

Ask the Undertaker

“These Forethought agreements outline the funeral services and merchandise selected, so your wishes are known, your plans are set and the financial obligation is lifted from your family.”

By Ryan Helfenbein

With the baby boomers approaching an age where Medicaid or SSI may become a part of their lives, we as undertakers are being asked more and more how assets can be protected for burial or cremation expenses. This may also become a concern with the new health care procedures that may be instituted in the near future. The aging population will need to start looking at ways to protect themselves from the risk of losing the funds they may have earmarked for funeral or cremation expenses. Fortunately today, the funeral industry has a solution.

The majority of us over the years have obtained traditional life insurance policies for funeral expense. As a matter of fact, representatives for many years have promoted traditional insurance to individuals to cover the costs associated with a funeral home. We see it all the time. For example, Alex Trebek on TV telling us about the cost of funerals today and how his product can protect us from this expense in the future. AARP is another one saying that for a very low rate you can have insurance protection for your future funeral expenses. The issue with these traditional insurance policies is that the cash value in the policy will be included in calculating whether the total resources of the Medicaid or SSI applicant or recipient are within the required limits. This is what has been labeled as a “spend down,” most often occurring when an individual is going into a nursing home. Medicaid also has what is called a transfer of asset rule. This restricts an applicant or recipient from transferring, giving away,




or assigning assets in order to become eligible for benefits. The value of the transfer will be counted as a resource and may result in a period of ineligibility.

My message is that there is a way to protect your earmarked funeral or cremation funds from being obtained by Medicaid in case you are caught in a “spend down” situation in the future. The program is called Forethought Funeral Planning and is offered through most funeral homes today. This program has been developed within the funeral industry and believe it or not, is funded through a life insurance product. It has been reviewed by the Department of Health and Social Services as well as the Health Care Financing Administration (HCFA) and the Social Security Administration (SSA). The beauty of a program such as Forethought is that not only will it allow an individual to secure funds for funeral or cremation expenses, but it provides protection from rising costs within the funeral industry and reflects your expressed wishes. These plans are fully transferable and held by the individual, therefore avoiding any risk of potential funeral home negligence.

So how do you get one of these plans set up for yourself or a family member? My advice would be to call your local funeral home to make sure that they offer this program. If they in fact do, then schedule a time for their Forethought representative, who is also a licensed funeral director, to visit with you to help organize the goods and services needed to accommodate your plans. Once an estimate has been generated based on the goods and services selected at today's costs,

those expenses can then be paid for in full, or payment options are available. All paperwork is signed and you are typically set up and prepared within an hour. It is just that easy, that is if you can get over the “death aversion hurdle,” which for some can create a bit of unease.

These Forethought agreements outline the funeral services and merchandise selected, so your wishes are known, your plans are set and the financial obligation is lifted from your family. It is actually quite a creative means of not only removing some of the emotional burden upon the death of a family member, but a means of protection and peace of mind knowing that the funds are secured for the use of funeral or cremation expenses. 

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