architectural and structural factors such as:

- Airflow and ventilation
- Dining spaces (smaller and/or multiple dining venues)

- Long-term care facility layouts (the small-house model)
- Safe family visit areas

It is inspiring to see Life Plan Community leaders being responsible stewards for the future of senior living by asking these types of questions. Whether it's COVID-19 or something else, it speaks to the need for senior living to be innovative. Organizations must be resilient and prepared, even when something like a bad flu season hits. The community has a responsibility—especially with COVID-19 changing things—to provide safe visitation spaces and make other long-term investments that make the community relevant to prospects.

This could mean building large or outdoor visitation spaces into a design or completely rethinking the long-term care layout to adopt the small-home model. This includes a smaller number of rooms and less staff in one area, all making it easier and safer to operate in case of a virus.

Adapting to New Dining Norms

We know that the dining experience at a Life Plan Community can be a make-or-break factor in a prospect's decision to move, so dining experiences will need to remain competitive despite COVID-19 influences. Communities are altering their master plans to account for this, with many expansion and startup projects including multiple, smaller dining venues spread throughout campus instead of one, large dining room. In the event that local jurisdictions impose capacity limits (e.g., in a pandemic), this preserves the ability to serve residents in person.

The senior living "dining revolution" that was already underway has been accelerated by the pandemic. To meet prospects' expectations relative to how dining has changed outside of Life Plan Communities, we expect to see more varied dining venues available throughout campuses, in addition to more take-out and/or grab-and-go options. More communities are also adapting online dining reservation systems to manage dining capacity during the pandemic, which will likely remain in place for the long term.

With research-backed insights into what their prospects want, senior living providers must evolve their structural and dining offerings to meet expectations and remain competitive now and in the future.

The Changing Face of Long-Term Care

Mike Kivov, Partner, OnePoint Partners

The long-term impacts of COVID-19 for the senior living field, and whether it has forever and dramatically altered the landscape of long-term care (assisted living, dementia care and nursing care), is still unknown. Will long-term care recover, and if so to what levels and over what time frame? While getting past the depths of the pandemic certainly will help with any recovery, the past year-plus has accelerated some trends that already were impacting long-term care, and which create increased uncertainty about the future.

As a result, what we can say with some certainty is that we are in a transformative period for long-term care as a whole over the next few years. It is entirely possible that lasting changes in consumer behavior have been put into motion. As a field, we need to be planning as if this is the case and get to work on figuring out the new models that will need to emerge, and how they will look and function within the overall continuum.

Skilled Nursing

Many nursing care units have suffered substantial drops in census. But this isn't new. Nursing home occupancy has been on the decline—even as the total number of licensed beds has decreased—for the better part of two decades. Private pay market share had been eroding for years, and prior to COVID-19 many nursing facilities were losing market share on Medicare rehab as well. More rehab needs are being met successfully in alternative settings, in particular at home, and it seems likely that this trend is poised to grow in the aftermath of COVID-19. So as a provider, how many nursing beds do you even want or need? Are you prepared to be a center of excellence in rehab and post acute, because easy margin opportunities look limited? Are you regaining census now, but at the expense of your payor mix and financial model? Rightsizing was critical prior to the pandemic; going forward, it will be even more essential to surviving and thriving as the customer base continues to shift and utilization further wanes.

Assisted Living

Smaller assisted living components that are part of communities with continuums of care, and

thus where admissions are driven by internal matriculation, certainly are better insulated from the current challenges of the market. But the approach to assisted living within the continuum has already been in flux for years. The ability to provide the care and services is still very much a core component of the modern continuum, but are the "bricks and mortar?"

Some communities have experienced great success by moving past the physical space and utilizing at-home platforms to meet the assisted living need. (As we say, "Assisted living is a service, not a place!") At the same time, other communities have shifted their physical approach for assisted living to become higher acuity, converting nursing beds to assisted living as they downsize nursing. This creates new assisted living, but in a different acuity paradigm. Given these concurrent trends, one could argue that traditional assisted living has been disappearing for years as it increasingly becomes either at-home focused or shifts upwards in acuity to meet even higher and more complex care needs.

Perhaps an even more sobering question for assisted living is: With occupancy down across the product nationally, are we facing a period over the next few years that will be more competitive than ever as all these communities (and so many large operators) need to refill beds? Refilling existing beds will have an impact on the market similar to when the market sees a mass introduction of new inventory, all in "lease up" mode. Is it realistic to continue to survive (let alone thrive) in this acutely competitive environment going forward, and to do so with the same model that you and others have been using for years? Assisted living is at a crossroads.

Dementia Care

For dementia care, the impacts in recent months have been more of a mixed bag, and the future outlook appears different from assisted living. Controlling the spread in this environment has been a significant challenge, but in many cases, high quality specialized programs and environments have proven to be much more insulated from the pandemic. Simply put, the alternatives to stay home and receive equivalent care and outcomes do not exist, and the strain on the family unit is too great. Move-ins are still happening. Dementia care seems to have been far less disrupted than assisted living and skilled nursing. Looking to the future, while overbuilding and temporary saturation in a given market certainly are risks, the model as we know it today does not appear on the precipice of collapse and in need of a transformative evolution, at least not with high quality programs and environments, and at least not yet.

A Case Study

A strong continuing care provider we know exemplifies the dilemmas facing our field. It is known for its five-star quality of care in its 59-bed nursing facility, which includes a specialized dementia care unit and serves a blend of LifeCare, Medicare and private-pay direct admits. It does not provide a physical assisted living space, but rather utilizes a robust at-home care platform to meet this need—and even higher acuity needs—within independent living residences. A few years ago, this community opened a dynamic household model assisted living-based dementia care component. In March of 2020, it ran at 85% occupancy in nursing, even with strong utilization of its at-home program keeping some residents out of nursing, and comfortably over 90% occupancy in independent living and its new dementia care. The model seemed to be well-positioned and on relatively solid footing. Since then, the turnover in its nursing care has been intense, and despite the gold standard reputation, the new admissions simply are not coming, either through internal matriculation or direct from the market. Over a year later, independent living remains at 90%+ occupancy, the dementia care households are 90%+ occupied, and the nursing home is languishing with occupancy around 60%. Looking in the mirror with a discerning and honest eye, the plan of recovery for this community does not simply include strategies to improve census in the immediate future, but more importantly re-envisions alternative uses for beds and space within its nursing center in the longer term. Do they shift to a high acuity facility-based assisted living strategy to backfill shrinking nursing, or reduce long-term care exposure altogether? Is there another margin-producing alternative for the space?

In closing, we have to admit that the future is not certain, and we don't know what will happen and how it all will play out. But one thing is certain: Evolution is going to need to happen. Every community will have to carefully examine its position and ask and answer some fundamental questions to develop a strategy for success that is right for that community. How will care and service delivery function in the future? What acuity do we want to serve and what will our role be in the overall care delivery system? Where and how will bricks and mortar be blended with at-home and other alternative deliveries blend with bricks and mortar? Just how many beds, and of what types, will be needed? What are we equipped to do ourselves and when do we partner with others? As a field, with more urgency than ever, we need to be figuring out these challenges and creating the models that are better positioned for tomorrow.

The Chautauqua Hall event pavilion combines Amish construction details, unique to the area, and state-of-the-art technology to host varied functions at Willow Valley Communities. The four-season building also offers a raised platform, green room and dance floor, small scale commercial kitchen and bar, outdoor fireplace and grill, and operable garage doors that provide patio access for open-air events.

Next Generation Amenities for the Next Generation Consumer

Michael J. Martin, AIA, Partner, RLPS Architects

As the senior living field continues to evolve to meet the incoming influx of boomers, a key question is, "What amenities will our communities need to offer to attract the boomer generation?" Will they be the same as what we offer today, or something quite different?

Currently aged 57 to 75 years, boomers are just beginning to enter the senior living space as residents, and many have past (or current) experience as adult children with parents residing in senior living or long-term care. These boomers may hold bygone beliefs about senior living based on their exposure to more dated, institutional models that lack the life enriching offerings at many communities today. Providers must continually advance their amenity packages, based on changing interests, hobbies and trends, to remain relevant in today's market and attract future prospects.

