

POD bank accounts are FDIC-insured, they remain in your name, and money can be withdrawn at any time. However, the funeral home may delay services or cremation until everything is paid in full. While the funds will be released on death without the delay of probate, the bank requires a Death Certificate, which takes several days, and this delays some funeral home services. Also, interest is subject to income tax, and such accounts are treated as countable assets by Medicaid (see below).

#### **D. IRREVOCABLE TRUSTS OR INSURANCE to preserve Medicaid**

The ONLY reason to prepay your funeral, burial, or cremation with an irrevocable plan is to shelter your assets from Medicaid, but **DON'T buy an irrevocable funeral trust or insurance "just in case" you might need Medicaid — wait until you know for sure,** and do so only IF you are qualifying for SSI or Medicare/Medicaid. An **irrevocable trust** cannot be changed or cashed out without the permission of the trustee (funeral home). You no longer own the assets. This shields assets from the government by setting aside money in a legitimate Medicaid-exempt **irrevocable trust or insurance**. You can reassign that irrevocable trust to a different funeral home later if you change your mind, but you won't be able to cash it out.

*BOTTOM LINE: with or without pre-paying, be sure your chosen funeral home and all your key survivors know your wishes and also about any prepay arrangements.*

**Your family will be forever grateful you eased their burdens at your passing.**

FCA of SJ&ML, an all-volunteer non-profit group, educates about many affordable options after death, including member discounts at two local funeral homes. For more info: (209) 465-2741, [FuneralConsumersAllianceofSJ@gmail.com](mailto:FuneralConsumersAllianceofSJ@gmail.com), or P.O. Box 4832, Stockton, CA, 95204 or [funerals.org](http://funerals.org)



## **PRE-PAY for FUNERALS IN CALIFORNIA?**

### **Pros/Cons**

#### **4 Steps to prepayment**

#### **Four ways to pre-pay in California**

Considering prepaying for your funeral? FCA's national website advises against it since many states do little to protect consumers.

**Californians, however, are fortunate to be protected by strong laws** related to prepaid contracts.

### **Pros in California**

- **Financial protections.** Your wishes are followed if you
  - 1) put your wishes in writing, such as on a preneed form from your chosen funeral home, and
  - 2) prepay in advance for the goods and services you have selected.Prepaid funds to funeral homes in California are deposited in a trust or insurance fund *until services have been provided*. This can be cancelled or moved to a different funeral home anytime, even outside California. Also In California, if survivors of prepayers are unaware of the deceased's prepayment and pay for services elsewhere, **the money does not go away**. IF/when discovered by the family, they may collect the funds from the initial Prepaid Fund.
- **Family benefits.** Prepaying can spare families from hasty decisions, needing immediate legal authorizations from all involved family members, raising funds at the last minute, and pressure from some funeral homes for emotional overspending. Also, for anyone with no legal next-of-kin, it avoids the coroner taking remains as indigent.

**Protection of SSI and Medicaid benefits.** This, however, requires an *irrevocable* policy, which means un-cancelable and un-transferable. (See below)

### **Cons in California**

**Really only 1:** If the deceased pre-payer didn't inform their family/key survivors of prepayment, when survivors pay for services elsewhere, they may never discover it, or if they do, don't know that in California, reimbursement is available from that prepaid fund.

## **4 Steps to a Prepay Plan in California**

- **First, list your specific wishes** for body disposition and any memorial services. Share with family members.  
IF your choices require services by a funeral home (not all do), then:
- **Next, comparison shop** - in person - at several funeral homes. PRICES VARY WIDELY for the same goods and services, even in the same geographical areas. At each funeral home, ask for their price list, but also request a price quote for your specific wishes. It's good to ask many questions and include family members before signing and paying.
- **Select your funeral home.** It's good to give them your list of specific wishes to be on file there, *whether or not you also choose to prepay.*
- **If/when you decide to prepay** select from 4 prepay options below. For A, B, or D, you will fill out the necessary papers at your chosen funeral home.

## **4 Ways to Prepay**

### **A. Revocable Insurance**

In California prepay arrangements through your chosen funeral home go to an intermediary insurance company, and the funeral home is paid only after providing services, providing a Death Certificate to the insurance company, and signing a statement that promised services have been provided.

Insurance policies are generally more portable than other pre-paid funds. If you move you can take the prepaid insurance with you. If the funeral home goes out of business you can cash out or select another funeral home. Your money is safe in California. If the policy is not *fully* prepaid, some insurance policies will pay only after one or more years' payments. This coverage before full payment is the "insurance" – read carefully.

### **B. Revocable Trust Plans**

In California, a funeral trust plan contract based on one's wishes pays into an interest-bearing trust fund through the funeral home either in installments or in a lump sum. Revocable trusts can be cashed out or cancelled at any time. You own the money. Funds are transferred to the beneficiary (funeral provider) only after your death.

### **C. Payable-on-Death (POD) Bank Account**

In California you deposit in a bank enough money to cover the current price of what you wish for in funeral services and it is payable on death to the person you designate. The accumulated interest may or may not cover cost increases over the years. (An individual funeral director is not recommended as your beneficiary.)