



# **MORRISSETT**

Funeral and Cremation Service

**6500 Iron Bridge Rd.  
N. Chesterfield, VA 23234  
804-275-7828**

**[www.morrissett.com](http://www.morrissett.com)  
[staff@morrissett.com](mailto:staff@morrissett.com)**

**Pre-Need/Pre-Paid Funeral  
Contract Disclosures**

**Our Pre-Need Agreement**

**Explanation of How Our  
Pre-Paid Guarantee Works**

## **PRENEED / PRE-PAID FUNERAL CONTRACT DISCLOSURES**

We are required by law and/or the Virginia Board of Funeral Directors and Embalmers to provide access to and the opportunity for you to read the following information to assist you in preplanning. A question and answer format is used by clarity and includes the most commonly asked questions.

### **PRENEED CONTRACTS**

#### **Is there more than one type of preneed agreement?**

Yes. Guaranteed contracts mean that the costs of certain individual items or the cost of the total package will never be more to your family or estate. Nonguaranteed means just the opposite. "See the section entitled "General Funding Information" for more information on guaranteed and nonguaranteed costs). Contracts may be funded by insurance/annuity policies, trusts, transfer of real estate, or personal property.

#### **What are my protections?**

You should take your completed preneed contract home before you sign it and review it with your family or your legal advisor. You have the right to this review before you sign the contract or pay any money.

You should also read carefully the information in this disclosure statement. If you have any questions, contact the seller for more information or contact your legal advisor.

### **CANCELLATION**

#### **Can I cancel my preneed agreement if I change my mind? Will I get my money back?**

You may cancel payment for supplies or services within 30 days after signing the agreement. If you funded your preneed arrangement through a trust, the contract seller will refund all the money you have paid plus any interest or income you have earned.

If you funded your preneed arrangement through a revocable trust and you cancel the preneed contract AFTER the 30 day deadline, you will be refunded all of your money on the items that are not guaranteed and 90% of all your money on the items that are guaranteed. You will also receive any interest or income on that amount. A revocable trust is a trust that you can cancel.

There may be a penalty to withdraw money from a revocable trust account which has already been established in your name. If there is, your contract will give you this information. (See the first question under the section entitled "Payment" below.)

If you have funded your preneed arrangement through an irrevocable trust you will not be able to cancel the trust agreement or receive a refund after 30 days following its execution except in accordance with ~ 64.2-729 of the Code of Virginia.

If you funded your preneed arrangement through an insurance policy/annuity contract which will be used at the time of your death to purchase the supplies and services you have selected, you will need to pay careful attention to the cancellation term and conditions of the policy. You may not be eligible for a refund.

### **PAYMENT**

#### **What happens to my money after the contract is signed?**

Your money will be handled in one of several ways. It may be deposited in a separate trust account in your name. The trust account will list a trustee who will be responsible for handling your account. The funeral home you have selected as your beneficiary will also be listed. You have the right to change the funeral home and the trustee of your account prior to receiving the supplies and services under the preneed contract.

Your money may be used to purchase a preneed life insurance policy which may be used to pay for your arrangements upon your death. The proceeds of the policy will be assigned to the funeral home of your choice. You may change the funeral home assignment at any time prior to receiving the supplies and services under the preneed contract.

You may decide to choose a life insurance policy or a trust account that requires regular premium payments and not have to make an upfront, lump sum payment.

### **May I pay for goods and services with real estate or personal property?**

Yes. When you pay for these supplies and services in whole or in part with any real estate you may own, the preneed contract that you sign will be attached to the deed on the real estate and the deed will be recorded in the clerk's office of the circuit court in the city or county where the real estate is located.

If you pay for goods and services with personal property other than cash or real estate, the contract seller, will declare in writing that the property will be placed in a trust until the time of your death and will give you written information on all the terms, conditions, and considerations surrounding the trust. The contract seller will confirm in writing that he has received property.

You may decide not to transfer the title of the personal property to the contract seller of your preneed contract. In this situation, you will have to submit information to the contract seller in writing that you are giving him the property without a title, and describe the property and where it will be kept until the time of your death.

In either case, the written statements will be recorded in the clerk's office of the circuit court of the city or county in which you live. The written statement does not have to be a separate document.

### **GENERAL FUNDING INFORMATION**

#### **If the prices of the goods and services are affected by inflation between now and my death, will the funding I choose be adjusted accordingly?**

There is a possibility that the funding may fail to keep up with inflation. This could mean that the funding you choose could have insufficient value to cover all expenses.

