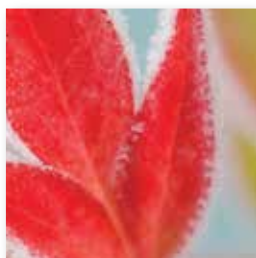


SSI/MEDICAID AND PREPAID FUNERAL ARRANGEMENTS



NEW JERSEY PREPAID
FUNERAL TRUST FUND™
CHICES

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.

Only a licensed funeral director can assist you with the agreements necessary 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) Irrevocable Prepaid Funeral Trust Accounts

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 banking institutions insured by the Federal Deposit Insurance Corporation (FDIC), 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.

The New Jersey Prepaid Funeral Trust Fund administers 48,000 consumer accounts, provided through 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 \$365 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) Irrevocable Assignments of Existing Insurance Policies

The cash value of the existing policies 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 beneficial interest of the policies 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, as well as meet specific Department of Banking and Insurance and 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, and 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.

ASSETS TYPICALLY ALLOWED

SSI/Medicaid allows individuals to retain certain assets and still qualify for benefits. Consult your local Department of Human Services representative 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 death certificates, crematory, cemetery, 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.

GOODS AND SERVICES TYPICALLY DISALLOWED

Currently, qualifying arrangements should not include:

- Flowers and car to transport flowers
- Transportation of living family members
- Travel expenses (either for individuals to attend the funeral or for an individual to accompany the remains)
- Food, including repasts (meal following the funeral)
- Gratuities
- Cost of clothing, jewelry, shoes, etc. for the living
- Other goods and services for the living



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 by visiting www.njsfda.org and selecting “Find a Funeral Home.”



The only preneed program endorsed by the New Jersey State Funeral Directors Association.

www.njsfda.org/choices



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New Jersey Prepaid Funeral Trust Fund

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