



LEC Senior Living Insights: Kevin McDonnell, CFO

Get the inside scoop on the growing demand for senior living from Kevin McDonnell, CFO at LEC with over 20 years in senior finance and operational roles.

Our prospects are very smart with their finances. What makes senior living a wise investment for them—especially a Life Plan Community (LPC)?

Kevin: Choosing a senior living community is smart for a number of reasons that help ensure residents live with confidence and thrive in community. Being part of an LPC like Life Enriching Communities (LEC) is beneficial as unpredictable expenses can be consolidated into a predictable monthly fee and provide a broad range of options to maximize your quality of life and receive the best care.

When a prospect looks at your pricing, what do you want them to understand first?

Kevin: It's important to compare long-term affordability when evaluating pricing between communities. Though prices vary by location and accommodation size, the key pricing factors include entrance fees and monthly service fees. Entrance fees

are a one-time, partially refundable payment, and the monthly service fees cover meals, maintenance, utilities, and other services.

Entrance fees are a new concept for many prospects at the beginning of this process. How does your partially refundable entrance fee work, and what should someone understand before they decide?

Kevin: A refundable entrance fee price model mirrors home ownership. The higher the entrance fee, the higher the refundable percentage. Residents typically use a portion of the proceeds from the sale of their homes to fund the entrance fee, while monthly fees are primarily covered by Social Security, IRAs, and investments. The best option for any prospect depends on various personal factors, including funds available, projected length of residence, tax ramifications on capital gains, and personal preferences.

Life Enriching Communities is a not-for-profit LPC, can you explain what benefits this has to our residents?

Kevin: As a not-for-profit LPC, we won't ask a financially-qualified resident to leave if they outlive their financial resources or experience unexpected healthcare expenses. We believe everyone deserves the opportunity to live their best life, and this promise gives residents confidence and comfort as they face an uncertain future. LEC is focused on the mission of providing exceptional everyday experiences for our seniors, not on maximizing profits. That's why The LEC Foundation manages multiple donation funds that enhance our residents' lives now and in the future: Benevolent Care, Pastoral Care, and Greatest Needs.

What would you encourage prospects to ask their financial advisor as they discuss their interest in a senior living community?

Kevin: Financial advisors can often forecast expected income in the future.

This would include a variety of sources like Social Security, pensions, 401(k)s, investments, and savings. Becoming a resident in a not-for-profit LPC is about preparing for the future and ensuring one's projected income covers future costs. Financial advisors can also help with evaluating the financial strength of for-profit and not-for-profit LPCs.

What advice would you give to prospects when making the great financial decision of choosing a senior living community?

Kevin: I always advise prospects to research options and plan as early as possible, including my mom! It's important to research the financial strength of the communities available and ask lots of questions, such as whether they are mission-based not-for-profit communities, how they maintain their financial sustainability, or how they reinvest in their facilities. Additionally, joining a wait list provides a priority place in line as you evaluate your options and even makes the community events and programs available for you to enjoy beforehand.

Life Enriching Communities is committed to equipping you with a plan for the future. Learn more about our senior life plan communities at lec.org.

