



CAMBRIDGE

Senior Housing & Healthcare Capital

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PRESS RELEASE

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RETIREMENT ISN'T ALWAYS FAIR, STUDY SHOWS

The Center for Retirement Research has produced a study on income inequality among America's aging seniors that may provide food for thought for senior housing/healthcare owners and operators who serve this growing population.

"The Center's study reveals that more than half of older Americans with the lowest socioeconomic status can expect to face an income gap if they retire when they're planning to," says Cambridge Chairman Jeffrey A Davis.

In their report, the researchers quantified and compared the gaps in the retirement preparedness of more than 3,000 older U.S. households grouped by four levels of educational attainment. They then estimated the target income that each working household will need in retirement to maintain its current standard of living.

The researchers figured that target income will be less than current income from working, because retirees no longer need to save money and they pay less in taxes. So they projected the income each household will actually have – at each different retirement age – from the retirees' Social Security, employer retirement plans, regular savings and home equity.

When a household's projected income reaches the target, that's the age at which they can expect to retire comfortably.

But the researchers point out that people don't necessarily make decisions that are in their best interest. The study showed that 54 percent of those in the least-educated group will face an income gap if they retire when they said they're planning to, compared with 36 percent of the best-educated group.

Mr. Davis says retirement experts, including economists at the Center, urge baby-boomers to hold on and work just a few more years to improve their retirement finances. But the less-educated older workers often have physically demanding jobs or poorer health, making this very challenging or even impossible.

The study concludes that it may well be true that their retirement shortfalls cannot be bridged by working longer, which means other solutions will be needed, Mr. Davis said.

"It doesn't take a quantum leap to project these numbers into the cohort of seniors who will need to avail themselves of services that only the senior care industry can provide. More than half of the less-educated seniors move into their projected retirement age with an income retirement gap and, surprisingly, more than one in three in the best-educated group find themselves in this position as well.

"Looking ahead, the senior care industry will continually be challenged to put the brakes on rising costs," he added.

Privately owned since its founding in 1983 as a real estate investment banker specializing in commercial real estate properties, Cambridge today has three distinctive business units: FHA-insured HUD loans, conventional financing, and investments and acquisitions. The company is one of the nation's leading senior housing and healthcare debt and equity capital providers, with more than 400 closed senior housing transactions totaling more than \$4.5 billion since the early 1990's, when the firm began its specialization in providing senior housing capital.

Cambridge has consistently ranked among the country's top five FHA-insured HUD lenders (now HUD Lean) over the last 15 years and offers an array of conventional lending options, including permanent construction and interim loans on either a floating or variable rate basis. The company's principal investment strategy includes direct property acquisitions, joint ventures and sale/leasebacks. The company has acquired 16 facilities totaling approximately \$60 million.

Cambridge is the creator of *The Signature Experience*[™], a four-step process designed to transform the traditional lender/borrower relationship and identify "ideal" capital solutions for worthy projects. The company has a national origination office in Los Angeles, and numerous correspondent and brokerage relationships nationwide.

Cambridge publishes the bi-monthly Capital Wisdom(R) electronic newsletter, which delivers company news and feature stories via e-mail to corporate friends and clients as well as monthly updates of other relevant news and breaking trends. Additional information is available on the Cambridge website, www.cambridgecap.com, and Cambridge can be reached at (312) 357-1601 or via e-mail to info@cambridgecap.com. The firm also has embraced social media and networking via Twitter at <http://twitter.com/cambridgecap>, via Facebook at <http://www.facebook.com/cambridgecap>, via blog at www.cambridgecap.com/blog and via LinkedIn at <http://www.linkedin.com/companies/454232>, where information on the firm and its employees can be found.

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