elderlawtoday Estate Planning News:

Deason Law Firm
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Do You Have A Funeral Trust?

"If you were to die today, how would you pay for your funeral?" This is a question we ask all of our clients. Most, will tell us an answer that either includes having cash on hand, a CD, using a life insurance policy, or most commonly purchasing or already having a burial plan.

Legacy Wealth Planning has a global approach to planning all aspects of your estate. One of important and often forgotten parts of an estate plan is how a family will handle the funeral. As estate planning attorneys, we at the Deason Law Firm, provide you with an option of utilizing a separate trust for funeral planning.

The reasons we use a Trust:

(1) Any assets placed into the trust will avoid probate, and equally if not more important

(2) Assets funded into the trust will be exempt from Medicaid for purposes of obtaining eligibility.

If you are like most people, then you'd prefer not to deal with a funeral home and purchase a burial plan. Many would like to avoid the hard selling sales tactics. Also, there is uncertainty as to whether the funeral home will still be in business at the time of death. In some instances, after a burial plan is purchased, the owner of the plan will move away.

By utilizing an Irrevocable Funeral Trust, the assets put into the funeral trust are not tied to a particular funeral home. Similar to funeral plans though, you are able to pre-pay the amount of the funeral you wish to have because the Irrevocable Funeral Trust, just like your Living Trust, must be funded: it just so happens that the funeral trust we offer our Clients uses a life insurance policy; this is very much like what you might already have or have heard about.

The benefit of using the life insurance is that you will have the opportunity to have your money grow at 3% and when you pass away, the insurance company will pay the death benefits (1) the day after you pass away (2) and without your family having to obtain a death certificate.

With the Irrevocable Funeral Trust, the life insurance policy is through National Guardian Life insurance company. Along with your trust, you will be enrolled in Legacy Safeguard.

With Legacy Safeguard, your family can go to a funeral home of choice, and pick out what you desire for the funeral and Legacy Safeguard will speak on your families behalf to the funeral home. With respect to the costs, your family will approve the funeral expenses and NGL will pay out the money from the funeral trust to the funeral home. Any money left over will be paid to your estate. Since this is life insurance, the money paid out is income tax free.

Most importantly though, while you are alive, the value of the life insurance in the funeral trust is exempt from Medicaid in Arizona.

If you would like more information about the Funeral Trust, please call Mary at 783-4575.

A Trust Can Help Protect You from a Financial Crisis

Recently, there has been tremendous turmoil in financial markets and financial institutions. This leads many to ask whether their accounts are safe. Now, more than ever, it is important to protect yourself and your loved ones from the uncertainties in the world. You can start with your financial institution assets. There are several different systems of protection in place, depending on the type of asset and institution. Here is a brief summary of each type of protection.

Brokerage accounts - SIPC: The Securities Investors Protection Corporation ("SIPC") protects against the loss or theft of brokerage assets by the broker. The SIPC is not a governmental agency, rather it is a nonprofit membership organization of securities brokerages. The protection of SIPC extends to loss of cash or securities (stocks and bonds) in a brokerage account, but not, for example, commodity futures contracts or foreign currency. The return of securities registered in the account owner's name is guaranteed. In addition, securities registered in "street name" are guaranteed up to $500,000 per customer, and cash is guaranteed up to $100,000 per customer. By holding an account in the name of a Trust and one in your individual name, you can split assets between the accounts, thereby doubling your protection. www.sipc.org.

Bank and Savings & Loan accounts - FDIC: The Federal Deposit Insurance Corporation ("FDIC") insures all bank and savings & loan deposits up to a limit of $250,000 per owner. Trusts can be especially useful under the FDIC rules because it can provide expanded insurance coverage based on your beneficiaries. For example, if you have a Trust and are leaving everything to your three children (depending on the Trust terms), you would qualify for $250,000 coverage per beneficiary, or $750,000, rather than the $250,000 protection it would have had in your individual name. Congress temporarily increased the coverage limit for non-retirement bank accounts from $100,000 to $250,000 under the October 2008 Financial Rescue Package and is good through December 31, 2009. Coverage on non-retirement accounts reverts back to $100,000 on January 1, 2010. www.fdic.gov.

Credit union accounts - NCUSIF: *National* credit unions are chartered and regulated by the National Credit Union Association ("NCUA"). The National Credit Union Share Insurance Fund ("NCUSIF") insures *all* members of the NCUA, and *some* state-chartered credit unions, with share with insurance parallel to the insurance provided by the FDIC. As with the FDIC, the NCUSIF is a government agency backed by the full faith and credit of the United States government. While technically not covered by the FDIC, the same rules of coverage apply. www.ncua.gov. So, as with FDIC, Trusts may have expanded insurance coverage.

As we have seen, a Trust can help expand insurance protection under FDIC and NCUSIF. In addition, a Trust can help make sure your assets are not only protected now, but continue to be protected for your loved ones in the future.

If you would like more information about this subject, call Mary at 783-4575 to schedule a complimentary consultation with attorney Larry Deason.

Published by:

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National Association of Elder Law Attorneys

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Visit us online:
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Attend our upcoming Legacy Wealth Planning Seminar … Why?

- Find out how you can create a simple estate plan that provides for your survivors.
- Learn how you can provide an estate plan that will allow your beneficiaries to avoid probate and taxes.

If you have an estate plan already that's ok, attend our seminar for a review, and take a deeper look at the impact of disability for either spouse, protection for the beneficiaries from divorce, lawsuits, creditor problems, and re-marriage issues.

Legacy Wealth Planning Seminar

Tuesday, January 13th @ 9:30am or 6:30pm

Yuma Civic & Convention Center (East Wing), 1440 Desert Hills Dr.

RSVP with Mary 928-783-4575

This is a complimentary, educational newsletter. If you are NOT interested in receiving this information in the future, please contact Mary at 783-4575.

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