

HOW TO PAY FOR SENIOR LIVING

Learn about the different options for financing senior living and care, including government programs, private insurance and more.



By: Elaine K. Howley and Geoff Williams - April 15, 2025

It's no secret that saving for retirement is a good idea. And for many older adults, retirement expenses often include senior living, which can be pricey.

In this article, we'll go through the many different types of senior living, their average costs and how to prepare financially for this stage of your life.

What Is the Average Monthly Cost for Senior Living?

You have many options when it comes to senior living, and each type of facility may cater to various budgets. For many seniors, cost is the biggest obstacle to finding a good senior living residence. And the greater the level of care, the higher those costs are likely to be. Prices for assisted living and nursing homes vary depending on a number of factors, but seniors pay an estimated median of \$6,068 and \$10,326 per month in 2025, respectively.

Below is the average cost for five different types of senior living facilities based on figures from senior care-focused organizations and experts:

- **Independent living and retirement communities:** \$4,000 per month
- **Assisted living:** \$5,900 per month
- **Continuing care retirement communities:** \$5,000 per month
- **Memory care:** \$6,450 per month
- **Nursing homes:** \$10,326 per month for a private room
- **Average among all senior living options:** \$7,163 per month

Many factors can cause the cost of senior living to add up to a big price tag, says Lauren Dunning, director of the Center for the Future of Aging at the Milken Institute, a nonpartisan think tank based in Santa Monica, California.

If you move to a senior living community, cost drivers generally include:

- Owner/operator costs
- Location, size and property type
- Type of accommodation (single vs. shared room)
- Level of on-site medical care and assistance with activities of daily living
- The specific staffing, services and amenities available

"Staffing costs are typically the largest expense item and can account for up to two-thirds of overall owner/operator expenses," Dunning notes.

How to Pay for Senior Living

For many seniors, figuring out how best to pay for the senior living option they need can be a complicated challenge. Below are some strategies to help you prepare for this significant expense.

Plan ahead and start saving early

To pay for senior living, you'll need a sizable nest egg to draw from. Start planning and saving for retirement and senior care expenses you may encounter later in life as early as you can.

"We plan our vacations down to minute-by-minute details, but we don't plan how we want to age," says Peter Ross, the co-founder and CEO of Senior Helpers, a franchised service that provides at-home care for seniors. He is also the president of the Home Care Association of America's board of directors.

The earlier you start planning, he says, the more control you will have over your situation as you age.

Financing

If you haven't explicitly saved to pay for senior living later in life, your financing options could be limited. For example, most senior living spaces are offered as rental properties, so a conventional mortgage is not usually an option.

However, there are some financing tools you may be able to leverage, such as:

- You could sell your home and use the proceeds to pay for senior living.
- You might take out a bridge loan against your home to free up some cash until you can sell the house. This option may be useful in urgent situations.
- Some people might take out a reverse mortgage and sell their home back to the bank. With this option, you can use your monthly payment installments to fund senior care.
- Check your eligibility for grants, waivers, subsidies and other programs that may be available in some local communities to help seniors afford housing.

Medicaid

While Medicare doesn't cover the cost of senior living, Medicaid may – but it is typically used when you're in a nursing home.

"Many older adults who cannot afford their housing and care needs are forced to spend down their assets to qualify for Medicaid, which does cover the costs of room, board and care in nursing homes, while coverage for assisted living depends on state requirements," Dunning notes.

If you have no money, Medicaid may become your best option for paying for senior living, but there are stringent requirements to qualify. It's best to contact your local Area Agency on Aging or another trusted advisor with expertise in senior care issues for guidance on how best to proceed.

In addition, while Medicaid can be a helpful solution for some people, not everyone can take advantage of it.

"For those who have an income and assets above the thresholds for Medicaid and housing support programs but lack substantial personal savings to afford private pay options, the challenge is significant," Dunning says.

These people have been dubbed the "forgotten middle." Their middle-class status means they're not wealthy enough to afford

to pay for care out of their savings, but they're too wealthy to qualify for many public aid or assistance programs.

Unfortunately, Ross says, "the nicer facilities don't accept Medicaid or Medicare reimbursement." The places you or your parent would probably want to stay at "want you to pay for the cost privately."

So, finding a facility that accepts Medicare or Medicaid isn't always an issue, but finding a good one you're happy with may be more challenging.

Long-term care insurance

Long-term care insurance, which private insurance companies sell, may cover costs associated with a wide range of senior living needs and options.

However, long-term care insurance can't cover all the costs associated with senior living, and there can be stipulations in the policy that include certain benefits and exclude others.

Private health or life insurance

Some private health insurance plans may cover certain costs associated with senior living. And some life insurance policies can be cashed in, allowing you to access a lump sum to pay for senior living. You'll need to check your policy documents closely for the rules and restrictions of using this resource.

Social programs

Many older adults have limited means to pay for senior care and must consider low-cost senior living options. The good news is that some social programs can help lower costs. These include:

- **PACE.** The Centers for Medicare and Medicaid Services Program of All-Inclusive Care for the Elderly offers comprehensive medical and social services for qualifying elderly people. It includes medical and senior care benefits ranging from adult day care and dentistry services to meals, medical care and prescriptions. These services are meant to be delivered in the person's home rather than in a senior living facility, and you must meet strict program requirements to qualify.
- **SHIP.** State Health Insurance Assistance Programs are offered in every state and provide unbiased help to Medicare beneficiaries and their families. Trained SHIP counselors will work with you one-on-one to find the right senior living and long-term care options.
- **Veterans Affairs.** For qualifying military veterans, the VA offers financial support for senior care for some individuals, their families and surviving spouses. In addition, the VA runs a network of hospitals, clinics and senior care facilities around the country that may be an option for qualifying veterans.
- **Social Security Disability Insurance.** The Social Security Administration's disability insurance program provides monthly payments to people with disabilities that prevent or limit their ability to work. These funds can help pay for senior living needs, such as assisted living.
- **Section 8.** The U.S. Department of Housing and Urban Development Section 8 Housing Choice Voucher program helps qualifying adults 62 and older, people with disabilities and low-income families find and afford housing. Individuals involved with this program live in HUD housing and pay 30% of their adjusted gross income. However, limited slots are available, and the waiting lists

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can be long.

