

MEMORIAL SOCIETY OF NORTH TEXAS, INC.

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Totten Trust

The best way to (set aside money for your final arrangements) is to establish a pay-on-death bank account, or Totten trust. (Other investments can also be used.)

Here's how: Deposit money in a special bank account and specify that at the time of your death the money in the account be payable to whomever you designate.

Don't be thrown by the word "trust". This is not a trust instrument and has no trust terms. It's a payable only at death. When you set it up you maintain control over the account and can add to it, subtract from it, or even close it.

You don't need a lawyer to set up a Totten trust, which is sometimes called an ITF (in trust for) or transient account. You just go to your bank. After you establish the account, you're responsible for taxes on the income. And the balance when you die is included in your estate.

The principal advantage of a Totten trust is that the money skips probate. When the owner dies, the beneficiary usually can withdraw the funds by showing bank records, some form of identification and proof of death.

This description of a Totten Trust is from Changing Times magazine, June 1991

Consider a Totten Trust instead of a prepaid funeral plan for these reasons:

You retain full control.

Easily changed if your plans change.

All of your money goes to work. No high commission to the seller.

Easily matched to your tolerance for investment risk.

High probability that earnings will match or exceed inflation in funeral costs.

Any surplus after paying for the funeral goes to your estate, not the seller.

For more information write or call.