A 360-degree rooftop terrace offers casual seating areas, fire tables and a bar atop luxury apartments at Willow Valley Communities

Over the past decade or so, we've seen pickleball courts, movie theaters, fire pits, golf simulators, smart home technology and more introduced into senior living communities. New technology in dining (with colored lighting and digital picture frames) is now being used to transform the look and feel of dining venues from afternoon to evening ambiance. Communities have even added bowling alleys and video game arcades to become more family friendly.

What will be the most sought-after amenities in the future? At RLPS, as we have been working with our clients on plans for new or expanding communities, we have been seeing many new ideas.

Wellness amenities on the table include spin bike rooms, rock climbing walls, miniature golf courses, labyrinths, kayaks and canoes, and bike-sharing programs. The continued evolution of dining includes chef's tables, cooking classes, pop-up dining venues and wine bars and wine cellars. Dog grooming stations, music practice rooms, metal sculpting spaces, rooftop lounges and even foosball are other concepts being explored for incorporation into senior living communities.

While social distancing remains a priority, there has been renewed interest in activating outdoor spaces that provide opportunities to gather safely in small groups. The use of these spaces can expand when incorporating shade, fans and heating elements.

Current surveys of residents, staff and prospects point to the need for comfortable visitation rooms in controllable locations, typically near the front door, as well as outdoor options for dining, exercise and entertainment. Multi-purpose outdoor spaces may be adapted to offer group exercise classes, film screenings, happy hours and more.

At larger communities, we are developing event spaces that can be used by the community or by outside groups. An example is Chautauqua Hall at Willow Valley Communities in Lancaster.

Regardless of exactly what the next generation of amenities may include, what is clear is that we absolutely must continue reinventing what a Life Plan Community is in order to stay relevant to the next generation of consumers.

Evolving Our Communities to Prepare for Increased Consumer Use of Technology

Karen Adams,
Vice President,
Market Intelligence,
Love & Company

Hastened by the pandemic, we know that communications, access to online services such as telemedicine, grocery delivery and audio-visual calls, and build-your-own entertainment collections (e.g., music, television, movies, gaming) have emerged as the new order of daily life. This is just as true for those who will be considering senior living options in the 2020s as it is for younger age groups.

As shared in the demographics review earlier in this Trends publication, by 2029 the greatest numbers of the age 65+ population will be in the 65 to 69 and 70 to 74 age segments. Today, they are ages 57 to 61 and 62 to 66, respectively, and the majority are employed full time. Even among those ages 65 to 69 in 2020, almost a third were still employed, which may be correlated with greater familiarity and comfort with technology. They will be the 73 to 77-year-olds in 2029.

Let's take a closer look.

Utilization of Technology

The Pew Research Center reports that in 2017, 32% of people ages 65+, 41% of those ages 65 to 69, and 20% of those ages 80+ owned a tablet computer. It is notable that 62% of adults with incomes of $75K+ and 56% of those with a college degree owned a tablet. It is also reported that 70% of "seniors" are connected to the Internet, and 53% have smartphones.

Issues

A study out of the University of California San Diego, reported in Forbes (Robin Seaton Jefferson, June 2019), noted that while older adults own technology, many are put off of it by frustration with not understanding the terms and language needed to navigate the systems of home support. Older elders who did not have exposure to technology in the workplace are particularly disadvantaged.

The lack of good design of many technologies is also challenging to this user segment. Therefore, it appears that lack of interest in technology resources is not the sole, or even primary source of barriers to utilization.

Telemedicine

The National Poll on Healthy Aging from the University of Michigan reports that, in its 2020 national poll, the use of telemedicine increased sharply over its 2019 survey. Among people ages 50 to 80, the rate of utilization increased from 4% in May 2019 to 26% in June 2020. However, acceptance of this resource depends on the acuity of the situation being handled.

On-Demand Services

On-demand services have been cited for their potential to support staying in the home longer. But there is a new potential impact emerging that we should learn from: services providing tech support.

Around June 2020, Instacart announced the Senior Support Service hotline "aimed at helping customers over the age of 60 order food more seamlessly—and safely—online during the pandemic." The experience of a call to the helpline was just short of remarkable: a real person was on the line immediately to walk through the process of setting up an account, providing payment information, and placing an order. If other companies follow suit, this type of focus on tech support will further increase the utilization of on-demand services among older adults.

On-demand services may not have to result in delays to moving if we accommodate peoples' new living patterns by continuing to increase the flexibility in what residents are required to pay for in monthly fees. One such service that has long received strong interest through Love & Company's consumer research among retirement community prospects is technology support. It is worth noting that as people withdraw from the employment arena, for many, their skills with emerging technologies will become outdated at some point due to the rapid changes in technology, and they will be seeking new ways to stay relevant. Our communities can help with this by providing tech support.

While some communities have integrated programming in this area, it has been challenging due to the wide array of technology tools residents bring, including televisions, sound systems, remote devices, smartphones, apps and home devices for security and healthcare. But people often do not want to bother children and grandchildren for support and assistance, resulting to them turning to the community for those services.

Our field needs to continue this endeavor. Going forward the answer may not be in becoming the sole provider of assistance but combining some direct support with navigation assistance to outside resources similar to Instacart's Senior Support Helpline, and advocating for product providers to develop specialized support.

Helping residents and prospects stay relevant by supporting their use of technology may become one of the most valued services senior living communities can offer.

Smart Home & Senior Living Trends

Keith Stewart,
Chief Growth Officer,
K4Connect

Technology adoption and implementation continues to trend upward in senior living. It is no longer about amenities; it is about function that residents and community staff value and can depend on. The 2020 pandemic put a magnifying glass on areas of senior living that could be significantly improved by technology, from mass communication tooling to automation that saves staff time and costs, all while improving resident safety and comfort at home.

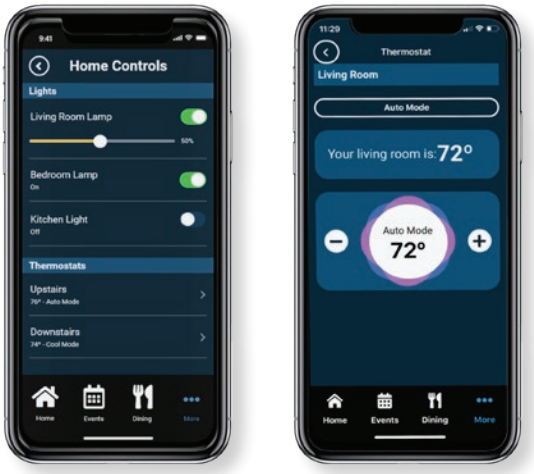
In particular, smart home technologies are quickly rising in importance and will continue to increase in relevance and value as the world of IoT ("Internet of things") continues to proliferate. As smart home technologies have advanced, so have consumer expectations (household smart home penetration is expected to increase over 17% in just four years) and this includes the older adult buyers who are—or will soon be—calling senior care communities home.

Here are trends we expect for smart home and senior living in the next five to 10 years.

1. **Everything will be connected, and orchestration will be essential.**

   We're already seeing the proliferation of connected device technologies, and this trend will certainly continue. Everything with the potential for automation or personalization will soon have that ability. The key to success will be the sophistication and orchestration of all of this: how these devices, apps and services will all speak to one another to create a truly holistic, valuable experience.

   As lives become more connected, the more valuable the technology experience becomes, and this will be all anchored in AI-based learning. As smart home devices learn habits and



patterns over time, the need for manual user input to guide the experience will decrease and gradually, an intuitive automated experience will seamlessly start to integrate into daily life. Singular tasks such as activating a voice device like Amazon Alexa to turn on a light or adjust the temperature will evolve into more complex—yet intuitive—automation of scenes, like rising from bed triggering a sequence of morning actions. Leveraging a confluence of automation technologies such as motion detection, sensors and voice activation, the home experience will transform into the ultimate personalized environment.

This level of automation will be incredibly valuable for older adults—technology that effortlessly makes life at home more accessible, comfortable and above all else, safe.

2. **Proliferation of IoT devices will continue to grow, and integration capabilities will grow along with it.**

As more devices become connected, the expectation for integrations to match those needs and interests increases along with it. The next generation of residents is becoming more comfortable with these types of technologies in the home, such as smartphone, internet and tablet usage, and those lifestyle changes will impact if and where they decide to call home in a senior living community. The broader expansion of the integrated home experience is essential to the continued growth of older adult smart home usage. This is especially true in the voice-first and personal wearables categories, where older adults are already recognizing the value in personalized health information and tracking.

