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| **End of Life Preparation — Should You Prepay?****Part of retirement planning is end-of-life preparation. You should consider what kind of funeral you’d like, where you’d like it, and how to pay for it.**It’s a natural impulse to want to protect your loved ones from having to handle the ordeal of a funeral. Prepayment is one option, but it may not be the best. I can show you some alternatives that might accomplish what you want, with potentially less risk.**A basic funeral can easily cost $10,000.** You can sign a contract with a funeral parlor and prepay the expenses for a funeral. The parlor deposits the payment in an interest-bearing trust account. This allows you to control the proceedings and relieve your loved ones of paying with their own funds. It also locks in current prices.**Are you on Medicaid?** Medicaid requires you to spend down your assets to qualify for benefits. Prepaying for your funeral is one way to accomplish this, so if Medicaid is an important factor for you, this might justify a funeral plan. However, you can accomplish the same objective by depositing the money in an irrevocable trust earmarked for your funeral expenses.**Pay attention to the risks.** There are several risks involved in prepaid funerals. The funeral home may go out of business or may misappropriate your payment, so it could be difficult to reclaim your payment if this happens. If you put the money in a bank instead, FDIC insurance would protect it. There’s also the possibility that you’ll move away and will want to transfer the money to another funeral home, which may be a huge hassle.**There are alternatives.** First, your life insurance policy should properly identify your beneficiaries, and your will should specify your funeral instructions. A beneficiary can assign death benefit proceeds to a funeral home. You can resignify your brokerage account to be a Totten trust (if permitted), which is payable on death to a named beneficiary. Alternatively, you can set up a revocable or irrevocable trust to pay for your funeral.**Your financial plan should include your final preparations.** It makes sense to integrate your funeral plan with your financial plan so you can make the best use of all your assets. Please contact me if you’d like to discuss your financial plan in general or specifically your final arrangements. Together we can rationalize your estate, including taxes, life insurance, and bequests.LPL Financial Representatives offer access to Trust Services through The Private Trust Company N.A., an affiliate of LPL Financial.

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