

Pre Planning

Help Minimize Your Loved Ones'
Burden in Their Time of Grief



The Advantages of Planning in Advance.

There are many reasons to pre-plan funeral arrangements. For some, it is a relief to know that they have lifted a terrible burden from their loved ones. For others, it is a question of controlling one's destiny; the ability to select what you would want done for yourself rather than leaving these decisions to others. Still others may be faced with their spouse or parent needing to go on Medicaid and have been advised by experts to pre-fund a funeral as a very important and cost-saving strategy.

When planning a funeral at the time of need, there is a certain amount of pressure to make extremely difficult decisions at a highly emotional moment and within a certain timeframe. Although we never rush or pressure a family into any decision, at times your own family constraints and issues may force you into doing so before you are actually comfortable.

Planning in advance, however, alleviates most of these concerns. The luxury of time affords you the opportunity for thoughtful, less emotional, and more thoroughly researched decision making. Without the pressure of making these choices during such a difficult time, you can map out the service that you or whomever you are planning for would want.

Yet another benefit to planning in advance is the comfort of knowing that any part of the plan can be changed, for any reason, up until the time of service. Situations change from time to time and these may affect what you originally planned. Planning in advance enables you to adjust to any new circumstances. Regardless of your reasons for pre-planning, there are certain things you should know in order to help you make good decisions during the process.

YOUR MONEY IS SAFE! New York State law provides that any prepaid funeral expenses must be placed in a trust account. Star of David Memorial Chapel uses PREPLAN, the New York State Funded Funeral Directors Trust.

Monies placed with Preplan are deposited in an F.D.I.C. insured bank account.

The principal deposited in this account, which is held in the purchaser's name, accumulates interest. This interest and the original principal amount continue to belong to the purchaser. Only when the funeral has taken place and all of our obligations are met do we gain access to the trust funds set aside for the funeral. The accumulated interest allows us to guarantee today's price into the future.

All monies paid in advance with the exception of Irrevocable trusts set up for Medicaid purposes, are fully refundable at any time prior to the funeral. So, if you pay in advance but your plans change, you can receive a refund of all of the money that is held in the trust-principal and interest.

Paying in advance enables you to "lock-in" today's prices no matter how far into the future our services are needed. This is a great hedge against inflation. However, funerals can also be pre-planned without being pre-funded. This method enables you to map out a plan for when service is needed. Knowing whom to call and what the arrangements are at the time of need, even if the funeral has not been paid for in advance, is surely better than having nothing planned at all. So if you are not inclined to pay in advance for future service, it still makes sense to explore ahead of time all of the options available to you.

Irrevocable trusts can be opened to comply with Medicaid obligations. A pre-funded funeral arrangement is not considered a countable asset when Medicaid looks at the assets of the applicant. By opening up an irrevocable trust, you can take advantage of this "shelter" by using funds that will be depleted anyway, thereby avoiding using your own funds to pay for a funeral when the need arises.

Star of David Memorial Chapels has a payment program tailored to your particular needs. If you want to take advantage of the benefits of pre-funding, we will design a program that is right for you. We think pre-planning is a very logical strategy.



How to Plan

There are many details to be discussed and choices to be made when making funeral arrangements. It can be emotional and, at times, overwhelming. The staff at Star of David is here to help guide you through the process and make it as easy as possible. Explained below is an overview of what to expect when making arrangements.

Step 1: Information You Will Need To Provide

(For the purposes of this guide, it has been written as if you were planning for someone other than yourself. If you were, in fact, planning for yourself, we would need you to advise us of the same information and choices).

Whether planning in advance for a loved one or yourself, the first step is to furnish the funeral director with the information that must be placed on a death certificate.

This information includes:

- The name of the deceased
- Place of death (facility name and address)
- Current legal residence including city, state, and zip code
- Date of birth
- City and State of birth
- Citizenship
- Sex
- Race
- Marital Status (if married, their spouse's maiden name)
- Level of Education
- Occupation ("retired" is not accepted on a death certificate: "homemaker," if applicable, is acceptable)
- The industry or field of endeavor
- Military affiliations. If applicable, the years and branch of service.
- Father's name & mother's maiden name.