3. **Smart home technology will be core to risk mitigation and extending staff coverage.**

Smart home technology will also advance in the area of resident safety. Already, impressive developments in the broad digital transformation of older adult health and safety are happening, particularly in the areas of at-home behavior, injury prevention and wellness checks or resident check-ins. The marriage of technologies such as motion sensing, heat mapping, biometric data and even fitness wearables is delivering new methods of visibility into resident behavior at home, while maintaining resident privacy and independence.

The confluence of this data allows communities to ensure safer environments for residents while extending staff coverage for community teams. As the caregiver shortage and rapid growth of the resident-age population continues, leveraging automated tooling that can augment staff needs while adding an additional layer of security for residents will become standard protocol.

4. **The data and macro trend analysis will be huge.**

The most valuable outcome of this smart home evolution is the data generated by all of these connected devices and systems. Senior living has never been an industry driven by data, but with the promising adoption of new technologies in recent years continuing to grow, it is moving toward a future that can truly unlock the value of macro data trends. Understanding this type of data allows us to better address older adult issues like acuity decline, the relationship between behavioral and health risks, and much more than what happens in the doctor's office. This data will contribute to more dynamic targeted care and segmentation of senior living residents, transforming a segment like independent living to categories like active independent adult, moderate independent adult and so forth.

This holistic view of the next generation older adult will enable the entire senior living field, as well as healthcare professionals, to better understand and support this growing population.

Ultimately, smart home innovation in the next five to 10 years will continue to trend toward utility versus amenity value, a lot of which we are already experiencing.

Are Autonomous Vehicles in Your Community's Future?

Karen Adams,
Vice President,
Market Intelligence,
Love & Company

Self-driving or autonomous vehicles, which could extend independence for older people beyond the point at which they might otherwise need to stop driving, would offer a great deal of convenience to both residents and community operators. They could also potentially reduce or eliminate the need for parking that is proximate to housing on campuses, thereby increasing green space. Many of us in the senior living field have watched their progress for some time, wondering just how soon we may be able to take advantage of these benefits.

A current check on the progress of autonomous vehicles provides a number of consistent messages, but when they will be available to the general consumer is not one of them. There does, however, seem to be consensus around two things.

First, all past expectations about when they will be on the roads have been continually pushed back. We may still be a decade or more away from the dream of individual ownership of vehicles that can be summoned when needed, that will do all the work and take all of the responsibility while we kick back and enjoy the ride, and that can be sent away when done and until we need them again. Even when autonomous vehicles do become available, gaining consumer acceptance and achieving market-friendly pricing will likely add more time to reach general utilization.

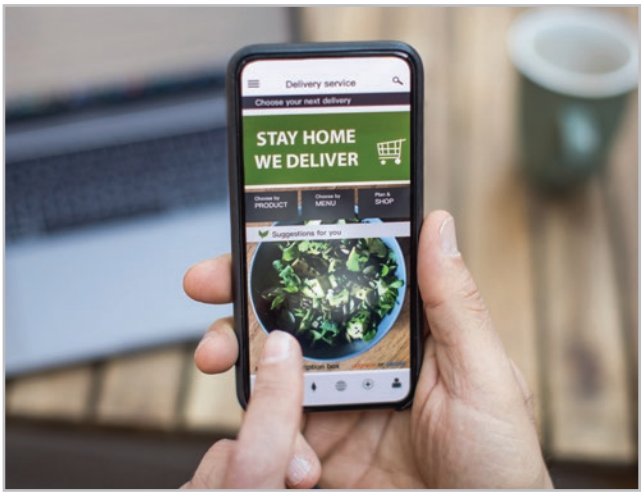
Second, the rate of investment and the number of significant participants engaged in the development process strongly indicate that there will be autonomous vehicles. The only question is when.

Autonomous vehicles first have to log millions of miles to support their AI learning, something that does not sound terribly daunting given that vehicles today are increasingly incorporating autonomous characteristics such as self-parking and lane guidance, and some are reporting extensive data back to their manufacturers already. However, vehicles' ability to respond to the unexpected (a sudden lane change, U-turn or unsignaled left turn) is lagging behind predictions.

Autonomous vehicles are being tested in a number of cities, including Phoenix/Scottsdale, San Jose and San Francisco. Driverless shuttles are also being used in The Villages retirement community in Florida where they can make continuous rounds throughout its 32 square miles to the estimated 100 dining venues, 96 recreational centers, 100 tennis courts, 200 pickleball courts and however many golf courses there are in the 693 holes in the community. They continue to have safety attendants on board, though. The Villages has the scale to be an attractive pilot community, as it is a large area where maximum speeds of 25 mph are maintained throughout and the driving environment is relatively simple. Voyage, the provider for The Villages, may be about to launch off-campus service.

All of this raises the question of whether there might be ways to achieve some of the advantages of driverless cars in advance of their full entry into the market. This can be done by utilizing on-demand ride services and rental vehicles, a model already commonly used by New Yorkers. This, however, would require a change in consumers' perceptions toward owning a vehicle, which is not a small task.

We know little about trip patterns (average lengths and the distribution between short trips that cannot be efficiently provided by on-demand services and those that are longer), or how transportation needs change as driving becomes more difficult or dangerous (do longer trips diminish?). Can on-demand services accommodate a higher percentage of total travel needs? The degree to which people might continue to use delivery services they started during the pandemic, such as Instacart,



also can change trip needs, eliminating many short distance trips.

There is no question that our society still places very high value on the owned and private automobile, and it remains a symbol of independence. One might ask, though, are there ways to reduce dependence on them and thereby extend independence and reduce demands on the land for parking?

For residents, the owned automobile is not without costs, of course. Would forgoing maintenance and insurance costs offset a great many on-demand trips?

Both Uber and Lyft have developed partnerships with third-party companies who want to bring ridesharing to their senior customers, providing dashboards that allow others to arrange rides.

In short, both Uber and Lyft have programs that eliminate the need for a senior to make his or her own reservation through a smartphone.

Will autonomous vehicles be gracing our campuses in five years? Probably not. Nonetheless, on-demand services and the use of apps would likely benefit both the residents and the community, and when autonomous vehicles do hit the market, we will be prepared.

BEYOND OUR WALLS

For many Life Plan Communities, the "next frontier" is expanding their mission—and increasing revenue streams—by offering services to the many people that never choose to move to a senior living community. In this section, thought leaders provide insights on three significant alternatives for expanding service lines into the greater community: home- and community-based services, Early Advantage programs, and continuing care at home programs.

Generate Additional Revenue Through Home Care and Home Health

Nancy King, President, Senior Options, a subsidiary of Westminster-Canterbury on Chesapeake Bay

As mission-driven and not-for-profit senior living providers have had to weather the challenges of the pandemic, many Life Plan Communities are seeking new ways to expand their revenue streams in 2021 and beyond, and to serve more people beyond providing only service-rich housing. Adding services and revenue can help organizations attain the mass and scale required to give them the option to stay independent and be more secure during fluctuations in the senior housing market.

One strong opportunity for additional revenue is for organizations to expand into home- and community-based services (HCBS), and specifically home health, hospice and home care. Many providers mistakenly believe that margins in HCBS are too low to warrant the investment. While this is likely true if a community only focuses on providing services to its residents, strong margins are achievable if a community is willing to commit to building a strong competitive presence in its market. Even in modest markets, not just big cities, you can get very attractive volumes, and thus good margins.

For example, Westminster-Canterbury on Chesapeake Bay (WCCB), the parent organization of Senior Options, initially created an internal, private-pay home care agency more than 20 years ago. However, by focusing just on its residents, it was losing $400,000 annually. After creating Senior Options, a shared services organization that expanded WCCB's services not only into the greater Virginia Beach market, but also to other senior living-anchored HCBS organizations, it increased its operating performance by $800,000 in only two years, generating a net operating income of $400,000.

If you are interested in starting or growing your own HCBS business, the following are several best practices that Senior Options follows when helping organizations launch their programs.

1. **What Is Your "Why?"**

   Before any senior living provider tries to launch HCBS, the first thing to ask is, "What's your 'why'? Why do you want to do this?" This is an important question because organizations have various motivations for pursuing these programs. Some want to control the quality of the care coming in and out of their buildings, some want to expand their continuum of care, some want to serve more people in their community, and others simply want to add a new revenue stream.

