

FUNERAL MONEY ALTERNATIVES

Planning for funeral needs should include financial arrangements that will satisfy your wishes and protect your survivors from unanticipated funeral costs. Here are several alternative ways to set aside money for funeral expenses.

1. Irrevocable funeral trust sufficient for funeral expenses. Money will be released to the designated beneficiary only after you die. Money in such a trust is not available to Medicaid.
2. Burial fund, if you intend to qualify for Medicaid. A Medicaid applicant or recipient in NYS is allowed to retain a \$1500 burial account. Medicaid rules require that the account be dedicated for funeral expenses and that the dedication be irrevocable.
3. Life insurance. The owner and beneficiary should be the person who will pay for the funeral. Note: Insurance policies that specify funeral and or burial arrangements may not be sold legally in New York State. Insurance companies cannot contract with funeral homes in New York State to provide services for their customers.
4. Pay (or Payable)-on-Death account, a.k.a. Totten trust. You designate the beneficiary. You control the funds and can withdraw them if needed for an emergency. Funds become available to the beneficiary when you die. Funds in a POD account are not restricted by provisions in your will. Funds in a POD account are available to Medicaid, so if you anticipate qualifying for Medicaid, then use one of the options above.
5. Certificate of deposit with a trusted person such as one's adult child designated as the owner. This money could become available to Medicaid if you apply for Medicaid benefits within 5 years after setting up the certificate. Five years is the length of the Medicaid "look-back" period.
6. Pre-payment to a funeral home. In New York State 100% of your money will be placed in a trust, which can be either revocable or irrevocable. You can retrieve the funds from a revocable trust if you change your plans or if the funeral home goes out of business. This method of prepayment is not recommended by the Funeral Consumers Alliance.

Some reasons for not prepaying a funeral business

Money paid today may not cover inflated future costs.

Money paid today may be needed tomorrow for other, emergency purposes.

The seller of funeral services may go out of business.

You may move away or die away from home.

Many funeral expenses cannot be anticipated or known in advance.

Costs that can't be anticipated or known in advance

Unanticipated items

Extra embalming charges after an autopsy

Special cosmetic procedures needed because of the condition of the body

Refrigeration costs when there are delays

Expenses of an outside funeral director when death occurs away from home

Receiving remains from another funeral home when death occurs elsewhere

Third-party charges

Opening and closing a grave

Vault installation at cemetery or mausoleum

Cemetery charges for setup of chairs and awning

Crematory fees

Costs of an outside facility for a ceremony

Obituaries

Floral arrangements

Clergy honoraria

Music and/or for musicians

Government-required permits

Certified copies of death certificate