



North Carolina Board of Funeral Service

Inflation-Proof Preneed to At-Need Contract Calculator

INSTRUCTIONS

While there are many various scenarios with which a preneed licensee may have executed an inflation-proof preneed funeral contract, the following instructions will generally be the most applicable when completing the Board's Inflation-Proof Preneed to At-Need Contract Calculator. They are numbered to directly correspond with those appearing in **Column D** and, within parentheses ["()"], on the spreadsheet. If you have questions or need assistance completing the calculator and/or the certificate of performance, please don't hesitate to contact Board staff at 919-733-9380.

1. ***Total Value of all funding sources on preneed contract date:***

For trust contracts (if contract funded by both trust and insurance, combine totals):

The dollar value entered should reflect the total amount deposited into trust or the trust account balance on the date the preneed contract was transferred to the licensee, if applicable. If the preneed contract was amended or upgraded at any point, a new inflation-proof trust contract and inflation-proof statement of goods and services should have been prepared and the trust fund balance at that time should have been recorded on the contract form. The most recent trust account balance entered on the most recent inflation-proof trust contract is the amount that should be used on the calculator.

For insurance contracts (if contract funded by both insurance and trust, combine totals):

- a. Single premiums: The total single premium paid on the contract date should be reflected. If the preneed contract was amended or upgraded at any point, a new inflation-proof insurance contract and inflation-proof statement of goods and services should have been prepared and the insurance policy death benefit at that time should have been recorded on the contract form. If additional insurance policies were added or purchased, the aggregate death benefits available should have been totaled as of the date the preneed contract was amended or upgraded and reported on the contract form.
- b. Multi-pay insurance products: It would be acceptable to list the total preneed purchase price on the date of the original preneed contract. For example, if the total preneed was \$6,000.00 and the purchaser originally paid an insurance premium in the amount of \$88.00 and the policy was issued for \$6,200.00, you would list \$6,000.00 as the value on the preneed contract date. The extra \$200.00 would be calculated in as part of the policy "growth." As with single premium policies, if at any point the contract was amended or upgraded, a new inflation-proof insurance contract and inflation-proof statement of goods and services should have been prepared. If additional insurance policies were added or purchased, the aggregate death benefits available should have been totaled as of the date of the preneed contract was amended or upgraded and reported on the contract form.

2. **Total charges for guaranteed preneed funeral goods and services:**

The total dollar amount paid for funeral home service charges and merchandise items on the preneed contract (guaranteed items) should be entered here.

Important note: In the event a “credit” or “preneed discount” was given to the purchaser at the time the preneed contract was sold, the amount credited would need to be reflected here.

Since the licensee could not realistically offer a discount on cash advance or sales tax items, it would be necessary for the “credit” to be taken from the total amount paid toward service and merchandise items. Unfortunately, offering a preneed discount does inflate the percentage of non-guaranteed cash advance and sales tax items to service and merchandise items.

Example: PN Goods & Services = \$8,500 and a PN discount in the amount of \$1,000 was given.

Amount entered on Calculator = \$7,500

3. **Total charges for non-guaranteed preneed cash advance & tax items:**

The total dollar amount paid for non-guaranteed cash advance and sales tax items on the preneed contract should be entered here.

4. **Total charges listed on the preneed statement of funeral goods and services selected:**

This amount is pre-filled and will be generated by the Calculator, as determined by the amounts entered for Nos. 2 & 3.

- [#2 + #3 = #4]

5. **Total excess funding on preneed contract date:**

This amount is pre-filled and will be generated by the Calculator, as determined by the value of No. 4 subtracted from the amount entered in No. 1.

- [#1 - #4 = #5]

A positive value in this field means that the value of the preneed funeral funds exceeded the preneed statement of funeral goods and services selected on the contract date. The amount will be treated as if it had been included with non-guaranteed cash advance and sales tax items on the preneed contract.

If a negative amount appears in this box, it most likely means there was a preneed discount or other credit given at the time of the preneed contract sale and the user failed to deduct the amount from No. 2.

6. **Total preneed services / merchandise items NOT USED AT-NEED (list-below):**

Spaces i. through v. are provided immediately below the above text. They are intended for the licensee to include any funeral goods or services that were funded on the preneed, but not used at-need. Any such changes would be considered modifications under the provisions of N.C. Gen. Stat. § 90-210.63A(c) and, therefore, must be credited accordingly. The total of any such modifications (credits) is generated by the Calculator and will appear in the pre-filled cell situated immediately to the right of the above text.