   Those are all good reasons, and most of the communities we work with note some (or all) of the above as their "why." And we've found that having that question answered before really putting pen to paper helps guide the new program—and helps it best reflect the organization's mission.

2. **Know Your Market**

   Simply put, HCBS is a volume-based business. It is a very complex business line, so if there isn't enough volume in your market, it won't be worth the effort. Evaluating your market's potential for adding HCBS means much more than looking at the depth of age- and income-qualified prospects because Medicare drives the home health portion of the market. What is most important to examine is the competitive

environment, because in almost any market today, a lot of home care, hospice and home health providers exist. Whereas a Life Plan Community is able to create demand to support a new or expanding community, home health, hospice and home care often have to take market share away from existing providers. Thus, a critical success factor for organizations is being able to enter the market with a strong product, service structure and brand presence from day one.

3. Focus on Operations

Running HCBS is vastly different than running a Life Plan Community, not just in operations, but also in mindset. Organizations need to take an entirely different approach to HCBS. It's not enough to simply "tack on" these programs to existing offerings.

HCBS really need its own infrastructure to make it successful. You just aren't going to get the proper operations in place with just one administrator, due to the complexity of these programs, and you definitely can't succeed by giving the HCBS work to someone who already has a defined role at your organization, such as the healthcare administrator or director of resident services. HCBS operations need to be backed by full-time personnel who are experts in their functional areas.

This extends to billing, too, which carries Medicare and legal implications. It's simple: If you don't have the proper expertise to run billing and documentation for HCBS, you could be headed for trouble.

4. Invest in Your IT Infrastructure

HCBS requires a great scheduling system, both in administrative expertise and on the IT side. You need to coordinate and schedule getting people in their cars to come to campus, and to get your staff to homes. This is an effort that many organizations underestimate.

5. Start With the Highest Margin Service Lines

The order in which a Life Plan Community expands its services has much to do with its success. When adding HCBS to your organization's service line offerings, a good method is to begin by getting either home health or hospice started first. When one of these two becomes profitable, those profits can be used to fund the next service. This was the process followed by Westminster-Canterbury on Chesapeake Bay. Home care services were already in place to meet the residents' needs. Then home health was added. When home health became profitable, those dollars were used to start hospice. Starting with the high-margin services will allow your organization to justify the investment to your board of directors and allow it to build the infrastructure it needs to add other services down the road. You can build your other HCBS lines using the return on the initial investment.

6. Manage Quality of Care

With HCBS, managing the quality of care off-site is a notable challenge. Another difference from your on-site continuum is that with HCBS there are no nurses' stations to monitor. How will you ensure that your organization upholds its reputation for care when that care is being administered in dozens of private homes and not your on-site suites?

Taken together, launching a successful HCBS program requires a significant investment of both time and money. You need the right staff, the right infrastructure and the right marketing. For many organizations, a partnership approach has worked best, with them bringing in someone like Senior Options to coordinate and manage the process. At Senior Options, we have a team of 18 people to guide our partners with skill sets in clinical, marketing, billing and IT. We help providers with the start-up and provide the shared back office services for ongoing operations.

Starting or expanding HCBS programs, while not easy, has huge potential for senior living organizations, and it can be done successfully if the correct process is followed.

Advance Your Mission Using an Early Advantage Program

Kevin McLeod, President & CEO of Carolina Meadows

Ben Unkle, President & CEO of Westminster-Canterbury on Chesapeake Bay

Another way that Life Plan Communities have been broadening their service lines and revenue streams is by starting Early Advantage Programs, which may also be referred to as Early Admission or Early Acceptance Programs. These are a relatively new idea with a great deal of promise. Developing an Early Advantage Program is a much easier task than launching a home- and community-based services (HCBS) program, as Early Advantage Programs sell existing services and do not require the infrastructure that HCBS programs do, though they may require regulatory approval depending on the state in which you do business.

Plus, once up and running, an Early Advantage Program is similar in operation to a Life Plan Community, so the learning curve is not as steep as it is for adding home care, home health or hospice to existing service lines. This tends to make the initial time, staff and capital investment lower for Early Advantage Programs, although in turn, there may be a lower ceiling for the revenue Early Advantage Programs generate compared to HCBS.

Carolina Meadows' Early Advantage Program

Membership in our Early Advantage Program reached 116 members by the end of 2020. We limit eligibility to people who live within 25 miles of our campus in Chapel Hill, so that they remain a convenient distance for when they want to enjoy our amenities before moving here.

Like most Early Advantage Programs, we take a financial assessment of the individual or couple at the time of initial deposit. Once approved, the individual or couple is guaranteed entry to Carolina Meadows when they decide they would like to move in, subject to the priority number they are assigned upon joining the waiting list.

Right away, we consider the individual a full-fledged resident and he or she is granted the same benefits and services as the people living on campus. This includes all amenities and healthcare services, which we provide on a fee-for-service basis as we do for all residents.

Early Advantage members are allowed a lifetime maximum of 10 free healthcare days prior to moving into the campus should the need arise. We also provide two free monthly transportation visits to doctors' appointments or shopping visits for all Early Advantage members who desire transportation assistance.

While developing our Early Advantage Program, we took a deep look at our market and competitive landscape. We came to market right behind the Early Advantage Program of a Life Plan Community competitor in our area and locked in 200 people on the waitlist quickly. In fact, we also currently have a healthy waiting list to join our Early Advantage Program.

As another step to assuring the competitiveness of our Early Advantage Program, we worked with A.V. Powell for help on the actuarial side to make sure that the program was priced appropriately. We have held the pricing of our Early Advantage Program entry deposit and monthly fee the same for about three years, with an entry deposit of $13,500 per person ($27,000 per couple), and a monthly fee of $575 per person ($1,150 per couple). The entry fee deposit is credited toward the entry fee when a person moves into Carolina Meadows.

Overall, we've found our program to be a want-driven program now, which prepares people for the need-driven choices they'll be making later. A major reason that people buy into the Early Advantage Program is for the assurance of healthcare. We assign each Early Advantage Program member a priority number that solidifies his or her future position relative to other residents when the time comes for him or her to move into independent

living or higher levels of care. As such, the priority number has become a coveted asset to our prospective residents. This has created a bit of a bottleneck on occasion, but we have been able to work out any logistical challenges.

As prospects enter into our sales funnel, we've noticed that most of them want to join the Early Advantage Program, as they value the assurance that it provides. Plus, they can meet new friends before moving here.

Westminster-Canterbury on Chesapeake Bay's Early Advantage Program

Our Early Advantage Program is not as large as the one at Carolina Meadows, as we only have 57 current members. However, we have not yet heavily marketed the program outside of our standard lead base.

There are a few notable differences in our Early Advantage Program compared to the one that Carolina Meadows offers. First, we charge a much higher entrance fee. Early Advantage entrance fees are credited toward the full entrance fee when a person makes the move onto campus as a full resident, but entry fees are only 50% refundable if one never joins our campus community. Thus, the entry fee serves as a substantial commitment on the part of the member toward an eventual move to Westminster-Canterbury.

Second, we charge significantly less in monthly fees. We find that people are more price sensitive to monthly fees, and we do not have a golf course or tennis courts on campus like Carolina Meadows does for country club-like benefits. Although, we have one heck of a beach club with two pools, a gym, programming and ample lifelong learning opportunities.

Currently, our LifeCare entrance fee is $100,500 per person with a $176 monthly fee. Our fee-for-service entrance fee is $51,500 with a $53 monthly fee. Couples are double each price.

Our fee-for-service Early Advantage Program members get the assurance of future capacity in our healthcare settings and a 10% discount on healthcare services if needed over rates charged to outsiders. LifeCare members pay healthcare rates for assisted living and nursing that are pegged onto independent living fees. For most members, guaranteed access to five-star healthcare services on-site is far more appealing than taking one's chances with standalone assisted living and nursing centers off campus.

The healthcare access assurance has worked well for organizations like ours to generate revenue from existing campus amenities and investments, particularly if there is excess healthcare capacity. We have short-stay rehab that can easily be expanded and scaled back to adjust to our future needs quickly. Real-world experience shows that Early Advantage and Life Care at Home customers use the nursing home far less than one would expect compared to existing campus residents.