- **Other options.** Low-income senior housing, adult family homes and medical foster care options may offer less expensive ways for seniors to get the care and support they need. Location of the property, services offered and whether government subsidies are available all influence the total cost of this type of senior living.

Personal assets

Saving carefully during your working years is one of the best ways to ensure you'll be able to afford senior living when the time comes. A variety of personal assets can come into play, including:

- Pensions, 401Ks and other retirement accounts
- Annuities and investments
- Real estate holdings

Liquidating these assets to pay for senior care can bring tax liability in some situations, so it's best to work with a certified financial planner, tax attorney or other advisor who has experience in assisting older adults plan for their financial futures.

Types of Senior Living and Their Costs

Learn specific details regarding the level of care and cost of the following senior living options:

- Independent living
- Assisted living
- Continuing care retirement communities
- Memory care
- Nursing homes

Independent living

Independent living communities, also sometimes called retirement communities, are designed for older adults who can look after themselves but want access to certain amenities, such as dining options or social activities, among peers of a similar age and level of autonomy.

The average cost of independent living is \$3,065 per month, according to SeniorLiving.org. This rental fee estimate is for the property itself and often doesn't include extras or special amenities, such as upgraded dining options or hair styling services.

Additional factors affecting cost include whether the community charges an entrance fee or move-in fee and whether the community is considered a luxury independent living community.

Assisted living

Assisted living is the next care level up from independent living. Residents in these facilities need ongoing support and assis-

tance with one or more activities of daily living, such as bathing, toileting, managing medications or preparing meals.

Patrick Simasko, an elder law attorney and financial advisor at Simasko Law in Mount Clemens, Michigan, says housing and medical care are the most expensive parts of senior living.

"There are typically two parts of the cost when it comes to senior living in an assisted living facility. One is rent that includes the apartment and amenities. The other is the add-on costs for medical care, shower assisting, escorting to and from the dining room and so on. The costs for this type of care can oftentimes be exuberant and expensive," Simasko says.

According to Genworth Financial's 2024 Cost of Care Survey (the most recent data available), the average cost of an assisted living facility is \$5,900 per month. This estimate includes the rent for the living space, meals and some of the support services you'll receive, depending on how the contract is written. This monthly estimate typically does not include any health care services. Some amenities may also be billed separately, such as medication management and incontinence help.

Fees can vary based on location and the mix of services you need. For example, seniors who need lower levels of care (assistance with managing medications, for instance) may spend less than those requiring a higher level of care (more hands-on help with personal hygiene and moving around).

Continuing care retirement communities (CCRCs)

Continuing care retirement communities can address your future health care needs in a single location, eliminating the need to move to a new facility each time those needs change. For instance, most CCRCs offer independent living, assisted living, memory care and skilled nursing care on the same campus.

CCRC costs, which can be expensive, vary based on the fee model.

- **An entrance-fee model CCRC** usually includes an upfront fee of between \$100,000 and \$1 million, plus a monthly service fee. Depending on how the CCRC's contract is written, you may have a fixed monthly cost for your stay on campus, while others may require you to pay for additional services a la carte.
- **For a monthly rental model**, the nonprofit National Investment Center for Seniors Housing & Care reports an average cost of \$3,747. This monthly rental estimate does not include entrance fees or additional health care services rendered, and is the average rate across all the

levels of care offered.

Memory care

Memory care is a type of senior living designed for people with Alzheimer's disease and other types of dementia. Caregivers who work in memory care facilities have specialized training to assist those experiencing cognitive decline, and the facilities themselves typically have important safety features to prevent wandering and eloping.

Average costs can vary but hover between \$6,000 and \$7,000 per month. By some estimates, the median cost of memory care is \$6,935 per month.

Costs usually include the living space – an apartment or room – meals, medication management, personal care and assistance with activities of daily living, plus specialized dementia-focused support. Medical care may not be included in these fees, but this can vary by facility.

Nursing homes

Nursing homes are specialized care facilities that provide round-the-clock support for older adults with medical needs.

Because nursing homes offer the highest level of care on the senior living spectrum, costs tend to be higher. Genworth Financial reports that a semiprivate room in a nursing home costs \$9,277 per month, while a private room costs \$10,646 on average.

These fees include the living space, meals, assistance with the activities of daily living and skilled nursing care. Some seniors reside in nursing homes long term to manage complex or chronic medical issues. Others stay for a shorter time to recover and rehabilitate after surgery or another acute condition.

Does Medicare Pay for Senior Living?

Medicare does not cover senior living costs, but it may cover health care costs incurred while you reside in a senior living situation.

Medicare, for instance, provides limited, specific benefits, such as:

- Short-term post-hospital rehab
- Home health care based on strict eligibility requirements
- Part-time or intermittent skilled nursing care, excluding room and board costs

Some Medicare Advantage plans may offer additional benefits.

Patrick Simasko, principal of Simasko Law, has dedicated his legal career to the practice of elder law. Over the past 20 years, he has helped hundreds of families plan for their futures, protect their assets and receive the financial and medical benefits available to them.

For more information, please call 586-468-6793 or visit www.simaskolaw.com.

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