#### **What happens if my funding is not enough to cover the full cost of these arrangements?**

If the entire funeral or specific items in the agreement are guaranteed by the contract seller, your family or estate will not have to pay any more for those items provided that you have paid the grand total in full and all interest earned is allowed to accumulate in your account. However, if you have not paid the account in full and have not allowed the interest to accumulate in the account and any items increase in price, your family or estate would be responsible for the extra amount if the funds are not sufficient. In some situations where you pay toward your funding with regular premiums rather than in one lump sum, your account may not be enough at the time of your death to cover everything.

#### **What happens to the extra money if my funding is more than what is needed to pay for these arrangements?**

Sometimes, as explained in the answer above, your funding account may not have had the time to grow sufficiently before your death to cover items which are guaranteed in price to you, yet have increased in price for the funeral home.

After funeral expenses are paid, there may be money left over. Because of the ongoing risk that a funeral home takes in guaranteeing prices for you, the funeral home may not be required to return this excess money.

Some funding agreements and funeral homes, however, require that extra money be returned to the estate or family. Others do not. You should obtain information concerning this in writing before signing the preneed contract.

The answers to the following questions will depend upon the terms and conditions of the individual's funding and preneed agreements.

Please review your preneed contract and/or funding agreement for answers to these questions.

#### **What happens to my preneed contract if I change my assignment from one funeral home to another?**

The original funeral home will then no longer be obligated to perform under the preneed contract. The successor funeral home may or may not accept the terms of the preneed contract depending on the type of funding and the terms of the preneed contract.

#### **What happens to my preneed contract if I change the beneficiary of my funding or the use of my proceeds from the funding?**

If you make such changes, it could void your contract. You should request specific information from the contract seller and the funding arrangement.

#### **What will happen to my preneed contract if I fail to make agreed to premium payments to my funding source?**

If you fail to make the agreed payments you will be in default. The terms of the preneed contract will control what happens if default occurs.

### **Do I get any money back if I surrender or cancel my funding arrangements?**

If you terminate within 30 days of the date of the contract you will be refunded all payments you have made. If you cancel after 30 days the amount of money you may receive back will be determined based upon the funding option you have used, whether the contract is revocable or irrevocable, and the terms of the preneed contract.

### **TRUST ACCOUNT**

#### **If my money goes into a trust account, what information will I receive about that account?**

If you want your money to be placed into a trust fund, the trust agreement must furnish you with information about the amount to be deposited into the account, the name of the trustee, information about what happens to the interest your trust account will earn, and information about your responsibility to file and pay taxes on that interest.

If there are filing expenses connected with your trust account, you will be notified what the expenses are and whether you or the contract seller is the responsible party for paying those.

#### **What happens to the interest earned by the trust?**

The interest earned by the trust may be handled in different ways by different trust arrangements. The interest may have to go back into your account if terms on your contract are guaranteed. You may be responsible for reporting that interest to the Internal Revenue Service and paying taxes on it. You will be responsible to pay any taxes on the interest earned even if you cancel your trust account.

Some trust accounts cannot be cancelled.

There may be special fees deducted from your interest. However, you may still be responsible for paying taxes on the entire amount of interest earned before the fees were deducted. Please ask your contract seller for a written list of any fees so you will have a clear understanding about them before you sign the contract.

#### **If I pay my trust in premium payments, what happens if I die before the grand total of the funeral has been placed in trust?**

The difference must be paid by the family.

### **CLAIMS AGAINST THIS CONTRACT**

#### **Can someone to whom I owe money make a claim against the money, personal property, or real estate that I have used to pay for this contract?**

No. This money or property cannot be used to settle a debt, a bankruptcy, or resolve a claim. These funds cannot be garnished.

#### **Can the money or property be taxed?**

No. Currently, interest earned on the money you deposit in a trust, savings account, or the value of the property you used for payment can be taxed but not the original amount which you invested. Interest earned on annuities is generally deferred until withdrawal.

### **GENERAL GOODS AND SERVICES**

#### **If I choose goods and services that might not be available at the time of my death, what is the provider required to do?**

The funeral home which you select is required to furnish supplies and services that are similar in style and equal in value and quality if what you choose is no longer made or is not available at the time of your death.

Your representative or next-of-kin will have the right to choose the supplies or services to be substituted. However, if the substitute is more expensive than the item originally selected by you, your designee or next-of-kin would be responsible for paying the difference. Under no circumstances will the funeral establishment be allowed to substitute lesser goods and services than the ones you chose.

If, before your death, the funeral home goes out of business or is otherwise unable to fulfill its obligation to you under the preneed contract, you have the right to use the proceeds at the funeral home of your choice.