A Solid Opportunity That Requires Careful Thought

No matter what your Early Advantage Program's exact structure looks like, it is a good way to both increase revenue and solidify your position in the market. As Kevin notes, "If you think you will get extra revenue from existing residents, you won't, and raising entrance and monthly fees down the road won't work either. When we developed our Early Advantage Program, we were looking at similar programs around us and trying to protect what was already in our catch basin. A competitor came to market first, but we came to market right behind them and were able to lock in about 200 people who might have gone elsewhere."

While our two communities' programs have significant differences, we agree that organizations need to put careful thought into their program, and not just think of it as an easy source of cash flow. Program members are your future customers. Providers need to put their best foot forward and impress them with carefully thought-out programs. Early Advantage Programs require close attention to members and their needs, which can be challenging when they may spend little time in the community.

The Future of Continuing Care at Home Programs

Lisa Hoffman,
Executive Director,
Pathstones by Phoebe

Amanda Young,
Director, BeWell at Home

The United States has a greater number of individuals older than 65 years old than ever before, with the fastest growing segment being the 85-and-older population. The senior living field needs to find new, creative ways to meet the needs of this expansive market.

Most of these older adults prefer to age in place in their own homes. According to AARP's "Home and Community Preferences Survey," conducted by NORC at the University of Chicago, more than three in four people—77 percent—agree with the statement, "I'd really like to remain in my community for as long as possible." Nearly the same number hope to stay in their current house. But only about half of adults 50-plus think they will be able to stay at home long term. "We know that most people want to stay in their own homes, and the fact that many won't be able to says that we need to do more to ensure that people age the way they want to," says Joanne Binette, senior research adviser for AARP policy research and international affairs.

For many people, COVID-19 has increased their concerns about moving into a senior living community at any level of care, thus also increasing their desire to stay at home. This concern about moving, paired with the sheer number of baby boomers now in their late 60s and 70s, means that now could be the time for continuing care at home (CCaH) programs to take their place as a full-fledged

option in the long-term care continuum. A CCaH program enables Life Plan Communities to expand their mission by better meeting market needs.

The first CCaH program was started a little more than 30 years ago as an innovative and affordable alternative to living in a traditional continuing care retirement community. However, more than 30 years after the first program was started, there are still fewer than 40 programs across the entire country.

Mission-based organizations have not yet fully embraced the CCaH model for many possible reasons. Some viewed it as competition to their brick-and-mortar offerings, while others weren't comfortable with the type of contract being offered, or were unsure how to deliver services off campus. As the director of a CCaH program who has seen firsthand the positive impact the program has had on clients and our parent organization, I'd like to share my thoughts on why I believe CCaH deserves strong consideration by many more communities.

Population aging, defined as increased longevity and decreased fertility rates, is already having an impact on the senior living field. Brick-and-mortar Life Plan Communities continue to see an increased age upon admission to their independent living, which is typically around 80 to 83 depending on the community. By comparison, most CCaH programs have an average age of admission of 73.

If Life Plan Communities continue to see an average age of admission in the early and mid-80s, CCaH programs appear to be an excellent opportunity to reach the desired market a decade before they may even consider moving into a community. What CCaH operators are finding is that this age difference is disrupting one of the first assumptions of CCaH programs: that CCaH was designed for individuals who never want to move into a community. Many long-time CCaH members are reconsidering a permanent move to a community after a change in their life or health.

I believe that bridge programs, which allow members of a CCaH to transfer into the sponsoring community's brick-and-mortar residences with a full or partial credit for fees paid, should be built into all CCaH programs. The organization also would benefit from a bridge program as the CCaH wellness coordination team will be able to recommend the appropriate level of care for that person to move into the community. This will reduce the potential of needing a quick transition into another level of care due to health issues not discovered during the admission process for independent living.

CCaH programs also offer a way to partner with active adult communities, reducing the need for senior living organizations to invest in and maintain costly apartments and cottages. Active adult communities are an attractive option for seniors that value an independent, wellness-centered environment focusing on lifestyle over healthcare. Active adult community residents are largely baby boomers, who today are 56 to 76 years of age and have a completely different outlook on retirement than their counterparts from previous generations.

The CCaH model provides a compelling alternative to long-term care insurance. While long-term care insurance products have evolved over time and are recovering from a steep decline in sales more than a decade ago, a CCaH is a strong alternative that offers benefits no insurance has, including personalized and proactive wellness coordination.

As many consumer research studies on CCaH have shown, consumers want to be able to call someone directly and get exactly what they need without having to enter some sort of complicated paperwork process. Baby boomers want to remain in control and have easy access to services they need.

This is exactly what CCaH programs offer and accomplish. Calling a wellness coordinator who you know can be like talking with a family member, which offers consumers the personalized experience missing from most other healthcare alternatives. In addition, recent data show a 50% decrease of the likelihood of a skilled nursing admission among CCaH members. CCaH doesn't just pay for long-term care, as insurance does: It reduces the chance that someone will ever need long-term care.

In short, senior living organizations can use CCaH to capture a younger market, meet the need for an alternative to long-term care insurance, offer a way to reduce healthcare costs, and promote independence through proactive wellness coordination. Older adults are looking for a way to stay at home, and a CCaH program offers a solid solution.

STAFFING

To this point, we have shared many insights on growth opportunities for senior living communities. However, senior living communities cannot achieve and sustain growth without one key resource: staff. In this section, leading thinkers on staffing and organizational culture share their insights on recruiting and retaining staff, along with the importance of developing a strong and positive community culture.

Culture: The Only Way to Fill Your Buildings

Denise Boudreau-Scott, President, Drive

We'll call her "Nancy from HR." There's one of her in every organization. Oftentimes ignored, frequently thought of as a kook. Her musings about organizational culture being the crux of the problem when it comes to poor outcomes are brushed off as hippy dippy, too soft for "real" business.

"Nice contribution, Nancy, but we have to work on our staff retention and occupancy."

Other industries have made incredible workplace cultures the really cool and profitable thing to do. And within those organizations are Nancys by the dozen; she's even in the C-suite! The Nancys of senior living, on the other hand, are forever frustrated over the unheard message and the untapped treasure that is culture.

"Culture drives outcomes," she pleads.

It's time somebody gave that lady a bullhorn.

Senior Living Is Hog-Tied

Senior living has been slammed by a pandemic, and before that, racked with historic low occupancy, horrendous turnover and PR issues galore—all while a tsunami of baby boomers—soon to need care and housing—is heading straight for it.

The alarm has sounded. Leaders in this field need to wake up and take culture seriously to get out of these ties that bind. Little do they know, their culture is the thing to free them, once and for all.

The Power in Culture Change

It sounds crazy, but this pandemic provided a little taste of what "could be" in senior living. Research shows this crisis caused major culture change to happen in months instead of the years it usually takes.

Organizations were forced to cut the crap, focusing only on the essentials. Barriers were broken. There was less hierarchy, better teamwork, more appreciation and flexibility. And people liked it.

Speaking of people, they became the priority in this crisis-time culture. Like it should be.

Why can't senior living organizations harness this micro-burst of culture change, embrace and cultivate it, so that it works to their benefit for the long term?

I see my clients do it all the time. Positively shaping their culture allows them to reduce turnover, agency usage and overtime, and improve employee engagement, resident satisfaction, public image and occupancy.

The last part—occupancy—is key. You may be able to get by with big overtime and agency expenditures. You may be able to keep your doors open with less-than-stellar reviews and a shoddy public image. You may even eke by with a checked-out staff. But you MUST fill your community to stay in business.

None of these outcomes is what you want, and they are hardly sustainable, but it is occupancy that will make or break you.

So, here's where I need to convince you that a healthy culture can do so much for your organization, including the critical—fill your buildings. (Lord knows Nancy tried.)

The Lady With the Bullhorn

Recently, when we were reviewing a client's results from our Culture Assessment, the only tool in healthcare that quantifies and qualifies organizational culture, we noticed a trend. It was a relationship we had long suspected here at Drive.

We presented how Community A has a very strong culture, as demonstrated by its low cultural entropy score (a measure of the conflict or frustration employees encounter that limits performance). To which the director of sales remarked, "That community is consistently full."

Conversely, the data indicated Community B struggles with culture challenges. To which the director of sales offered, "And they historically struggle with occupancy."