- [i. + ii. + iii. + iv. + v. = #6]

7. TOTAL AT-NEED PAYOUT FROM ALL PRENEED FUNDING SOURCES

Here, the licensee would enter the total amount of preneed funds received from the trust account(s) and/or insurance policy(ies) when the contract was performed.

8. Percentage of Preneed funds to be credited to family at-need:

This value is pre-filled and will be generated by the Calculator. It represents the total of any excess funds paid (No. 5), the total amount paid toward cash advance and sales tax items (No. 3), and any modifications made in accordance with N.C. Gen. Stat. § 90-210.63A(c) (No. 6) divided by the total charges billed on inflation proof statement of goods and services selected (No. 4).

- Step 1: [#5 + #3 + #6 = total preneed dollar value to be credited]
- Step 2: [total preneed dollar value to be credited / #4 = percentage (%) of preneed funds to be credited]

9. Dollar equivalent:

Again, this value is pre-filled and will be generated by the Calculator. It represents the percentage calculated in No. 8 converted to dollars and equals the amount of funds to either be allocated toward at-need cash advance and sales tax items or refunded in accordance with N.C. Gen. Stat. § 90-210.64(d).

- [#7 x #8 = #9]

10. Total at-need cash advance items:

The amount billed for cash advance items on the at-need statement of goods and services selected should be entered in this field.

11. Total at-need sales tax:

The amount of sales tax billed on the at-need statement of goods and services selected should be entered here.

12. Total service / merchandise items added AT-NEED (list below):

Spaces vi. through x. are provided immediately below the above text. They are intended for the licensee to include any funeral goods or services that were not funded on the preneed but, rather, added at-need. Any such changes would be considered modifications under the provisions of N.C. Gen. Stat. § 90-210.63A(c), therefore, it would be permissible for the licensee to invoice accordingly. The total of any such modifications is generated by the Calculator and will appear in the pre-filled cell situated immediately to the right of the above text.

- [vi. + vii. viii. ix. x. = #12]

Important note: It is not permissible to include any new cash advance or sales tax items in this section. Any such item(s) would already be included in the total at-need cash advance items and/or total at-need sales tax items entered in Nos. 10 and/or 11 above. Entry here would be the equivalent of double billing the consumer for the item(s).

13. Total charges funeral establishment allowed to collect at-need:

This amount is pre-filled and is generated by the Calculator. It represents the total at-need cash advances reported in No. 10, the at-need sales tax from No. 11, and any goods and services added at-need in No. 12, or the “gross” amount due to the licensee before any credits from the above calculations are applied.

- [#10 + #11 + #12 = #13]

14. Less total amount of funds to be credited at-need, or “C”, above:

This pre-filled amount is the same value reported in No. 9, above. The amount will be deducted from No. 13 to provide the amount in No. 15, below.

15. Total amount due funeral establishment / to be refunded:

This is the “net” balance due to the licensee or the amount to be refunded in accordance with N.C. Gen. Stat. § 90-210.64(d). It is also pre-filled and generated by the Calculator. A negative (-) value means the amount shown must be refunded. A positive (+) value means the licensee is entitled to collect the amount shown from the consumer.

- [#13 - #9 = #15]

16. Certificate of Performance (“COP”) Match Up (Column E – cells labeled A. through E. or F.)

The amounts contained within the data cells labeled A., B., C., D., and E. or F. are to be reported on the Revised Certificate of Performance form and then, submitted to the Board within 10 days from the date payment is received.

Important note: If a refund is due and the check will be issued off-site, please complete and file the certificate of performance within the 10 days from receipt of payment, as required by law. When asked for the refund date and check number, it is permissible to indicate on the form that the check was, or will be, “issued off-site.” Additionally, there is currently no statute or rule that specifically requires the licensee to maintain a copy of the actual refund check in the preneed contract file; provided, however, [N.C. Gen. Stat. § 90-210.68\(a\)](#) would require the licensee to be able to provide sufficient evidence that any required refund was issued in the event the contract file was selected for review during a preneed examination or in response to a consumer complaint.