

SSI/MEDICAID AND PREPAID

FUNERAL ARRANGEMENTS



NEW JERSEY PREPAID
FUNERAL TRUST FUND™

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If you or someone you know expects to become SSI/Medicaid eligible within the next six months, you should consider making an appointment with a funeral director to discuss the prepaid funeral resource exclusion.



SSI/MEDICAID AND PREPAID FUNERAL ARRANGEMENTS

Supplemental Security Income (SSI) and Medicaid permit individuals to set aside their own funds in a prepaid funeral arrangement without the money being counted as a resource for program eligibility purposes. In addition, the money set aside for prearrangements is not subject to the “look back” requirements usually associated with becoming SSI/Medicaid eligible.

By making prearrangements, you will be able to plan and fund the funeral of your choice BEFORE assets are used up for medical care and BEFORE assets are reduced to SSI/Medicaid eligibility levels.

Prearranging a funeral also allows you to arrange the funeral of your choice, for you or someone else, as long as the cost of the funeral is within reason and the prepaid account is made “irrevocable,” meaning the money cannot be refunded or used for any purpose other than funeral costs.

You will need to meet with a funeral director to take advantage of this prepaid funeral resource exclusion.

FUNDING OPTIONS FOR PREPAID SSI/MEDICAID FUNERALS

New Jersey State law requires that any excess funds remaining after the payment of funeral expenses be forwarded to the State of New Jersey. Provided that requirement is met, SSI/Medicaid guidelines permit prearranged funerals through:

1) An Irrevocable Prepaid Funeral Trust Account

An irrevocable account is an account that cannot be redeemed or refunded. It is established in New Jersey for one reason—SSI/Medicaid eligibility. Funds are deposited in Federal Deposit Insurance Corporation (FDIC) insured banking institutions, and 100% of the principal and interest is accrued for the benefit of the account recipient.

The majority of New Jersey funeral homes use the New Jersey Prepaid Funeral Trust Fund™, a commingled (pooled) trust managed by the New Jersey State Funeral Directors Association, Inc.

The New Jersey Prepaid Funeral Trust Fund administers over 47,000 consumer accounts, provided through more than 600 New Jersey funeral home locations. All funds are placed in jumbo certificates of deposit which allow the Trust to offer competitive interest rates and growth from the initial date of deposit. The New Jersey Prepaid Funeral Trust Fund has grown to over \$355 million in trusted assets since its inception in 1981.

Unlike traditional savings accounts which may become inaccessible at the time of death, your New Jersey Prepaid Funeral Trust Fund account is immediately available to cover funeral expenses.

2) The Irrevocable Assignment of an Existing Insurance Policy or Combination of Policies

The cash value of the existing policy(ies) cannot exceed (either alone or in combination with a trust) the current retail value of the proposed funeral. As with a trust, the ownership and/or beneficial interest of the policy(ies) must be irrevocably assigned to another party with the intended purpose of funding a funeral.

3) Newly Issued Funeral Insurance

Individuals may use a new insurance policy marketed specifically for the payment of funeral expenses. These policies **MUST** be written by a funeral director who is also licensed as an insurance producer and meet specific Department of Banking and Insurance as well as State Board of Mortuary Science requirements.

When this option is utilized, the ownership and beneficial interest must be irrevocably assigned to meet the intended purpose of the funeral payment, or the policy must have a “settlement of proceeds” provision, allowing for the payment of the funeral bill prior to the settlement of any beneficial interest.

ALLOWABLE ASSETS TO QUALIFY FOR SSI/MEDICAID

SSI/Medicaid allows individuals to retain certain assets and still qualify for benefits. Be sure to consult your local Department of Human Services for additional details as SSI/Medicaid programs are subject to change.

Personal Items—Clothing, furnishings, appliances, jewelry, equipment, car, etc.

Cash—Limited to \$2,000 in liquid assets for an individual.

Life Insurance—When an existing whole life insurance policy has a “face value” of \$1,500 or less, it is not applied toward allowable cash assets. If the “face value” is more than \$1,500, the “cash value” of the policy will be applied toward the total allowable cash assets.

Prepaid Funeral Arrangements—Your total funeral costs may include fees for the funeral director’s professional services; funeral home facility and staff charges; transportation; a casket, vault, urn or similar merchandise; and cash advances for clergy, crematory, cemetery, monument, etc. SSI/Medicaid allows these charges to be funded in a properly established irrevocable account tied to a prepaid funeral contract, such as the New Jersey Prepaid Funeral Trust Fund.

Qualifying arrangements may not include repasts (meals following the funeral), excessive flowers or long distance transportation expenses for family members to either attend the funeral or accompany the deceased to their final place of disposition.

ELDER LAW

Elder law is a growing legal specialty that deals with specific issues concerning older persons. An elder law attorney can assist with an SSI/Medicaid “spend down,” filing for public assistance benefits, and the preservation or transfer of assets to avoid spousal impoverishment. Elder law attorneys can also help with probate and estate planning, guardianship and conservatorship, health issues and long-term care planning.

FOR MORE INFORMATION

Contact a participating funeral director today for more information on SSI/Medicaid or to prearrange and prefund your funeral with the New Jersey Prepaid Funeral Trust Fund.

Participating funeral homes can be located at www.njsfda.org by selecting “Find a Funeral Home” in the top black navigational bar, and then sorting by CHOICES participants only.



A preneed program endorsed by the
New Jersey State Funeral Directors Association, Inc.

www.njsfda.org/choices

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