This trend continued through all of their communities. And when we dug through our other clients' data, we found this same relationship across the board.

Our research showed communities with the healthiest cultures reported an average occupancy of 94%, whereas those with the least healthy cultures reported an average occupancy of 66%, well below the national average of 87%.

A significant relationship between turnover and occupancy also emerged. Communities with unhealthy cultures were creating both high turnover and low census. On the other hand, communities with the healthiest cultures showed the lowest turnover rates and fullest occupancy.

Culture drives occupancy. It's a fact.

We co-authored this research, the first ever of its kind linking culture and occupancy in senior living, with the Barrett Values Centre.

Your Future Depends On It

The future is full of things that will challenge your position in this field. It has become increasingly clear—even more so with our compelling occupancy data—that organizations that build strong cultures will have the best chance at future success.

It is easy to be distracted by the symptoms of an unhealthy culture, such as engagement, turnover and occupancy issues to name a few. The only way to be liberated from those limiting factors is by focusing on strengthening your culture, the thing that's causing those symptoms in the first place.

The timing is right for culture change. And now that the data confirm it, the stakes are too high to keep it on the back burner. Prioritize culture, and everything else follows. Listen to Nancy: It's the only way to fill your buildings and secure a successful future.

And while you are at it, give her a raise.

Do I Stay or Do I Leave? Using Data Science to Decrease Employee Turnover in Senior Living

Dr. Jacquelyn Kung, CEO, Activated Insights

COVID-19 has exacerbated the senior living field's employee turnover challenges. As annual employee turnover averages a staggering 80 percent across U.S. senior living operators (up from 65 percent before COVID), we must use data to understand and solve our biggest challenges.

Activated Insights, Great Place to Work's senior care division, undertook an employee retention study that gathered individual-level data on more than 100,000 employees across 12 senior living operators.

This report explores the four drivers of employee retention, with detail behind the factors that are statistically significant in senior care within each driver category. Lastly, we provide insights for employers to put the data to work and decrease their employee turnover rates.

Driver 1: Job and Organization Characteristics

Roles and jobs within senior living range from healthcare to hospitality to those specific to aging services. As a result, **job characteristics** are very useful for senior living operators to examine. When investigated alongside a multitude of other factors, the job or role someone is hired into likely drives employee retention.

- Employees in direct care and frontline roles are more likely to leave. These jobs include caregivers, nursing assistants and personal care aides.
- Employees in managerial roles, whether frontline supervisor or mid-level manager, are more likely to stay.

Relatedly, within our data models, one of the most important driving predictors of employee turnover is **organization characteristics**. Ultimately, this encompasses the fact that different organizations have different cultures and different operating models. In our national dataset, baseline rates of employee retention six months after hiring range from a low of 40 percent to a high of nearly 70 percent by organization. This organizational variability in itself appears to drive retention or turnover of individual employees.

Definitions:

- **Employee turnover** is defined as those employees who leave within a period of time. This may include multiple terminations per job role within the same period.
- **Employee retention** is defined as those employees who stay within a period of time (typically calculated annually).
- **Direct care workers** are employees who directly care for seniors, such as certified nursing assistants (CNAs), patient care assistants (PCAs) and medical technicians.
- **Frontline workers** are employees who do not provide direct care and who are contributors in senior living but not supervisors; this includes dining servers, housekeepers, bus drivers, etc.

How to Use These Findings: Developing career paths for frontline roles, such as direct care, can be especially meaningful to retain employees.

Driver 2: Individual Characteristics

When an individual thinks about searching for another job, he or she will first evaluate his or her personal situation to determine whether he or she is happy or not. Factors most often considered in senior living are the employee's **family situation** and **commute time.**

Individual characteristics that impact the decision-making process include:

- Additional responsibilities for family members outside the job
- Distance from home to work and the availability of public transportation options to get to work

Note: Protected personal data such as race, gender, age, disability and sexual orientation were shown to have no bearing on prediction accuracy.

How to Use These Findings: Supporting flexible schedules or helping with personal caregiving and commuting conditions tend to retain employees at a higher rate.

Driver 3: Job Satisfaction

Decades of research have shown that job satisfaction impacts employee retention. Likewise, job dissatisfaction often leads employees to think about leaving their job or company. Our study findings are in line with prior research: Happier employees stay at higher rates. However, our study of senior living employees uncovers the specific areas of job satisfaction that drive higher employee retention. The Great Place to Work Trust Index™ survey is the most widely taken employee survey worldwide: More than 100 million employees have taken this standard instrument on workplace and job satisfaction.

When we look at what drives employee retention, several important areas of job satisfaction emerge:

- **Purpose:** Employees who say that, "This is not just a job," and "I feel like I make a difference here," are more likely to stay.
- **Expected tenure:** Employees who feel like they want to work at the organization for a long time tend to stay longer.

Driver 4: External Environmental Factors

Our study accounted for several external factors, including weather; the size of the metropolitan, state, and regional economies; and even presidential administration changes. The most significant factor driving employee retention was that of compensation—but only when relative and nested in a local market. In particular, the findings include:

- **Local marketplace matters:** Pay does have an impact on retention. However, the absolute wage—that is, whether the rate is $12 or $12.50 an hour—has significantly less effect on employee retention than does the wage relative to what that role's required skills command in the local marketplace.
- **Skill set makes an impact:** Specifically, the pay level of a job relative to what that skill set commands in the local market is very significant and impactful on employee retention. For example, if security guards at a senior living community can find a similar role that pays more at another organization in the same geographic market, then they are more likely to think about and take action to apply for the other job.

How to Use These Findings: Do wages matter? Yes and no. Employees report that absolute pay rates matter less, and pay relative to what others in similar roles make is more important. In other words, if an employee can find a comparable role elsewhere that pays more, then the wages matter to employee retention. It is imperative that senior living operators compare wages for similar roles and pay within their market area.

How Senior Living Organizations Can Use These Findings

To address the employee turnover challenges faced by our field, data must inform action. We recommend a two-part strategy:

1. **Get your table stakes in order.**
   - Measure your company culture: Know your Great Place to Work score and how to improve the feeling of "purpose" in work.
   - Get and use benchmark pay data for each role and in each local market: It is imperative that senior living operators compare wages for similar roles and pay within market areas. While national and regional data are available, local data are shown to be the most important in retention.
2. **Develop workforce retention programs.**
   - Hire candidates more likely to stay: Given two equal candidates, hire the person who lives closer to work.
   - Create career paths: For frontline and direct care staff members, having a career path can mean the difference between staying versus leaving.
   - Address individual barriers: Know and support personal caregiving needs and commute conditions—whether through direct support, such as Uber/Lyft vouchers, or through allowances or more flexibility in schedules and time off.

Taking Action Appropriate to Your Organization

As a field, we have access to data and machine-learning techniques to understand and begin solving challenges in workforce development, particularly focused on decreasing employee turnover and increasing employee retention. We recommend that operators get and use data on their workforce and develop sustainable strategies to achieve employee retention results. Ultimately, this leads to better care for our seniors.

MARKETING AND SALES

Of course, as a company focused primarily on the marketing and sales of senior living communities, we would be remiss if we did not share some of the latest thinking in marketing. In this section, thought leaders share key insights on three critical factors in successful marketing and sales programs: Setting SMART goals, effectively using a CRM and using storytelling to entice prospects to inquire. For more insights on current marketing trends, we invite you to read Love & Company's 2021 Digital Marketing for Senior Living white paper.

The New SMART Goals for Your Senior Living Sales Team

Amy Brodie,
Vice President of Client Services,
Love & Company

No matter your professional discipline or expertise, chances are you've heard of—and have at some point in your career have aimed to meet—SMART goals. But as all of us in senior living know, our field is unique. In light of this, Love & Company has developed a new and improved way to approach SMART goals in your senior living organization so both leadership and sales teams can have a clearer path to success.