Cemetery Information

You will also need to provide us with any specific information you have regarding the grave location. If you are aware of the name of someone already buried in an adjacent grave or, at least, in the same plot, it helps us and the cemetery locate the proper grave to be used.

In many instances, the grave is actually the property of a society or organization, requiring a permit to be issued by them prior to a grave being opened. It is our responsibility to obtain, on your behalf, any necessary authorizations.

Step 2: Choices That Will Need To Be Made

Once the vital statistical information is provided, you'll need to make some decisions on the specifics of the service. These include the following:

- The type of service you wish to plan, either in our chapel, at another chapel, in a synagogue, or directly at the cemetery
- The type of preparation you wish us to provide: washing and dressing by our licensed staff or reaching out to the Chevra Kadisha to perform Tahara (ritual washing) and Shmira
- Whether you wish us to dress the decedent in their own clothing or tachrichim (shroud)
- Determining how many certified copies of the death certificate you will need us to obtain for you
- If you will be using your own Rabbi or looking to Star of David to provide one of our caring clergy.
- If you will need us to provide a limousine for you or any family members.
- Selecting a casket
- Whether you would like us to place a notice in the newspaper and what you want it to say
- Places, if any, for contributions to be made in the decedent's memory
- Any special requests or needs that should be addressed



“Because in the end, everything matters.”

Step 3: What Happens Next

Once we have received the vital statistical information and understand your choices regarding the service, we then generate the necessary documentation. This consists of two parts:

Part One is the actual Revocable Trust document (or Irrevocable Trust depending upon the circumstances). In NY State, the law provides that any funeral plans paid for in advance of need must be documented and all monies be placed in a trust account. These funds are held in the purchaser's name and cannot be touched by the funeral home unless and until the service is provided (proof of which must be provided in the form of a death certificate). We have chosen to use PREPLAN, the trust administrator for the NYS Funeral Directors Association, the largest, and in our opinion, the most reliable trustee.

The trust document that is executed articulates all of the protections to you inherent in the plan including the placement of your funds in an interest bearing, FDIC insured, completely refundable and/or portable account. The trust document guarantees that we will provide the services on the accompanying itemization form, no matter how far into the future it occurs, for the price stated in the contract. It also tells you that, if for some reason, we are unable to provide the service at the time it is needed, you can get either a complete refund of your monies plus all accumulated interest or Preplan will suggest another funeral home to honor the agreement.

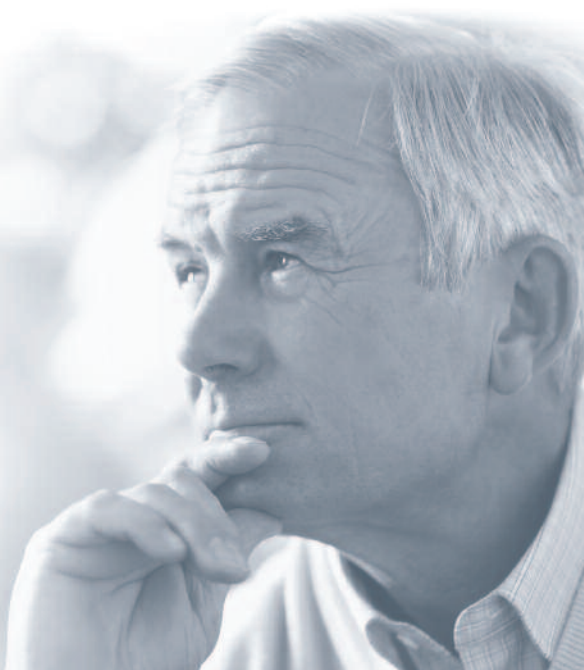
Part Two is the itemization of goods and services you selected for the funeral plan you made. It shows the prices for each item chosen and what the total cost of the funeral will be.



What is Guaranteed and What is Not.

