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Advance Funeral Planning Makes Financial Sense

It's easy to understand how advance funeral planning can reduce the stress on surviving family members and provide peace of mind. It also makes good financial sense. Many people think of funeral planning as part of estate planning.

The benefits of pre-planning our own include: the ability to make personal and specific selections that most closely meets our needs; sparing loved ones from having to second guess our wishes; having the time to research funeral homes, burial options, and financial considerations. If we are pre-planning a funeral for a loved one, we can consider our selections when we are able to make fiscally responsible choices rather than emotional ones. It also spares loved ones the unexpected cost of a funeral during a stressful time and allows Medicaid/SSI recipients to preserve funds for their future funeral expenses, see below.

Many people choose not only to pre-plan a funeral, but to pre-fund it as well, either by paying the full amount upfront or by arranging a payment plan. This strategy places the cost of the funeral (at today's price) in an investment vehicle, earning interest to keep pace with inflation to cover the future cost of the funeral.

More than any other state, consumers in New York who pre-fund their funerals are protected by the strongest "Pre Need" laws in the nation and, with the exception of pre-planning for Medicaid and SSI eligibility, the funds in the Pre Need account belong to the purchaser. This allows us to change funeral homes or funeral arrangements at any time.

Monies for funeral pre-planning must be deposited, by the funeral home or pre-arrangement counselor, in a U.S. government-backed investment within 10 business days. In New York State, a funeral director cannot charge a consumer a fee for pre-arranging a funeral. The purchaser is notified of the institution where the deposit is made within 30 days and, each year the purchaser is notified of account activity and interest earned. If a funeral home closes, account holders may transfer the funds in their Pre Need account to another funeral home.

Special provisions for Medicaid/SSI applicants or recipients: Federal and state laws support the principle that all citizens are entitled to respect and dignity in their passing. For this reason, people who apply for governmental benefits are permitted to set funds

aside for the sole purpose of paying for their own funeral/burial expenses or for the funeral/burial expenses of immediate family members including spouse, children, siblings, parents and the spouses of these individuals. The funeral/burial funds are considered “exempt,” they are not counted as part of the individual’s financial resources. New York State law requires that 100% of these funeral/burial funds be placed in an *irrevocable* Pre Need trust account to ensure that they will be available when needed and that they can be used for no other purpose.