S: Specific and Strategic

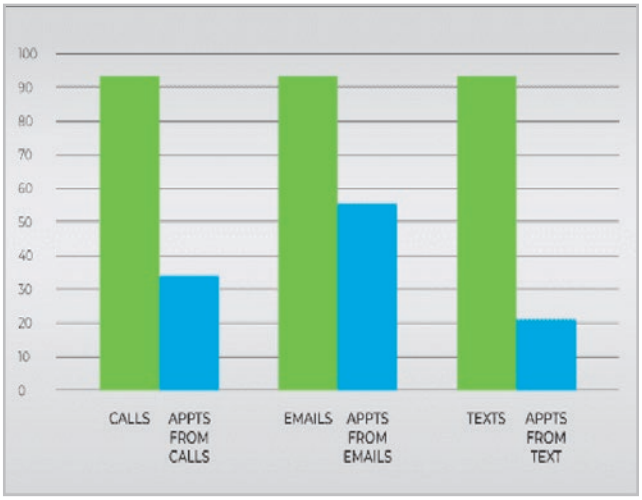
In our field, specific goals are pretty "baked in"—blue sky and expansion communities need X committed-by-deposit parties by a specific date, or communities need to stay at a specific census level to meet operational goals. However, what is less scientifically certain is how many connections (phone calls, texts, emails) and appointments are required to reach these larger goals.

A best practice that can help support your sales team is to define both the specific goals *and* the strategies by which they will be met. For example, if the goal is to schedule X appointments a week, then it is important we try to reverse engineer our formula for success. For example, if Y phone calls typically result in X appointments, then sales teams ought to know roughly how many calls are needed to reach the goal for X appointments. Without specificity and strategy attached to these identified targets, a team can quickly lose focus or become oblivious to where it stands on its path to success.

M: Measurable

It is important to have metrics that will define success and help inform where more support might be needed. As noted above, identifying targets and milestones for your internal sales team is critical to this end. Implementing practices to accurately measure your organization's sales and marketing efforts is the secret sauce to any sales team's success.

To make sure everyone stays goal-oriented and on-track, it helps to document your team's desired goals and milestones in what may feel like a granular sense—even down to the day. Better still, it can be extremely effective to transfer these to a visual that your team can see on a daily basis—one that reflects both the long-term goals and milestones you're striving to hit along the way. Achieving weekly activity goals to connect with the most prospects can be a great source of inspiration for your sales teams, and you can set goals for calling, emailing and texting prospects.



Connect effectively with your prospects. *Monitor your results to see what method works best in your market. In the above example, email was most effective in securing appointments.*

No goal is too small! Define how many calls will be made each morning, how many emails will be sent each afternoon, and how many appointments should be booked by the beginning of every week, being careful to accurately measure how many of each of these efforts converts to an appointment or deposit, respectively.

A: Actionable

Once you determine ways to effectively measure your sales team's efforts, it's time to put what you've learned into action. This sometimes requires zooming out to evaluate where your team members are pouring their energy and determine the ROI of their time investment.

We often find that team members are chasing goals that don't pay off, while leaving other opportunities on the table because they're not convinced something is worth their attention. It's not uncommon, for example, for a sales team to put a lot of time, energy and money into events that don't produce bottom-line goals. Sales and marketing teams can invest so much only for prospects to lunch and leave, rather than lunch and learn, if the event is not managed well. Knowing and having established goals going into the event—e.g., 10% of attendees schedule a personal appointment before leaving or agree to an established next step—is imperative to ROI.

R: Realistic

Whether setting census goals, getting priority deposits (PDs) for expansion financing, remodeling or achieving stable occupancy, the goals and milestones of any project need to be realistically achievable; this is necessary for both a project's success and team morale. For example, considering budgets and bandwidth can go a long way in determining where to best focus activity for maximum efficiency and, therefore, set goals.

T: Trackable

In today's landscape of digital marketing and traditional media, making both your sales and marketing team's activity as trackable as possible is so beneficial in supporting your community's short- and long-term goals.

This is where your organization's software can pay off. Use each bell and whistle offered in your CRM. It is important to tag lead sources and/or implement codes that will help tie your team's efforts to successful conversions. CRM notes, form entry fields and phone call data are quite useful in informing campaigns for greater month-over-month successes.

For example, if someone calls to inquire about an event, it is important to learn how that person heard about the event. Then, that lead can be tied to a specific traditional or digital effort.

Another example might be examining what type of event a depositor attended before committing. Was it a lunch and learn? A dessert and mingle? Something more active? Tracking these in your CRM can help you scientifically understand, over time, what types of events serve as decision tippers.

Summary

The senior living sales cycle is complex and involves many, many touches. So we recommend creating SMART goals that focus on the granular level where your marketing and your sales strategies interface.

While it likely goes without saying, successful use of this new SMART goals approach will almost always require coordinating sales efforts with marketing—as it should. The need for a symbiotic relationship between sales and marketing is a critical element in senior living sales success.

From MQL to SQL: Use Your CRM to Transform Your Sales Cycle

Erin Hayes, Co-founder and Chief Revenue Officer, Enquire

Despite the lingering effects of the pandemic, prospects are inquiring about senior living as much or more than they did prior to the start of COVID-19. The big difference? As the world has changed, so has the nature of their inquiries.

Our team at Enquire has found that today's seniors are doing much more research on communities before calling or emailing directly. Prospects are taking the time beforehand to review a community's website, blogs, social accounts, online reviews and informational content, so that when they do finally reach out, they already have a general idea of what your community offers.

This means your sales team will need to adjust from what we previously knew to be the senior living sales cycle to a new "nurturing" cycle, one that delivers more relevant content to the right person, at the right time.

How can your organization optimize the nurture experience? You can do it by using valuable intelligence and automation tools within the CRM so your team can work smarter—not harder—for even greater ROI. Here are three pieces of advice that we at Enquire have shared with providers across the field.

Focus on "Speed to Lead"

One of the fundamental block-and-tackle sales functions that we are encouraging for all of our clients is the quick capture of a new lead followed by timely dissemination of the information and content that each prospect needs and expects. Communities need to make sure that all digital leads entering their system get the info they requested right away, and that the sales team follows up rapidly; thus, "speed to lead."

There are only so many inquiries to go around, and the reality is that in today's sales cycle, a prospect inquiring about your community has probably inquired about a couple other communities as well. This competition makes it crucial that your sales team conducts quick, detailed lead capture in your CRM.

Although several digital tools can help automate a lead scoring system, sales teams must understand the prospect data—e.g., which landing page was filled, and which email link was clicked—and have a data-driven plan on which to base their follow-up with each lead. We at Enquire have seen that teams that do this are the ones having success.

Harness the Power of the CRM

With how the senior living prospect experience has shifted, sales teams should be guided on how to use the CRM to its maximum potential. The CRM is a powerful strategic and tactical tool and it is so, so much more than a phone book.

For example, CRMs like Enquire have the ability to load in data appends, therefore vastly expanding what you know about a set of prospects. Harnessing functions like these can make a measurable difference in your community's ratio of MQLs to sales.

For the "boots on the ground" sales staff, it's all about consistency, accuracy and timeliness (as mentioned earlier) with lead capture, discovery and follow-up. When applying those principles to CRM

MQLs and SQLs

An **MQL** is a **marketing-qualified** lead, one that has indicated an initial interest in what a community has to offer based on its marketing efforts.

An **SQL** is a **sales-qualified lead**, one that has indicated an advanced interest in a community and is ready to engage with a sales counselor.

usage, the platform becomes a trusted, timely and in-sync source of information for the entire team to harness.

When working in concert with a robust digital marketing program, prospect data input into the CRM can also inform the next layer of their nurture journey, allowing leads to automatically get warmer and—ideally—easier to close.

To realize these benefits, leadership may have to initially work on breaking sales team members' habits of avoiding documentation and keeping all their knowledge of a prospect in their heads. But sales team members should know that with better data come a better sales process, more sales and thus more commissions, too.

Train and Reinforce

With many new tactics proving their effectiveness in today's digital landscape, training sales team members on the new best practices and tools is a critical step to set them up for success. New and better-targeted tools, like Enquire's custom discovery forms built into our CRM, and others like platforms for personalized video follow-up, can make a huge difference in moving prospects through the sales funnel and converting more MQLs to sales.

To be successful, though, it is imperative that your team members have a firm understanding of how to use the tools at their disposal to unlock their full potential. Studies have shown that 80 percent of mobile apps are deleted because of a lack of understanding on how to use them. You wouldn't want 80 percent of your organization's shiny new sales tools to go unused! Especially in today's work-from-home environment, organizations should put their training sessions online for sales team members to review at their pace.

