
Apply the following assets to the \$1,500 burial fund exclusion in the order listed.

1. Life insurance. If the client owns one or more life insurance policies with total face value of \$1,500 or less, apply the face value to the burial fund exclusion and proceed to step 2. Exclude term life policies from this calculation. Include insurance policies with an irrevocable designation to any funeral home.

If the total face value of non-term life insurance is greater than \$1,500, total the cash surrender value(s) (CSV) of all life insurance policies with available CSV and count it toward the asset limit. Do not include the CSV of any policy with an irrevocable designation **towards the asset limit**. If after completing step 2, a balance remains in the burial fund exclusion, any available CSV of the life insurance policies may be applied to the burial fund exclusion. See step 3.

2. Irrevocable burial agreements. Apply irrevocable burial accounts of up to \$2,000 (or the amount allowed by state law if the agreement was set up in another state) as follows:
 - a. If no life insurance face value was applied in step 1, apply the total amount of the burial account, up to \$1,500, to the burial fund exclusion. Consider any remaining amount up to \$2,000 as an unavailable asset.

EXAMPLE:

Bob has no life insurance and an irrevocable burial agreement of \$1,000. Apply the entire \$1,000 toward the burial exclusion. Bob may apply up to \$500 in other assets to the remaining burial exclusion. See step 3.

- b. If life insurance face value of less than \$1,500 was applied in step 1, subtract the face value applied from \$1,500. Apply the difference to the burial exclusion. Consider any remaining amount in the burial account as an unavailable asset.

EXAMPLE:

Gladys has a life insurance policy with a face value of \$800 and an irrevocable burial fund of \$2,000. Apply the entire face value of the life insurance to the burial exclusion. Apply \$700 of the burial fund to the burial exclusion for a total of \$1,500.

Consider the remaining \$1,300 of the burial fund as an unavailable asset.

- c. If \$1,500 of life insurance face value was applied in step 1, consider the entire \$2,000 irrevocable burial account as an unavailable asset.

EXAMPLE:

George has a life insurance policy of \$1,500 to which he attached an irrevocable designation. He also has a \$2,000 irrevocable burial fund. The life insurance policy and the burial account fund different items. Apply the face value of the life insurance policy to the burial fund exclusion. Consider the \$2,000 irrevocable burial fund as an unavailable asset.

Count any amount over \$2,000 held in an irrevocable burial account set up in Minnesota as an available asset. Do not count itemized amounts for burial space items. See §0909.17.05 (Burial Space Items).

3. Other assets designated by the client. If a balance of the \$1,500 burial fund exclusion remains after applying the face value(s) of life insurance and/or irrevocable burial agreement, the client can apply the assets listed in §0909.17 (Burial Funds/Life Insurance: Fund Types) toward the balance of the burial fund exclusion. Apply the difference between \$1,500 and the amounts applied in steps 1 and 2.

EXAMPLE:

Helen owns two non-term life insurance policies with total face value of \$2,500 and CSV of \$1,200. She owns no burial funds and has not designated either policy to a funeral home. Because the life insurance face value exceeds \$1,500, none of it can be applied toward the burial exclusion. Helen may designate the \$1,200 CSV toward the burial exclusion. She may also designate up to \$300 in other assets listed in §0909.17 (Burial Funds/Life Insurance: Fund Types) for a total of \$1,500.

EXAMPLE:

Jackson owns a non-term life insurance policy with face value of \$500, a revocable burial fund with face value of \$750 and accrued interest of \$150 for a total of \$900, and a savings account with a balance of \$2,500. After applying the face value of the life insurance, a balance of \$1,000 remains to be applied to the burial fund exclusion.

Jackson may designate \$1,000 from the revocable burial fund plus interest and the savings account to make up the balance. Count the remaining \$2,400 ($\$900 + \$2,500 = \$3,400$, less \$1,000 leaves \$2,400) toward the asset limit.

Burial-related assets must be kept separate from other assets to be excluded. Burial-related assets are burial funds and burial spaces.

Do not require clients to separate burial funds from other assets if there is a circumstance beyond their control which makes the separation of funds impractical or requires the consent of non-household members who refuse to cooperate.

EXAMPLE:

Marlys has a life insurance policy with a face value of \$4,000 and available CSV of \$3,000. She previously designated \$1,500 of the \$3,000 CSV as a burial fund. It would be impractical to separate burial assets from other assets because she would have to borrow from the policy and pay interest to separate the burial fund from other assets. Document in the case record the specific reason why the burial assets cannot be separated.

Exclude any interest which accumulates on the burial fund if the interest remains in the fund after the initial valuation. For applicants, begin excluding interest the month of application or the month the burial fund is designated in a separate account, whichever is later.

Do not exclude dividend accumulations of a life insurance policy. Dividend accumulations must be counted as assets. Dividends may be designated as a burial fund. See step 3 above.

If there is a full calendar month break in MA eligibility, and the client later reapplies for MA, exclude up to \$1,500 as a burial fund but do not exclude any interest which had accumulated in the fund unless the interest had previously been designated as irrevocable.

EXAMPLE:

John applies for MA and designates his savings account of \$1,500 as a burial fund. While he receives MA, \$300 in interest accumulates on the burial fund. John's MA is terminated. He reapplies several months later. John again designates his \$1,500 savings account as a burial exclusion. Count the \$300 in interest toward the asset limit because John was off MA for more than one calendar month.

