

How Much Should I Put Aside?

If you plan to be cremated, the going rates in 2002 are \$1,200 to \$1,800. It will cost another \$100 or \$200 to scatter at sea. Or allow \$1,000 up for columbarium or cemetery interment. If you want, include some money to hold a memorial service.

Earth burial dispositions range from \$700 for immediate interment with no embalming to \$10,000 for viewing, fancy casket, funeral cortege and the works. This is in addition to the \$2,500 up for a cemetery plot, \$1,000 for opening and closing the grave, and \$1,000 up for a grave liner. You might put a dollar limit on the total in your instructions to the beneficiary of the Totten Trust. Caskets range from \$350 to \$30,000.

Hard to Get Exact Cost Ahead

It is impossible to forecast exactly how much the last rites will cost. You don't know how, when, or where you will die. It will cost \$100 to \$300 extra to pick up your body from a residence rather than a hospital or to give night and weekend service. This is because mortuaries must add the second person for a pickup at a home, and pay a premium for night, holiday, and weekend labor.

Lamar Hankins, National President of Funeral Consumers Alliance, knows of at least 21 other funeral expenses that can not be prepaid in advance:

Items that cannot be anticipated in advance of need:

1. Charges for extra embalming procedures necessary because of autopsy.

2. Extra embalming charges made by funeral home after organ or tissue donation.
3. Costs of restoration after disfiguring deaths.
4. Special cosmetic procedures needed because of the condition of the body.
5. Extra refrigeration costs when there are delays.
6. Expenses of an outside funeral director when death occurs away from home.
7. Receiving remains from another funeral home when death occurs elsewhere.

Items purchased from third-party vendors

1. Opening and closing the grave.
2. Police escorts
3. Obituaries
4. Crematory fees
5. Floral arrangements for the casket
6. Clergy honoraria
7. Costs of an outside facility for the service
8. Cemetery charges for setup of chairs and awning
9. Government-required permits
10. Vault installation at cemetery/mausoleum
11. Charges for an inurnment service at a columbarium
12. Charges for certified copies of the death certificate
13. Charges for music/musicians
14. Beautician charges

Thus, it is best to just set aside an adequate amount in a Totten Trust if you want to "pay before you go."

Totten Trust . . .

A Safer Way to Prepay Your Funeral

Provided by

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What Is a Totten Trust? How Does It Help You?

The brochure “Prepaying Your Funeral, Benefits and Dangers” prepared by the national nonprofit organization, Funeral Consumers Alliance, Inc., describes several ways of prepaying your funeral and what pitfalls to watch for.

After several people from the Bay Area remarked to our office that their bank did not know what a Totten Trust was, we rounded up some literature off the Internet that will help both your bank officers and you understand what a Totten Trust is.

The purpose of a Totten Trust is to put aside money that will be used for your last expenses, such as a funeral and cemetery plot. It would be available to someone responsible for taking care of these expenses, such as a spouse or child.

Itslegal.com explains that this is sometimes called a payable-on-death account. You own and control your account during your lifetime. Like any account, you can add or withdraw money at any time. With a Totten Trust, you specify a beneficiary to the account, who only gets control of the account at the time of your death. In the meantime, you have total control, and you can change the beneficiary if you want.

A Totten Trust is best for amounts of less than \$20,000, according to *www1.senior-careweb.com* and *www.courttv.com*. A larger amount could present problems in payment of estate tax at your death, since

assets in these accounts are added to your taxable estate. They agreed that the trust can be paid out quickly after a death with hardly any formalities. The advantage is like other trusts in that these assets are kept out of probate. The beneficiary can not touch the money until you die.

The *www.nolo.com* site also called this a pay-on-death account. They say you simply name someone on the registration card for the bank account to inherit the property at your death. In some states you can put government bonds, IRAs, securities or a car into the trust and keep them out of probate. We are not sure about California, so ask a lawyer.

Federally Insured Accounts

The accounts are covered under federal insurance programs at credit unions and banks and thus are protected from loss. (*www.usalliance.org*). U.S. Alliance calls this account an In-Trust-For-Payable-Upon-Death account. If your beneficiary is a spouse, child, or grandchild, the funds in the account are insured up to a total of \$100,000 for each beneficiary, separate from any of your other accounts. If the beneficiary is someone other than a spouse, child, or grandchild, the funds in the account are, for National Credit Union Administration (NCUA) insurance purposes, added to your individual accounts and insured to a total of \$100,000.

The account is considered a revocable trust since it may be amended or cancelled at

any time, says *www.corningcu.org* (Corning Credit Union).

Warnings

One other site that Google.com turned up cast one warning. If you name two or more beneficiaries and one predeceases the depositor, then what happens to his share of the money? Some say that his share terminates if he doesn't survive the depositor. In some cases the depositor's estate gets this share. The writer was calling for a new section in the laws of NY state to make it clear that in such cases the proceeds should pass to the survivor. We would say that it might be a wise move to make each Totten Trust payable to only one person to avoid legal ambiguity.

Do not forget that you must show some action on a checking or savings account within a two year span in California or the bank could declare it an abandoned or inactive account and remit it to the state of California. If you become seriously ill, tell your family, attorney, or fiduciary helper about the need to keep your accounts active. It might be good to add a little money each year anyway, to keep up with inflation.

Any interest accruing to the account is yours. You also have to pay federal and state taxes on this income, as with any other investment.