If the inability to provide services does not become apparent until the time of your death, the individual that you named as your designee could use the funds for services at another funeral home.

### **May I choose the exact item I want now and have the funeral home store it until my death?**

If the funeral home or supplier has a storage policy you may ask for this service. If the funeral home or contract seller agrees to store these items, the risk of loss or damage shall be upon the funeral home during the storage period.

For example, what would happen if you select a casket which is in-stock at the time you make these arrangements and the funeral home or supplier agrees to store it for you in their warehouse and: (i) damage occurs, (ii) the funeral home or supplier goes out of business, (iii) the funeral home or supplier is sold, etc.? You need to be assured in writing of protection in these types of situations.

### **What happens if I choose to have a unique service that is not customary or routine in my community? Must the funeral home comply with my wishes?**

The funeral home which you have chosen to conduct your service may be able to only provide certain types of services. They may not be able to fulfill your request. If there is a restriction on what they can provide, you will be notified in writing before you sign the preneed contract.

If the funeral home agrees in writing before you sign the contract to perform such services, the funeral home shall provide you a written, itemized statement of fees which you will be charged.

### **Will the funeral home agree to transport my body to another area for burial?**

Again, the funeral home may have restrictions on the distance they are willing to travel to conduct a burial. If restrictions apply, you will be notified in writing.

If the funeral home agrees in writing before you sign the contract to honor your wishes, the funeral home shall provide you a written, itemized statement of any penalties (fees) which you will be charged.

### **I may die and be buried in a city other than one where the funeral home that I select for my goods and services is located. Will the funeral home that I select under this contract deliver my merchandise to the city where I die and am to be buried?**

This is entirely up to the funeral home to decide. If the funeral home has restrictions on this, they will notify you in writing. If they agree to ship merchandise to another area for your funeral, you will be notified before signing this contract of the fees involved if they can be determined and guaranteed at this time.

However, the preneed contract arrangements and funding is considered portable. This means that they are available for transfer from one locality to another. It is unusual for actual goods and merchandise to be transferred.

## **PRICING**

### **How will I know that the prices of items which I select are the same for everyone?**

The funeral home maintains a general price list and a casket and outer burial container price list. Your contract seller will give this to you before you begin talking about arrangements. After your discussion is finished, you will be given a copy of your preneed contract on which charges will be listed. Charges will only be made for the items you select. If there are any legal or other requirements that mandate that you must buy any items you did not specifically ask for, the contract seller will explain the reason for the charges to you in writing.

You may ask a funeral home to purchase certain items or make special arrangements for you. If the funeral home charges you for these services, you will receive an explanation in writing. The charges to you for these services may be higher than if you or your family purchased them directly.

At the time of your death, your family or estate will be given an itemized statement which will list all of the specific charges.

### **What is meant by guaranteed and nonguaranteed prices?**

Some contract sellers may agree that certain prices are guaranteed. Some may guarantee the price of the total package. Other funeral homes may not guarantee any prices.

Guaranteed prices are those that will not increase for your family or estate at the time of your death. Basically this means that your funeral arrangement for those items will be covered by and will not exceed your funding and the interest it earns. Nonguaranteed prices are those which might increase or decrease. The nonguaranteed prices may be written in at the time of this contract with you understanding that the price is an estimate only and may increase or decrease. A settlement to that effect may have to be made with your family or representative after your death.

### **Can the contract seller and I negotiate a projected charge for the non-guaranteed items based on the rate of inflation?**

It is entirely up to the contract seller to inform you of the funeral home policy in that regard.

## **CASKETS AND CONTAINERS**

### **Do I have to buy a vault or a container to surround the casket in the grave?**

In most areas of the country, state and local laws do not require that you buy a container to surround the casket in the grave. However, many cemeteries ask that you have such a container to support the earth above the grave. Either a burial vault or a grave liner will satisfy if such requirements exist.

### **Is a casket required?**

A casket is not required for direct cremation. If you want to arrange a direct cremation, you may use an unfinished wood box or an alternative container made of heavy cardboard or composition materials. You may choose a canvas pouch.

### **Do certain cemeteries and crematoriums have special requirements?**

Particular cemeteries and crematoriums may have policies requiring that certain goods and services be purchased. If you decide not to purchase goods and services required by a particular cemetery or crematorium, you have the right to select another location that has no such policy.

## **EMBALMING**

### **Is embalming always required?**

Except in certain special cases, embalming is not required by law. Embalming may be necessary, however, if you select certain funeral arrangements such as viewing or visitation with an open casket. You do not have to pay for embalming you did not approve if you select arrangements such as a direct cremation or immediate burial. If the funeral home must charge to conduct an embalming, your designee will be notified of the reasons in writing.