It is important to understand that the funeral goods and services portion of these trusts – those items we can control and set the prices for – contain a price guarantee from us that no matter what our price increases may be, the price you have paid in advance for these services is guaranteed for you. These increases will not affect you.

However, certain items of service provided by others and considered “cash advances” or “third-party charges,” cannot be locked-in or guaranteed. These fees usually include the cemetery’s charge to open the grave, a Rabbi’s honorarium, and death certificates. Because these are not our funeral home charges, we cannot take responsibility should they increase beyond what was originally provided for in the plan, and in excess of any accumulated interest. Although it is unlikely that this will happen, the possibility of it happening and our lack of control over it precludes us from guaranteeing these third-party charges. In the unlikely event that there is a shortfall, you or your family will be responsible, at the time of need, for making up the difference.



Potential Tax Consequences

When paying in advance, you are essentially shifting funds into an interest bearing bank account to be used for burial. As such, it is treated like any other bank account with any interest accumulated being taxable. A social security number needs to be provided so it can be attached to this account. Because it is fully refundable at any time prior to the service, the social security number associated with the account is the one with the tax implication.

Payment Terms

The entire amount of the plan does not have to be paid immediately. Preplan requires a minimum deposit of \$500 to open a trust. Star of David's policy is as follows:

As long as the agreement is paid in full within two years of the trust having been opened, you can lock-in on the prices stipulated in the agreement. Payments can be made monthly or annually. If payment has not been made in full within the two years, we are no longer obligated to provide the service at the price originally contracted for. At the time of need you will simply have to pay the difference between what is currently in the trust and our prevailing prices at that time.

If the person being planned for passes away prior to the plan having been paid in advance, the balance due will need to be paid at the time services are provided.

In the case of irrevocable trusts, it is to your advantage to pay everything upon signing of the agreement, as not doing so defeats the purpose of taking advantage of a legitimate spend down on a non-countable asset.

Irrevocable Trusts for Medicaid.

When applying for Medicaid benefits for a loved one, an important planning strategy to employ is the establishment of a pre-paid funeral arrangement in the form of an Irrevocable Trust. Once established, it becomes a non-countable asset as Medicaid looks back over the prior sixty months to determine someone's eligibility and legitimate expenditures. If this strategy is not utilized and all funds of the applicant are taken by Medicaid before funeral arrangements have been paid for, the family will be left to shoulder the burden of the funeral costs from their own money at the time of need.

Star of David utilizes Preplan, the trust administered by the NY State Funeral Directors Association. This trust is acknowledged as the industry standard, placing the funds in an interest bearing, FDIC insured account. You may visit Preplan @ www.preplan.org. It is important to note that funds earmarked for funeral services placed in an irrevocable trust cannot be returned, unlike funds placed in a revocable trust. Only Medicaid applicants or recipients are eligible for an irrevocable trust.

All other pre-arrangements must be funded in a revocable trust where the purchaser may rescind the contract anytime and receive a full refund plus accumulated interest.



Taking the Next Step

If you believe planning in advance is right for you and your family, the next step is to contact us.

We can meet you either in our chapel, in the comfort of your home, or, if you prefer, we can handle matters via the telephone and mail.

You will need to provide us with the information required for the trust documents and then we will discuss the details of the type of service you desire. This will enable us to generate the necessary documents that will be executed. A check will be required, made out to the trustee, Preplan. This check can be either for a deposit or payment in full. We then forward the documents and payment to Preplan who will open up the trust and send you confirmation of its opening by mail.



At the end of each year, you will receive a statement from Preplan showing what is currently held in the account along with the interest that accumulated during the year.

And that's it. Your trust is set up. Your plans are in place. You can enjoy the peace of mind knowing that this very important process has been taken care of and your loved ones, in their sorrow, will not be left trying to figure out at such a difficult time what you might have wanted.

Conclusion

At Star of David, we believe it makes a great deal of sense to plan in advance. We hope you found this booklet helpful. Please call us if you have any additional questions or when you are ready to make these important decisions.



“Because in the end,
everything matters.”



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