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BANKRUPTCY

Retirees' Life Savings Can Vanish in Continuing Care Bankruptcies

When continuing care retirement communities go bankrupt, residents or their heirs can lose deposits they were told would be refundable

By Akiko Matsuda

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The owner of Unisen Senior Living in Tampa, Fla., filed for bankruptcy in April. PHOTO: TAMPA BAY TIMES/ZUMA PRESS

Robert Lange and his wife moved into a retirement community outside of Detroit more than a decade ago. The couple, in their 80s at the time, thought they were set for life. Then in 2020, Henry Ford Village [filed for bankruptcy](#).

Lange, a World War II veteran and retired [Ford Motor](#) engineer, soon learned his \$145,000 entrance fee—billed as a fully refundable deposit—was at risk in the community's financial restructuring because it would be among the last liabilities to be paid.

Lange died in the following year and his family has recently learned they could recoup roughly \$18,000.

“By the time he passed, he was well aware that most of the deposit he paid would be lost,” said Janet Jones, Lange’s daughter. “The way he ended up losing the money, that was quite an insult to the dignity and the integrity of a life well lived.”



Janet Jones, right, with her father, Robert Lange, center, and husband Lloyd Jones, left, at Henry Ford Village in 2017. PHOTO: JANET JONES

The owner of Henry Ford Village owed more than \$50 million to roughly 600 former residents and their heirs when it emerged from bankruptcy. Many, like Jones, expect to recover a fraction of the entrance fees they paid.

At least 14 such life-plan facilities across the U.S. have filed for bankruptcy since March 2020, according to a Wall Street Journal review of court filings and Gibbins Advisors, a healthcare restructuring advisory firm. The communities are creating an unexpected and largely unknown risk to seniors and their life savings.

Roughly 1,900 continuing care retirement communities, or life-plan communities, operated across the nation with 623,000 residents as of 2023, according to the nonprofit National Investment Center for Seniors Housing & Care. To secure a life-care spot in these amenity-rich developments offering healthcare and assisted-living services, residents put down entrance fee deposits ranging from about \$200,000 to more than \$1 million. Many seniors sell their homes to pay the fees.

New residents’ deposits pay for former residents’ refunds. After the Covid-19 pandemic, some facilities are still struggling to attract enough new residents to meet refund obligations and fund their operations. Meanwhile, costs are up.

When such facilities file for chapter 11 protection, other debt including bondholder and mortgage loans get paid before anything goes to residents and their heirs.

In Dallas, a bankrupt continuing-care retirement complex said it would need 18 years to repay roughly \$140 million, without interest, of residents' deposits. In Tampa, Fla., a senior community in bankruptcy is evicting residents without paying refunds.

“The reason why people go into continuing-care communities is they are trying to manage risk,” said Katherine Pearson, a law professor at Pennsylvania State University's Dickinson Law. “And they really do rely on these promises.”

Typically, residents pay an entrance fee and a monthly fee that could be thousands of dollars for services. Many continuing care retirement communities, or CCRCs, guarantee to repay entrance fees when residents die, or move out, and new retirees fill their units. But in bankruptcy, residents and their families don't have much legal recourse if these deposits aren't repaid.

Life-care contracts signed by Henry Ford Village's residents, for example, didn't specify what would happen to refunds if the facility lost its ability to make payments, such as in bankruptcy, a review of documents dated between 2004 and 2014 showed. Henry Ford Village didn't respond to requests seeking comment.

Regulators try to create some safeguards, like requiring retirement community operators provide financial disclosure statements, said Dee Pekruhn, a director of life-care communities services and policy at LeadingAge, an advocacy group for nonprofit aging services providers.

Some states also require facility agents to encourage prospective residents to [seek guidance from a legal or financial adviser](#), or both, before signing a contract. “It cannot be stressed enough that it is a major decision to engage in a contract with a CCRC,” Pekruhn said.

Bankruptcy recently stung residents of Unisen Senior Living in Tampa after its nonprofit owner filed for chapter 11 in April. The pandemic hammered Tampa

Life Plan Village a few months after it was formed in January 2020 to rescue the senior living community from a previous bankruptcy.

After failing to find a new operator, Unisen is selling its property for non-senior-living purposes, forcing roughly 100 residents to find new homes.

A bankruptcy court recently approved Unisen's plan to allocate \$5 million to pay all residents up to \$30,000 for relocation. Remaining funds will be distributed to 44 residents who paid entry fees directly to Unisen. But those who paid about \$34.7 million in entrance fees to Unisen's bankrupt predecessor face slim prospects for refunds, according to the nonprofit's financial statements.

Mickey Castor and Mel Tockman, current and past presidents of Unisen's resident association, said in a recent court filing that members of the community, whose average age is 85, "have been frightened and distressed by the prospect of losing their homes and their friends."

Lawyers for Unisen didn't respond to requests for comment.

Bankruptcy courts try to protect such residents. When the Amsterdam at Harborside retirement community in Port Washington, N.Y., filed for bankruptcy last year for the third time in a decade, its roughly 200 residents were at risk of losing their homes and deposits totaling roughly \$130 million.

At the urging of residents, bankruptcy court Judge Alan Trust in Central Islip, N.Y., approved a sale to operator Life Care Services. It plans to honor existing residency contracts and keep the facility open.

Judge Trust said in his ruling that he considered the effects on residents who, at an average age of about 90, are "faced with not only the loss of their physical homes and in many cases their life savings, but also their community setting and life-sustaining healthcare."

"This is the best outcome for the residents of Harborside," said Amsterdam Continuing Care Health System, the parent company of the community, noting that the sale is pending regulatory approval.

At many other retirement communities, residents—and their heirs—have been fighting an uphill battle. In Dallas, the 504-unit [Edgemere](#) continuing-care

retirement community rejected all residency agreements when it was sold in July 2023 out of bankruptcy to Bay 9 Holdings, an affiliate of Lapis Advisers, and turned into a rental life-plan community.

“The facility no longer charges entrance fees and has maintained all levels of care,” said Kjerstin Hatch, president of Bay 9 Holdings.

Edgemere’s former parent company, Lifespace Communities, has agreed to repay roughly \$140 million over 18 years to refund entrance fees as long as Lifespace has 250 days’ worth of cash on hand, according to court filings.

The Henry Ford Village was sold in 2021 to a new operator and renamed Allegria Village. Existing residents were told they could recover some of their deposits if they agreed to transition to a rental model, with the refund amount based on how long they stay at the community, from 8% for one year to 60% for 15 years, according to court filings.

For residents who didn’t sign the agreement and heirs of deceased residents with refund claims, the only source for recoveries is the bankruptcy estate overseen by a liquidation trustee.

“It’s been a very frustrating situation,” said Eric Kauffman, 66, whose mother, Sara Kauffman, lived in Henry Ford Village until she died in 2018 at age 86. Her apartment was promptly returned to the operator, said Kauffman, who later learned the unit was reoccupied a month before Henry Ford Village filed for bankruptcy. His mother’s estate received about \$12,500 of a \$99,500 deposit, Kauffman said.

Henry Ford Village’s liquidation trustee, Sheldon Stone, who sued former manager Life Care Services and its employee Bruce Blalock claiming mismanagement of the property’s finances, said he was still trying to recover more for residents or their heirs. The defendants denied the allegations.

“I’m hoping to return at least 24%,” Stone said.

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