## **ASSISTANCE**

### **This is all very confusing to me. May I pick someone close to me to help with all of this? May this person also work with the funeral home to ensure that my wishes in the preneed contract are carried out?**

You may designate in writing a person of your choice to work with the funeral home and contract seller either before or after your death to ensure that your wishes are fulfilled. You must sign the statement and have it notarized. The person that you designate must agree to this in writing. Under the laws governing preneed contracts, the individual whom you designate has final authority at the time of your death.

### **Where can I complain if I have a problem concerning my preneed contract, the contract seller, or the funeral home?**

You may direct your complaints or concerns to:

The Board of Funeral Directors and Embalmers - Department of Health Professions  
9960 Mayland Drive, Suite 300  
Henrico, Virginia 23233  
Telephone Number (804) 367-4479  
Toll Free Number 1-800-533-1560  
Fax: (804) 527-4413

## **MORRISSETT'S PRE-NEED FUNERAL AGREEMENT**

**DEFINITIONS-** "You" means the purchaser or insured; "We/Our" means the funeral home; "Insurance Policy" means an insurance policy or an annuity used to fund the Agreement.

**AGREEMENT-** Except as otherwise specified in the Agreement, the funeral home will provide the funeral services and merchandise shown on the pre-need contract in exchange for the total death benefits of the Insurance Policy. All benefits under the Insurance Policy will become available for disbursement upon the death of the insured. The items selected on the pre-need contract will be provided unless unavailable at the time of delivery, in which case items similar in style, quality and of equal or greater value will be provided.

**ASSIGNMENT-** You agree that You will assign to the funeral home the death benefit of the Insurance Policy in conjunction with the Agreement, which shall be paid to the funeral home upon the funeral home providing the funeral services and merchandise show on the pre-need contract. The assignment remains in effect until revoked.

**CANCELLATION-** You may cancel this Agreement at any time prior to performance by the funeral home. The cancellation of this Agreement does not cancel the Insurance Policy. The Insurance Policy may only be canceled under the terms of the Insurance Policy. The Insurance Policy contains a 30-day Right to Cancel provision. If You cancel after 30 days, only the surrender value will be refunded, which may be considerably less than the premiums paid.

**COMPLAINTS-** Consumer complaints should be directed to the Virginia Board of Funeral Directors and Embalmers, Perimeter Center, 9960 Mayland Drive, Suite 300, Henrico, Virginia 23233-1463, (804) 367-4479 or toll free at 1-800-533-1560.

**FREEDOM OF CHOICE-** You have the right to choose the funeral home of your choice. If a different funeral home is chosen, the price guarantee under this Agreement **will not** be enforceable. The death benefit of the Insurance Policy will then be paid to the beneficiary of the Insurance Policy.

**FTC DISCLOSURES-** If You selected a funeral that may require embalming, such as a funeral with viewing, You may have to pay for embalming. You do not have to pay for embalming You did not approve if You selected arrangements such as a direct cremation or immediate burial. If We charged for embalming, We will explain why. Charges are only for those items that are used. If required by law to use any items, the provider will explain the reasons in writing.

**GUARANTEES-** The prices shown on the pre-need contract are used for the sole purpose of establishing the initial amount of insurance required to fund the Agreement. At the time of need, the funeral home will provide the merchandise and services specified on the pre-need contract in exchange for the total death benefits of the Insurance Policy.

If You fund this Agreement with an Insurance Policy or annuity with an initial death benefit that is at least equal to the face amount of the Insurance Policy, the guarantees on the pre-need contract become effective immediately when the insurance coverage is issued. If You fund this Agreement with limited benefit life insurance coverage which does NOT have an initial death benefit that is at least equal to the face amount of the Insurance Policy, the guarantees on the pre-need contract become effective only when the limited benefit provisions of the coverage expire.

If You die during a limited death benefit period, or You purchase an Insurance Policy with an initial face amount less than the Total Funeral Price on the pre-need contract, the parties responsible for the payment of the funeral expenses will be required to pay the difference between the at-need price and the death benefit paid under the term of the Insurance Policy.

The parties responsible for the payment of the funeral expenses may also be required to pay additional funds for the non-guaranteed cash advances listed on the pre-need contract if the amount allocated and the current retail price at-need are different. Cash advances are amounts estimated to pay for items that are not guaranteed.

