

# THE FUNERAL TRUST

## *Frequently Asked Questions – Agent Use Only*

### **1. How am I assured that this is protected from Medicaid?**

*Each state allows you to have certain items when you qualify for Medicaid. One of the items that all states allow you to have is a Funeral Trust. The Funeral Trust has been developed by attorneys to ensure that it complies with your states laws.*

### **2. A funeral home will allow me to prepay everything, and they will “lock in” the cost of the funeral so that my family won’t have to pay anymore? Why should I place the money in a Funeral Trust and not at a funeral home?**

*You’re right, most funeral homes will allow you to prepay your funeral and they will “lock in” the price of the funeral as long as your family uses their funeral home when you pass away. They are able to “lock in” the price because they receive the interest growth on the policy. They can keep any amount that is left over or above the cost of the funeral.*

*Also, if you preplan with a funeral home, you will have to pick out the exact casket and other items that you will have at your funeral. Most people do not wish to go through that disturbing process.*

*With a Funeral Trust you can set aside some funds to take care of your funeral and any funeral home in the country will accept the Funeral Trust as payment from your family. This will allow your family to select the merchandise and services at the time of need and if anything is left over then your estate, or the residual beneficiary, will receive the excess amount of money in the Funeral Trust.*

*Most people find that a Funeral Trust is the best option for setting aside money for their funeral while protecting their family for one of the toughest days of their life.*

### **3. I already have life insurance. Isn’t this the same thing?**

*That’s terrific! In this day and time you can’t afford not to have insurance and you have obviously tried to protect your family, but what we have found is that when you die the expenses for your surviving spouse are going to keep going, the utility bills keep coming, food bills still have to be paid, medical expenses are still necessary. Most of us purchase life insurance because we want to provide for our family after we’re gone. Our families are going to need all the money they can to just keep on with daily living. Let your current policy be applied to only those things.*

*By taking care of your funeral expenses a Funeral Trust makes your insurance that much more valuable. But, just so I understand...which one of these ways is going to fit best into your budget to know that everything is taken care of?*

*You can also discuss the comparison chart and highlight the points below.*

#### **Benefit paid directly to any Funeral Home**

##### ***Life Insurance:***

*Your Life Insurance Policy will not pay out directly to the funeral home and it will take a while for your family to receive the benefits from the Life Insurance Policy. The funeral home will require payment before the funeral occurs, so your family will have to come up with the money or put it on their credit card.*

##### ***Funeral Trust:***

*With a Funeral Trust, the benefit pays out NEXT BUSINESS DAY to the Funeral Home that your family chooses and it’s completely protected from probate.*

## **Protected from Medicaid Spend Down**

### **Life Insurance:**

*The cash value of your life insurance policy is not protected from Medicaid, and in fact if you ever have to go into a nursing home and qualify for Medicaid then you will have to get rid of your cash value of your life insurance policy and pay penalties for having that money.*

### **Funeral Trust:**

*The Funeral Trust, is completely protected from Medicaid and it can actually help you qualify for Medicaid if you ever need to.*

## **4. Can the money ever be taken out?**

*That's a great question. Since it is an irrevocable trust, the money cannot be accessed after the free look period. That's why we only recommend you put in enough money for your funeral and then maybe some extra money for your family until the rest of your money is paid out to them.*

*You are putting this into a Funeral Trust to get the money out of your estate, so that it can be there for your family for your funeral. After it is assigned to a Funeral Trust it will be protected by creditors, nursing homes, probate, estate taxes, and even Medicaid.*

## **5. We have enough money to take care of our funeral? We wouldn't be worried about it.**

*Most of our more affluent clients are concerned about the immediate liquidity crisis that occurs at death. As you know, most life insurance policies and annuities take at least 60 days to pay out to the beneficiaries. In addition, it can take quite sometime for all the other mutual funds and investment accounts to pay out, and this way the family will not have to worry about paying for the funeral and they can have some money in hand quickly to pay for travel and other bills until the all of the other funds get paid out.*

## **6. I can't afford it. (or) We don't make quick decisions.**

*I understand, but just so I understand, OTHER than the money, is there any reason why you wouldn't want to take care of this? You can set up a Funeral Trust with as little as \$500, so what can we do to adjust this to fit better into your budget to know everything is taken care of for your family?*

## **7. Let me think about it.**

*I understand, I know it's a big decision. But if you think about it, only two things apply. First, are we going to need it, and secondly, can we afford it? Are we going to need it; we talked earlier that this is something that everyone needs. The only thing is can we afford it? Let me ask you a question, can you afford not to do it? Also, you have 30 days FREE LOOK PERIOD to really consider this after you set it up. And just so I understand, which one of these ways is going to fit best into your budget to know everything is completely taken care of? (**Back to the money issue**)*

**Or**

*I have heard this statement quite often, and many times it is because I didn't explain the plan clearly enough. Is there a certain area you would like me to go over again? What is it that you need to think over?*

## **8. I need to talk to my kids.**

*I understand, but if you were to call them right now they are going to say one of two things...first thing they might say is that it is your money and you have made your own decisions so do what you want...or the second, and the most likely, is that they are going to say 'Oh Mom/Dad, don't worry about it', and the reason they say that is that they don't want to accept the fact that Mom/Dad isn't going to be here someday. You have protected them all of your life, why would you want them to have to face the burden of making these choices on one of the most difficult days in their life. But just so I do understand, are any of these figures going to put a hardship on you financially?*

**Or**

*I understand, but if your son/daughter called you right now and asked you to help him/her plan his/her funeral, how would it make you feel? I'm sure it would just about kill you wouldn't it? How in the world, if you feel that way about planning your son/daughter's funeral, do you think they're going to feel about planning yours? But just so I understand, are any of these figures going to put a hardship on you financially?*

**9. My family would feel left out if I took care of this.**

*I can understand how you may feel this way, but let me assure you that your family will appreciate what you have done by preparing for your final expenses. This will relieve them of the financial burden when their needs are most important.*

**10. I may move to another area.**

*That's no problem at all. This plan is totally portable; you can take it with you wherever you may go.*

**11. I'm really pretty young and I have plenty of time for this later.**

*Hopefully we will all have the time we need to the things we have planned. But unfortunately, things happen that we neither plan for nor expect. The major benefit in taking care of this today is that it will provide you and your family with the peace of mind of knowing that these things are taken care of.*

**12. I can invest my money elsewhere for a better return.**

*You might be right, but if we are at the point of looking at your funeral expenses only as a financial investment, we are really off track. The main reason for doing this is for you and your family's peace of mind. And, for the most part you are only transferring funds from one location to another for the safety and protection if the unexpected should happen.*

*In addition, if you just set aside money for your funeral expenses in an investment, they will most likely get caught up in probate after you pass away. This means that your family will have to come up with the money to pay for your funeral and then wait to cash in that investment after the probate process.*

**13. I have a CD at the bank for my final expenses.**

*I'm glad you have the funds specifically set aside for your final expenses. The wisest thing we could do is to move those funds into our plan and have the peace of mind knowing that the money is protected from outside sources such as nursing homes and creditors. (Go back to the comparison chart and explain the benefits again.)*

**14. Just don't care attitude.**

*I do hear this from time to time, and normally the reason is something other than I just don't care. Knowing this is something that we all have to deal with at some point, why is it you feel this way?*

**15. My children will take care of this for me.**

*I understand, but, unfortunately what happens too often is one child says "I believe momma would have wanted her services handled this way," while the other child says, "I spoke with mom a few years ago, and believe she wants them handled a different way," By making these decisions early, we can eliminate any disputes and this won't be a financial burden on your family.*