

# SLOVAK CATHOLIC SOKOL

*A tradition of providing sound financial protection and benefits to our members*

## **Irrevocable Burial Trust Agreement**

### **Option to Apply for a “Burial Trust”**

Available on new and existing Whole Life Policies

Protection of assets at any age is important, but especially so when faced with the need for nursing home services, Medicaid and Supplemental Security Income. One option that may help preserve eligibility for services, while at the same time protecting assets from the reach of creditors, is to place your Slovak Catholic Sokol life insurance policy in the Slovak Catholic Sokol Irrevocable Trust Agreement.

Upon naming the Irrevocable Burial Trust, as the irrevocable beneficiary, the Trust becomes the Owner of the policy and as Trustee, is obligated to apply the policy proceeds towards burial, funeral, and end-of-life needs up to the face amount of the policy. The benefit of naming the Irrevocable Burial Trust as Owner is that it may help the insured qualify for Medicaid and Social Security Income benefits by preventing the value of the policy from being considered a resource of Medicaid and Supplemental Security Income eligibility.

A further benefit is that the policy proceeds, to the extent they are applied to end of life needs, would in most cases be protected from claims made by creditors, including the state and federal government. Any proceeds unnecessary for burial or funeral expense would be paid to the insured's estate and would then be available to creditor's claims.

Because the policy proceeds are to be applied to the end-of-life needs, the benefits avoid the cost and delay probate, and because they constitute the life insurance proceeds, they are tax free upon death of.

### **Completing the Irrevocable Trust Agreement**

- The Grantor must be both the Insured and the Owner of the policy.
- Only Slovak Catholic Sokol life insurance policies are eligible.
- The total face amount of the policy or policies in the Trust are limited in amount in most jurisdictions, which allows them to be excluded as a resource in determining eligibility for certain governmental service programs, such as those mentioned above. These limitations vary depending on the state in which you reside and frequently change from time to time, but a \$10,000 limitation is quite common. It is your responsibility to determine the limitation that would be applicable to you.
- The Contingent beneficiary of the policy or policies placed in the Trust must be the estate of the insured.
- It is important to act quickly, because under IRS rules, death proceeds of life insurance policy given away within three years of the insured's death are automatically included in the insured's gross estate.

The accuracy of the representation stated within are not guaranteed by the Slovak Catholic Sokol and are not meant to constitute either legal or tax advice, nor do they insure that this product is appropriate for the client's situation. Before purchasing any life insurance product or creating an Irrevocable Trust, the client should seek the advice of an attorney or a qualified tax advisor. Laws vary from state to state and are subject to change at any time, which may result in the treatment of this product as being negative to the client's situation.