



Bamboozled: Entry Fee Refunds Held Hostage

Read full story at:

http://www.nj.com/business/index.ssf/2017/02/bamboozled_holding_hostage_a_dead_seniors_money_.html

Excerpted by Sally W, Soest, 2/21/2017.

When New Jersey resident Ed Nagle's mother passed away, Ed requested the refund of her entry fee, 90% of \$272,821, or \$245,538. Her mother's contract stipulated that her unit had to be reoccupied before her estate would get the refund.

Ed waited for 2 years, repeatedly requesting the refund. He even offered to help find a new resident, but was turned down.

Then the CCRC applied what Ed called "soft extortion": they asked him to pay \$30,000 to \$40,000 to renovate his mother's apartment to enhance its resale potential. Ed declined.

After waiting five years, the family agreed to accept a 63% refund, \$74,000 *less* than they were owed.

Since the lower amount meant they were no longer subject to estate taxes, Ed asked New Jersey for a refund of the overpayment. Alas, there's a three-year limitation on refunds for overpaid estate tax.

Consequently, the estate lost a total of \$88,481.

Ed discovered that several other states had laws requiring timely repayment of entry fees by CCRCs. For example:

- Connecticut: repayment within 3 years of vacancy.
- California: time limits and penalties on delayed repayment, with the CCRC charged 4% interest for 180 day delay after vacancy, and 6% after 240 days until full refund paid.

Ed got a bill introduced in two consecutive sessions of the New Jersey legislature, but it languished both years with no action.

Leading Age, the CCRC industry organization, strongly opposes the bill.

ORANJ, the CCRC residents' association in New Jersey, has also been working on this issue for several years. Their spokesman said that, while new legislation can't change existing contracts, ***new contracts based on sound actuarial principles would protect new residents.***

This year the bill has a friendly sponsor on the Health and Senior Services committee, and ORANJ is hopeful that it will be taken up by the committee this session.