

Retirement residences abound in Israel

By Jochanan Altman



Lobby
Seven Stars Residence
(Courtesy Seven Stars Residence)

During the past 50 years, life expectancy has increased rapidly. If in the 1950s a male was expected to live on average less than 70 years and a female slightly more, today, life expectancy in the Western world is over 80 years of age and rising. Consequently, since people live longer, the number of older people has increased rapidly, and gray power has political and economic clout. This is especially true from a consumer aspect. They have marked consumer traits, among which

is real estate because seniors have special residential needs.

Their increasing economic importance is in many ways due to the fact that older citizens usually receive pensions that allow them to enjoy a relatively comfortable standard of living, which translates into a high degree of consumer spending.

The rapid advances in medical science have not only allowed human beings to live longer but have also increased their physical quality of life. Today, many men

and women in their 80s or 90s can enjoy a totally independent and active style of life. And that is where the special real estate retirement industry comes into the picture.

The Israeli retirement home industry is very dynamic. Demand is increasing, and entrepreneurs are rapidly adapting themselves to the demand. In 2007, the number of residential units in retirement homes, or congregate houses, was estimated at 15,000. By the end of 2012, the number of such residences and those being built was

about 35,000, and the numbers will increase with time.

This is happening all over the world and in Israel it is happening at a faster rate because many Jews from overseas, especially the US and the UK, are now retiring in Israel. Consequently, many retirement homes are adapted to English speakers. The demand for sheltered housing in Israel, compared to other countries, is higher than is warranted by the existing population.

"Seven Stars" retirement residence in the classy Herzeliyas Pituach neighborhood is one of the more high end retirement residences in the country. It has a substantial number of overseas residents from the diaspora and it makes it a point to adapt itself to the needs of these overseas residents. Sharon Saltsberg, VP sales of the Seven Stars retirement residence told *the Jerusalem Post*. "We at the Seven Stars make it our business to make our overseas residents feel at home. We are bilingual Hebrew and English and we have "ulpan" classes to help them integrate in the community as a whole. In addition from time to time we organize tours to places of historic or cultural interest etc. Our overseas residents quickly feel at home with us".

The number of seniors from overseas who decide to retire in Israel and live in a retirement residence is growing constantly.

But what brings them here?

The reasons are many. Some come from emotional or religious others because their children have made Aliya and they want to be near their loved ones. But there are other more mundane reasons. The current day to day buying power of the US the UK Canadian Australian and UK pensions and that of the EU countries for that matter is generally greater in Israel than in their countries of origin. This means that the standard of living of a retired senior may be higher in Israel than in their countries of origin.

Seniors wherever they are need an environment that is adapted to their needs, and this is supplied by special residential projects. For one thing, retirement residences provide a secure environment. It also relieves the resident of doing household chores and the worries of managing one's own home. And it offers a social environment that is conducive to good living.

The demand for sheltered housing is also fueled by a constant increase in the standard of living and by pension plans that allow large segments of the community to retire in relative style.

The increase in the standard of living of the population in general and the increased sums that can be used for retirement purposes, at least among those of the middle class, is constantly changing

the concept of the sheltered home, and new retirement residences are becoming increasingly more luxurious like five-star hotels, while existing homes are being upgraded to compete with the new ones.

But while congregate homes are becoming more luxurious, it is not so much the luxurious appointments but what they have to offer that is the most important element in the appeal of these residences. Most experts believe it is the need for companionship, to be together with one's own and to be able to lead active lives that draw seniors to move to retirement residences. Men and women who live on a pension have a lot of free time, and one of the challenges of retirees is how to fill their days. And that is exactly what sheltered housing offers.

Sheltered residences only accept seniors who can look after themselves. The reason most of them come is social. The "lonely crowd" aptly describes our society, and for seniors it is lonelier still. Technological developments have transformed man into a more introspective species. When one is out and working, taking an active part in the productive process, the detached character of our society is less noticeable and is felt less. But when one is on a pension and has a lot of time on his hands, he is quickly made aware of his lonely state, and this encourages many to seek the social warmth of a retirement center. Furthermore, a sheltered home offers security. Many seniors are very conscious that they are liable to be burgled in their homes, and this can become something of a trauma if it has happened to some of their friends or acquaintances.

The move to the country

The urge to move from the crowded cities to the country is also evident in retirement housing. In the past, all retirement residences were either in cities or on the outskirts. They had one or more buildings with public rooms on the lower floor, and the other floors were divided into apartments. Now many entrepreneurs are building country-style residences outside the cities with semi-detached style residences with private gardens and the public rooms concentrated in one large central building.

Retirement residences are the ideal option for the middle classes. They are expensive but affordable. Most seniors have a pension from a well-paid job in the past or have money put away from the sale of a business. And this should suffice. The money from the sale of one's house or apartment can be used pay the deposit, and the monthly income from a pension or accumulated capital can pay for the monthly maintenance fee. The word "deposit" is

used because the most retirement units are not sold outright and cannot be resold when no longer in use. The residents have to put up a non-interest yielding deposit linked to the local cost of living, which depreciates annually according to the contract. Most depreciate for the first 10 to 15 years of residence, but there are plans with deposits that depreciate with no time limit. When the apartment is evacuated, the deposit or what is left of it is returned to the family. Depreciation can amount to some 30% of the original deposit.

While retirement housing is affordable for the middle class, they are nevertheless constrained by the need to sell their apartments or houses to pay for the deposit. Those who have decided in principal to move to a retirement residence usually ask themselves if they can sell their home at a fair price. That is why it is advisable to plan ahead in good time. See what is on offer, and decide after looking. And then start making the financial arrangements.

The financial arrangements include evidence of a steady income that will be sufficient to cover the monthly maintenance fees plus living expenses such as food, entertainment and clothing. Most retirement residences will not accept applicants unless they can prove they have a steady income that will cover their costs.

What to look for

The wide range of sheltered housing on offer in Israel creates the problem of selection. Since so much is on offer, one may have problems choosing which one is best. When choosing a retirement residence, one must bear in mind that it is a very important decision because in most cases it is for life. It is therefore advisable to come to an agreement with the management to stay for a certain period of time to see if one fits in. The more important elements to consider are the following:

*How does one keep busy? Are the activities offered ones that I will enjoy doing?

*The social mix. Do I fit in with the social networks that have been formed? In this context, it is well worth mentioning that one should have the financial resources to maintain a standard of living that is more or less accepted in that particular environment. In such close surroundings, feeling poor is a recipe for social disaster.

*Make sure the environment is one that you are accustomed to. See if the food in the cafeteria or the restaurant is to what you are used to and that the cultural environment is familiar. Religious retirees, for example, will want to live in a religious retirement center, and English speakers will choose a retirement home where English is spoken or at least understood by the residents. ■