



NEWS FOR FUNERAL HOMES

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SPECIAL EDITION

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This Special Edition is being issued to explain the rules for burial assets and SSI eligibility.

SSI AND BURIAL ARRANGEMENTS IN PENNSYLVANIA

Introduction:

Supplemental Security Income benefits are paid to individuals who are over age 65, blind, or disabled with limited income and resources. The resource limit is \$2000 for an individual and \$3000 for a couple. There are many rules about what counts and what does not count as a resource for the SSI program. Special rules apply for the exclusion of funds set aside for burial. These rules are quite complicated and can be very confusing.

Definitions:

General Burial Fund exclusion for SSI:

SSI can exclude as a resource a maximum of \$1500 in funds set aside for the burial of the individual and an additional \$1500 set aside for their spouse. This \$1500 maximum may be reduced if the individual has life insurance or other burial accounts.

Burial Space Exclusion: A burial space or agreement to purchase a burial space for an individual or their spouse is excluded regardless of the value. For example, if an SSI recipient buys the burial plot and and the headstone, they do not count as a resource.

Prepaid Burial Contract: (or pre-need) is an agreement whereby the buyer pays in advance for a burial that the seller agrees to furnish

upon the death of the buyer or other designated individual. Such a contract may be revocable or irrevocable.

Pennsylvania Burial Reserves:

A burial reserve is an agreement between a depositor and the bank, where both agree the intent is an irrevocable arrangement; and the funds cannot be withdrawn except for the depositor's burial. A funeral home is not necessarily involved or named.

There are new provisions under Public Law 106-169 for burial reserves set up 1/1/00 and later. Specifically, a burial reserve account set up 1/1/00 or later is viewed like a trust .

Under Pennsylvania state rules, a burial reserve agreement is permitted for the purpose of obtaining certain welfare benefits. However, this recent Federal law impacts on these types of burial arrangements

Burial "trusts" that may be irrevocable under state law may still be countable for SSI purposes if there is not also an irrevocable burial contract with the funeral director.



for SSI purposes. Social Security views the assets like they have been placed into a trust, irrespective of the purpose being burial.

If the individual establishes a burial "trust" with his/her own assets but does not enter into an irrevocable pre-need burial contract, then the provisions of PL 106-169 apply (assets are a resource irrespective of purpose). Burial "trusts" that may be irrevocable under state law may still be countable for SSI purposes if there is not also an irrevocable burial contract with the funeral director. If there is no irrevocable burial contract, the only possible way to exclude a portion of these funds is the SSI burial fund exclusion. This means that only \$1,500 can be excluded, with the remainder being counted towards the SSI resource limit. And this applies as long as they don't have life insurance.

Irrevocable Prepaid Burial Contract:

This is an actual written contract made between an individual and a funeral home to pre-pay for their burial.

In order for the burial contract to be irrevocable, and not count as a resource for SSI purposes, the following must occur:

1. A contract in writing must be entered into by a buyer (the SSI recipient) and seller (funeral home), whereby, the buyer agrees to pay a certain sum and the seller agrees to provide burial services upon the death of the buyer
2. Words of irrevocability must appear in the contract
3. The Seller (Funeral Home) must deposit the entire sum in an es-

crow or trust fund account in a banking institution in this Commonwealth which shall be separate and distinct from the business and personal accounts of the funeral director. All of the funds, the retail sale price for the property or services sold for future need, must be deposited.

Note: The contract may include an inflation protection clause.

What Social Security needs:

The local Social Security office will need to see a copy of the contract and proof that the contract price was paid, such as a cancelled check or an invoice marked "paid in full."

There must be an itemized list of what is purchased in the contract.

Also needed is verification that the funds have been placed in the account by the funeral home.

Special Situations:

This two page newsletter cannot cover all of the situations encountered with burial accounts. For example, a person may be able to purchase a burial agreement that is funded by an insurance policy or by an irrevocable CD that they already own. Most cases must be looked at individually by an SSI specialist from the local Social Security Office in order to determine if the account can be excluded. Funeral Directors are encouraged to contact their local office to discuss questionable situa-

**Social Security
Questions?**

CALL

1-800-772-1213

**Funeral Home
Newsletters are
available online at:
www.ssa.gov/phila/index.htm**