**MEDICAID QUALIFICATION/IRREVOCABILITY-** If indicated on the pre-need contract, You irrevocably assign ownership of the Insurance Policy used to fund this Agreement to the funeral home. If assigned to the funeral home, the funeral home irrevocably assigns ownership of the Insurance Policy to the Trustees of the Funeral Assurance Trust. **By irrevocably assigning ownership of the Insurance Policy, You cannot access the cash value of the Insurance Policy by surrendering the Insurance Policy, taking out a loan or receiving a refund of premiums after the 30-day Right to Cancel period expires.**

**PURCHASER'S OBLIGATIONS-** You must apply for and have an insurance policy issued. You must pay all premiums due, fully maintain the cash values intact, and assign the death benefits of the Insurance Policy to the named funeral home. If You fail to complete any of these obligations, the funeral home has no obligation to perform this Agreement.

**WARRANTIES-** The only warranties, expressed or implied, granted in connection with the goods sold in this pre-need funeral contract, are the express written warranties, if any, extended by the manufacturer thereof. No other warranties and no warranties of MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE are extended by the funeral home.

## Statement of How Morrissett's Pre-Need Guarantee Works

**MORRISSETT FUNERAL & CREMATION SERVICE** has informed me fully about the selections on the preneed contract that are **GUARANTEED** and the selections on the preneed contract that are **NOT GUARANTEED**.

**I** fully understand that there is more than one type of preneed agreement and understand that the Contract Beneficiary is the person the funeral arrangements will be for:

A **GUARANTEED** preneed contract, or portion of the contract, means that the **COSTS to the family or estate** at the contract beneficiary's death will **not** increase for the beneficiary or the estate between the date of the contract and the date of death.

It is very likely, however, that the **actual PRICES of the items will increase** from the date of the preneed contract until the contract beneficiary's death. This is caused by inflation. However, if I or the contract beneficiary has paid the grand total in full at the time of preneed arrangement, AND I/we have allowed all interest earned on the monies to accumulate in the preneed account, the family or estate will **NEVER** pay out-of-pocket more money for the **guaranteed** items.

**TO REPEAT, I FULLY UNDERSTAND THAT THE PRICES ON THE AT NEED CONTRACT WILL BE THE PRICES IN EFFECT ON THE FUNERAL HOME'S PRICE LISTS AT THE TIME OF THE CONTRACT BENEFICIARY'S DEATH, INCLUDING THE PRICES OF THE GUARANTEED SELECTIONS.**

However, a **NON-GUARANTEED** preneed contract, or portion of the contract, means that the costs of certain selections for the items that the funeral home does **Not Guarantee** will be my or the estate's responsibility to pay at the time of the contract beneficiary's death. I understand that the non-guaranteed items will be charged at the prices in effect at the funeral home at the time of death. As explained below, however, there **might** be some preneed monies available to apply toward these non-guaranteed items. If that is the case, I understand that I or the estate will be responsible for the balance of the charges for the non-guaranteed items that will likely increase in costs between the time the preneed contract was made and the death of the contract beneficiary.

**II.** In summary, I fully understand the following:

- At the time of the contract beneficiary's death, state and federal law require this funeral home to enter into an **at-need** contract with the contract beneficiary's family or estate. This at need contract is called an Itemized Statement of Funeral Goods and Services Selected.
- **Again, I fully understand that the prices on the at-need contract will be the prices in effect on the Funeral Home's price lists at the time of the contract beneficiary's death, including the prices of the guaranteed selections.**
- The funeral home will do the following:
  - A.** First apply the monies that have accumulated in the preneed funding account (including interest), if that account is paid in full and I have allowed the interest to accumulate in the account, to the **guaranteed** selections chosen when this preneed contract was made. Again, I understand that these monies will be applied to the prices in effect at the funeral home at the time the contract beneficiary dies.
  - B.** If the conditions (in section A) above are met and the preneed funding account is **not enough** money to cover the **guaranteed** items, the contract beneficiary's family or estate **WILL NOT BE CHARGED** for the balance remaining on the guaranteed items.
  - C.** If the monies I paid for the preneed contract (plus interest accrued) is **more** than a sufficient amount to cover the **guaranteed selections** priced on the date of the contract beneficiary's death, the funeral home will offer the family or estate any one the choices below for handling the excess funds:
    1. The funeral home will return any excess monies to my family or estate; or
    2. The funeral home will offer to apply the excess monies to the preneed selections that were **not guaranteed** such as cash advance items; or
    3. The funeral home will offer to apply the excess monies to any new selections the contract beneficiary's family might choose.
    4. If after applying excess monies to the non-guaranteed selections or any new selections there is still money left over, the funeral home will return the money to the family or estate.

Morrissett Funeral & Cremation Service has advised me to read the completed preneed contract and this Acknowledgment before I sign any of the pre-need documents.