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Using a Prepaid Funeral Contract for Medicaid Spend Down

No one wants to think about their death, but one useful way to begin preparing is with a prepaid funeral contract. Securing a prepaid funeral contract can help reduce your assets in order to qualify for Medicaid.

In addition, it can help your family to feel assured that they are carrying out your wishes as you intended. At the same time, you'll be ensuring that they don't need to spend any extra money on your services.

What Funeral Costs Can a Prepaid Plan Cover?

A prepaid or pre-need funeral contract allows you to purchase funeral goods and services before you die. You can enter a contract with a funeral home or cemetery. Prepaid funeral contracts can include payments for things like:

- Embalming and restoration
- A room for the funeral service
- Casket, vault, or grave liner
- Cremation
- Transportation
- Permits
- Headstones
- Death certificates

One benefit of a prepaid funeral contract is that you are paying now for a service that may increase in price. This could potentially save your family money. You are also saving your family from having to make arrangements after you die, which can be difficult and time-consuming. If you are planning to apply for Medicaid, a prepaid funeral contract is also one way to spend down your assets.

Applying for Medicaid

Medicaid applicants must spend down their available assets until they reach the qualifying level (usually around \$2,000, depending on the state). By purchasing a prepaid funeral contract, you can turn available assets into exempt assets that won't affect your eligibility. However, for a prepaid funeral contract to be exempt from Medicaid's asset rules, it must be irrevocable. This means that once you sign the contract, you can't change or cancel it.

Connect With an Estate Planning Professional

Before purchasing a contract, you should shop around and compare prices to make sure it is the right contract for you. Be sure you are buying from a reputable company; ask for a price list to ensure you are not overpaying. You should also consider working with a qualified estate planning attorney near you.