Another way for leadership to encourage sales teams to use new tools to their full potential is to reinforce their efficacy by using them in internal communication with the sales team. For example, a leadership member could use a new video tool to create and send a message to the sales team. It's the basic process of mirroring and modeling.

Taken together, all of these recommendations are about communication and reinforcement. Yes, it's a new way of doing things, but it is how senior living marketing works now, and our field needs to adapt.

Storytelling: Emotion-Based Marketing That Entices Prospects to Act

Rob Love, President & CEO, Love & Company

The word "storytelling" has become quite a buzzword in advertising over the years, especially so for senior living over the past few years. While many buzzwords come and go, some—such as "storytelling"—communicate their meaning quite effectively and should be top of mind and put into practice daily.

Great storytelling can communicate invaluable benefits to your prospects in seconds, making the story about them. This excellent TV commercial for Expedia, for example, will give you an idea of what we mean.

When you have a brand—let's say your Life Plan Community—and you want it to occupy the "That's exactly what I need!" space in the mind of a prospect, you need to have a compelling reason for that potential customer to become an actual customer. You need a story—one in which the reader or viewer can see themselves.

It may seem like anti-marketing, but a compelling and engaging story should not be directly about you or your community. It should be about the life that is expected and desired by your senior living community's prospects. Tell that story…their story…their one-of-a-kind story that also happens to relate to your community, because you provide the environment, the resources and the opportunities to bring that story to life.

Once you have that story, you need to tell it with such passion and enthusiasm that your audience truly believes you have what they need—both now and in the future—because it is what they need. And you can help them get it.

As we age and mature, our needs become less materialistic and more emotional and spiritual. Your community's marketing communications should affirm and reflect that reality. That is one of the

Crafted from a unique perspective

If someone at The Overlook tells you they're having a Senior Moment, you can thank Steve Dragon.

Craft brewing is Steve's passion, and sharing it with others is just one of the ways his vision for creating community comes to life every month.

A home brewer for nearly 40 years, Steve chose The Overlook because the community was open to installing a brewing system for him. The Brew Crew he founded does everything from grinding the grain to bottling. The group now boasts dozens of members and produces award-winning beers under the Senior Moment label.

Some of the most creative aspects of The Overlook were inspired by the people who live here—which is how it should be.

The above page from The Overlook's brochure captures the storytelling approach, showing how the community supported a resident maintaining his passion for craft brewing.

reasons Love & Company often uses testimonials for our clients. Testimonials connect emotionally and logically and speak one-on-one to the reader or viewer, offering personal examples of storytelling that capture the essence of well-being that is experienced in and around your community.

Videos are highly effective ways of telling stories, as they capture life's possibilities in addition to the differences being made in the lives of people throughout your community. Surprisingly, engaging video storytelling can be achieved for less than you may think; large production budgets are not necessary to tell a compelling story.

Blogs are also an effective way of communicating stories. Like videos, blogs can be included in email nurture campaigns and posted on social media, regularly communicating your stories to your lead base and market area.

How can you transform your marketing to a storytelling approach? First, look around you. Ask yourself, "What drew residents to my particular community?" What unique offerings do you have that excite those living at your community, and provide a sense of well-being and purpose day after day? Then, building on those unique strengths, what powerful messages can you use to attract others to your community?

Show those aspects—in images, words, video—in any way you can. Incorporate them in advertising, in direct mail, in social media, in brochures and—of course—on your website. Share them at marketing events and at individual sales appointments.

As you tell your stories—inspiring, transformational, life-changing stories—realize that the positive resident stories around your community are as much a part of your story as you are part of theirs. Take pride in that fact, and unabashedly use those stories to communicate and promote the possibilities your community offers to help prospective residents achieve their goals.

DIVERSITY, INCLUSION AND EQUITY

Make This the Year Your Community Begins Its Diversity Journey

Rob Love, President & CEO, Love & Company

As we come out of the pandemic and prepare for the future, many things are vying for priority on your and your team's "to-do" lists. We've shared many ideas for new and exciting initiatives throughout this year's Trends report, and we hope that you have come away with a strong list of considerations for your organization. Now, I'm about to add one more.

I believe that, if your community or organization has not already begun its diversity journey, it is important that you make it one of your higher priorities.

I use the word "journey" with great intention. Working to build a culture of diversity, equity and inclusion in your organization is not a switch you can turn "on" and be done. It's a process that involves an intentional approach with a great deal of education and listening, and one that will likely take years to complete—if it ever can truly be considered complete.

Over the past decade, I've worked with several communities that wanted to increase diversity, but with the primary (and sometimes sole) goal of increasing the number of African American residents. While that is an admirable goal, it's like going straight from step 1 to step 20 in the process. In most communities, so much needs to be done first to become a place where all will feel accepted and be comfortable calling the community "home." And such a goal does not even recognize that creating a culture of diversity, equity and inclusion goes far beyond skin color and encompasses people of various religions and gender identities—types of diversity that many communities have been successful at building, with increased racial diversity still a future goal.

The first steps in the journey are typically focused on education: education of the board, of management, of staff and of residents. As with most things in life, listening and understanding are the keys to creating positive change. Over time, organizations can evolve their boards and management teams to become more diverse, leading the change process by example.

Jeff Hutchins, former CEO of Penick Village in Southern Pines, North Carolina, shared some of the steps his community took as it began its journey. In addition to presentations and discussions, residents and staff traveled to various locations to learn more. One trip in 2017 went to Washington, DC, where they visited the National Museum of African American History and Culture, the Martin Luther King Jr. Memorial, the Frederick Douglass House and more. In 2019, another trip went to The King Center and the Carter Center in Atlanta, the Dexter Avenue King Memorial Baptist Church in Montgomery, Alabama, where Martin Luther King was pastor, and the National Memorial of Peace and Justice, also in Montgomery.

Ken Partin, CEO of Givens Communities in Asheville, North Carolina, shared that his organization began its efforts with a focus on the LGBT community, feeling that it could advance there first, with a racial focus requiring more time. Givens initiated a task force, completed SAGECare training and received SAGECare certification as the educational activities were rolled out to the board, staff and residents.

Both Jeff Hutchins and Ken Partin shared that the groundwork they had done in their communities paved the way for meaningful discussions among staff and residents about many prominent issues in 2020, including:

- That Black Lives Matter does not mean that black lives are more important than others, or that all lives are not important. It simply means that black lives deserve the same attention, consideration and treatment as any other skin color.
- That "defund the police" does not mean eliminating police departments. It means restructuring funding of civil services to ensure the appropriate people are providing the

Do justice—A letter to to the LSC Family

JKV CEO message: Silence is not an option

Click these images to read the articles.

appropriate services, such as mental health professionals responding to mental health situations.

- That institutional racism is not a thing of the past. It is how the past has had—and continues to have—a tremendous impact on people of color today. For example, not many people in the communities knew that African American soldiers were not able to take advantage of the benefits of the GI bill after WWII, or how for several decades the Federal Housing Administration used redlining to restrict African Americans from buying homes.

As residents, staff, management and board members each gained a better understanding of the issues and questions, both Jeff Hutchins and Ken Partin shared that—had COVID-19 not restricted activities—many more staff members and residents would have participated in the peaceful rallies.

Which leads to my primary point: If you have not already begun your diversity journey, why is 2021 the right time to start?

At the risk of dramatically overstating the obvious, our country is facing a cultural divide that, in my 60+ years on the planet, rivals only the combined effects of the civil rights and Vietnam War movements in the mid to late 1960s. Today, there is so much need to build a better understanding of words and terms related to race and equity, with polarized interpretations of those terms exacerbating tensions instead of helping.

Note: I admire my friends, Ted Goins, CEO of Lutheran Services Carolinas, and Gerry Stryker, CEO of John Knox Village in Pompano Beach, Florida, for taking public stands on this in the summer of 2020.

I believe that now is the time to foster communication and education, and to build a foundation on which our organizations and communities can be positive thought leaders in our greater communities. It is a time that our country needs healing, and healing can only begin through better understanding.

I wish you all the best on your diversity journey. It's a trip well worth taking.

Love & Company is dedicated to serving the senior living field, providing in-depth market demand analyses, consumer research, marketing planning, branding, lead generation, digital marketing, sales training and sales management services.

If you would like to learn more about our senior living marketing services, please contact Tim Bracken at **301-663-1239**, or **tbracken@loveandcompany.com**.

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