

If you are applying for Medicaid (Title 19), you may have an irrevocable funeral contract worth up to \$5,400 and/or a burial

plot, neither of which will count as an asset for Medicaid purposes.

What is a prepaid funeral contract?

A prepaid funeral contract is a legal agreement which says you will pay now (with money or securities) for funeral services that will be needed sometime in the future. This contract may include the funeral, burial, cremation, other services and/or merchandise.

A prepaid funeral contract may be *revocable* or *irrevocable*. **Revocable** means you may cancel the contract and get most of your money back.

Irrevocable means you cannot cancel the contract, but you may transfer it to another funeral home if you choose.

Should I buy an irrevocable funeral contract?

The decision whether or not you should buy an irrevocable funeral contract to help you qualify for Medicaid is up to **you**. There is no right or wrong answer.

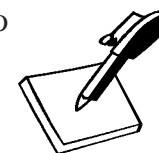
If you are applying for Medicaid, here are some things to consider:

- If your assets are more than the asset limit for Medicaid, you may need to reduce ("spend down") some of your assets. You may spend down your assets any way you want, including buying a funeral contract, as long as you do not give your money away (gifts or donations). You cannot pay more than the fair market value for something. *For example, you paid \$1000 to your church for a calendar or other inexpensive item. DSS would probably see this as a gift or donation which could affect when you could qualify for Medicaid.*
- You may spend up to \$5,400 for an irrevocable funeral contract in Connecticut. A prepaid irrevocable funeral contract is **not** counted as an asset for Medicaid purposes. If you decide to buy a funeral contract and are applying for Medicaid, it is in your best interest to buy an irrevocable contract.
- A prepaid funeral contract lets you make your own funeral arrangements in advance, rather than having the town, state or your family pay for your funeral. The town or state will not pay more than \$1,800 for the burial of an indigent person.

- You *can transfer* an irrevocable contract to a different funeral home if you move or do not want to use the services of the original funeral home. However, you *cannot cancel and get your money back* if you buy an irrevocable contract.

Should I buy a prepaid burial plot?

The decision whether or not you buy a prepaid burial plot to help you qualify for Medicaid is up to you. Here are a few things to consider:



- A burial plot includes the purchase of a grave site, opening and closing of a grave site, cremation urn, casket, outer burial container and a headstone or marker. There is no limit on how much you can spend on a burial plot.
- A prepaid burial plot is **not** counted as an asset for Medicaid purposes. (*See "spend down" discussion above*).
- If the Medicaid recipient or applicant is in a nursing home or on the Connecticut Home Care Program for Elders (Medicaid Waiver), the burial plots of the applicant's spouse and immediate family are also not counted as an asset for Medicaid purposes.

Immediate family includes:

- ◆ a natural, adopted or step-child of the Medicaid recipient, regardless of age;
- ◆ a natural or adoptive parent of the Medicaid recipient;
- ◆ a sibling of the assistance unit.

What should I look for in a prepaid funeral contract?

A prepaid funeral contract costs a great amount of money. Before you buy, here are some things to consider:

- Find out about the funeral home. Make sure it is reputable, financially stable, and gives you the information you need to make informed decisions.
- Ask your family and friends for recommendations. Make sure you feel comfortable with the people at the funeral home. Be a comparison shopper and interview a few different homes.
- **Make sure you really need all the services being offered.** Find out what services and goods are included and decide if you need them. The cost of the contract could be reduced if you do not need all of the services and goods. For example, if you wish to be cremated, you would not need to pay for embalming.

●**Be prepared to discuss a contract when you visit the funeral home.**

It may be helpful to take along the checklist below. If you can, take a supportive friend or relative.

What happens to the money I give the funeral home?

The money you give the funeral home must be placed in an escrow account and invested for your benefit. The funeral home must tell you who the escrow agent is and give you an annual statement of the amount of money credited to your account.

✓ **A Consumer's Checklist for Prepaid Funerals**

This helpful checklist was prepared by the Attorney General's Office.

Before buying...

- ❑**Get the prices of the goods and services.** A copy of the general price list must be provided. You can get it in person or ask on the phone.
- ❑**Get the separate price lists for caskets, vaults, and cremation urns.** These lists must be provided.
- ❑**Get a written statement of the goods and services you select.** This is important for comparison shopping and holding the funeral home accountable.

❑If you choose to take care of some services yourself, check to see if there are charges for these services in the fees. **Ask the funeral director to explain the services included in the funeral home's fees and insist the fee be reduced** if you make any of the arrangements yourself.

❑It is not always clear what goods or services are guaranteed or how excess funds will be handled. **Be sure that any contract you sign clearly specifies the responsibilities of the funeral home.**

❑**Ask the funeral director to describe the investment risk and rate of return of every option.** Funds placed in escrow for prepaid funeral contracts should be managed as carefully as any other investment you make.

❑**Contact the escrow agents directly** to ask about their management policies.

After buying...

- ❑**Give a trusted relative, friend, lawyer or doctor a copy of the contract.**
- ❑If you go to a nursing home or hospital, **give them a copy of the contract and name of the funeral home.**

If you believe you may have been treated unfairly or have questions, call the

Consumer Law Project for Elders (CLPE)

1-800-296-1467

Monday - Friday 9 am - 5 pm

Legal Services Offices

Visit us on the internet: www.slsc.org
(links to other legal services offices)

Statewide Legal Services:

(860) 344-0380 or 1-800-453-3320

Other Legal Services Programs:

Greater Hartford Legal Aid

(860) 541-5000

New Haven Legal Assistance Association, Inc.

(203) 946-4811 TDD: (203) 946-4811

Connecticut Legal Services:

Bridgeport (203) 336-3851
New Britain (860) 225-8678
New London (860) 447-0323
Stamford (203) 348-9216
Waterbury (203) 756-8074
Willimantic (860) 456-1761

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1-800-296-1467

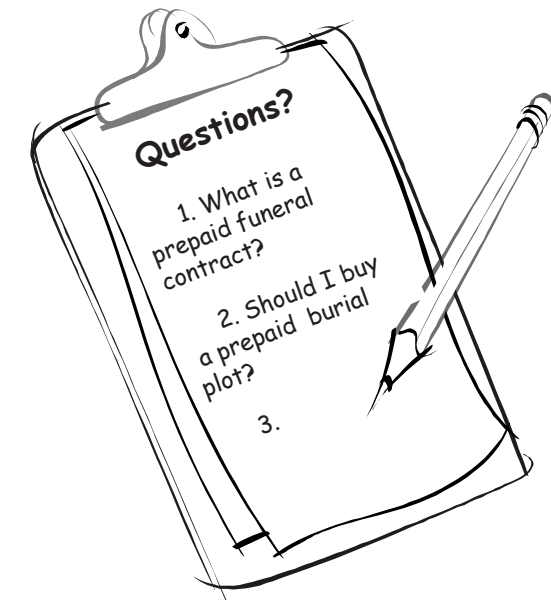
AIDS Legal Network for Connecticut

Hartford (860)541-5027 1-888-380-3646

The information in this pamphlet is based on CT laws as of March 2007. We hope the information is helpful. It is not intended as legal advice for an individual situation. If you need further help, please call Statewide Legal Services (see above) or contact an attorney. Copyright: March 2007

Prepaid Funeral Contracts & Burial Plots

A Guide for Medicaid Applicants



Prepared by:
Connecticut Legal Services