

# Insights | Funeral & Cemetery Trust

## Welcome to Summer 2020

By David Falconer, Senior Vice President, Funeral and Cemetery Trust Manager

Unprecedented Times. We have heard that phrase so much since the COVID-19 health crisis began that it has almost lost its meaning. First, let me say that I hope this finds you and your family well. We trust your staff is well. Death Care professionals are on the “front lines” of this health care crisis – thank you. As individ-

uals, families, and businesses, we are adapting to changes in how we live and work.

In this issue, we discuss how volatile markets have the potential to affect cemetery trusts that have elected a total return distribution formula, we highlight several investment resources available to our clients, and we suggest

a solution to ensure your cash flow processes work as quickly and efficiently as possible.

Please don't hesitate to contact us for any reason. Working together, we will get through this! ▲

## Associate Spotlight – Monzella Smith

Monzella (Monzi) Smith is a Funeral Trust Assistant in our Houston office. Monzi has worked in the Funeral and Cemetery Trust division since July 2003. She works closely with three Funeral Trust Relationship Consultants to ensure that our clients' trusts are operating efficiently. Through her years with the division, Monzi's responsibilities have ranged from contract record keeping, client deposit and withdrawal processing needs, vendor payment processing, account set up, account closing and account maintenance and a number of other client services projects. She has developed a unique, color-coded way to stay organized with all the tasks that cross her desk.

Monzi has lived in Houston since 1968. She enjoys spending time with her mother, daughters and grandkids, watching movies, reading a good book and taking on occasional home improvement projects. Recently, Monzi had the opportunity to visit the country of Dubai and Abu Dhabi, the Capital of the United Arab Emirates, where her oldest daughter taught English for 3 years. ▲



## Investment Resources for a Volatile Market

As the healthcare crisis expanded into a market crisis, Regions developed several additional resources to help our Funeral Trust clients understand how their trust funds are performing in this volatile market.

We created “[What We Are Watching – The Coronavirus and the Markets](#)” located at [Regions.com/Wealth-Management](#) as a sin-

gle source for multiple investment resources for clients.

Regions continues to publish both Weekly and Monthly Investment Commentaries in addition to new articles such as “COVID-19 In Perspective” and Regions Chief Economist and Chief Investment Officers have hosted a weekly Market Discussion Call

that clients can call in, listen and ask questions.

Please contact your Regions Relationship Consultant or call 800.850.0571 for more information or to schedule a call with a Regions Portfolio Manager. ▲

# Is a Total Return Perpetual Care Trust Right for You in a Volatile Market?

By Summer Bokhary, Funeral & Cemetery Trust Legal Counsel

Over the last few years, cemeteries have witnessed a growing trend of legislation across states that allows for adoption of an income distribution method known as “total return” or “unitrust.” A total return distribution offers cemeteries a certain level of stability in their distribution by allowing these cemeteries to comingle their principal and income and receive a distribution that is calculated at a fixed percentage of the perpetual care trust fund’s fair market value.

It is no secret that the COVID-19 pandemic has had a severe impact on the stock market this year. For cemeteries, the issue is whether the total return distribution method is better or worse than a traditional net income method for their perpetual care trust funds in a fluctuating market. Or, perhaps, whether the state regulatory agency will evaluate the current fair market value of the perpetual care trust fund and require the cemetery to revert to a net income

distribution method. The answer to both questions varies from state to state.

For example, the Florida Administrative Code provides that, “if the Division detects that the ending fair market value of the trust for the most recent calendar year has decreased as compared to the average ending balance of the trust for over the three most recent calendar years, the Division shall set the matter for review and action by the Board at a regularly scheduled meeting of the Board, and shall provide the licensee with 30 days advance notice that the matter will be set before the Board.” Fla. Admin. Code Ann. r. 69K-7.0012(a)(1).

Several states have outlined language that specifies the applicable regulatory agency has the discretion to consider current economic factors when evaluating the fair market value of a trust. Washington provides in part that, “... the board may evaluate the endowment care fund conditions and choose not to impose corrective

measures if it finds that ... the reasons are due to unusual or temporary factors not within the control of the cemetery authority or the trustee and which could not have been reasonably anticipated ...” WA ADC 98-12-053(2)(a).

It is unclear at this point how state agencies will respond when evaluating the value of the perpetual care trust fund, taking into consideration the current pandemic. However, cemeteries always have the option of reverting back to net income through their own election by following the regulations of the state that governs their perpetual care fund. Talk to your trustee on how you can work together to protect and secure your perpetual care fund to weather the storm of a volatile market.

This article is intended as a general discussion and not as legal advice; funeral homes and cemeteries with specific factual situations should consult their attorney before taking action. ▲

## Speeding Up Your Cash Flow

By Jenny Crespo, Funeral & Cemetery Trust Relationship Consultant

It is not unusual for one of my Funeral Trust clients to call about the status of a deposit or withdrawal. As a licensed funeral director and previous manager of a funeral home/cemetery location in the Dallas / Fort Worth area, I understand how important cash flow is when operating a location.

With the coronavirus changing how and where we work, there is even more focus on how deposits and withdrawals are being processed. What if no one is in the office to print a check or process the mail?

Regions offers electronic deposit and cash withdrawals as a solution that will keep cash moving quickly. Clients can send deposits

electronically through an ACH process where they “push” funds to us. Regions can also “pull” funds electronically for a trust deposit, much like a utility draft, with the significant exception that our clients tell Regions when and how much to process. Likewise, when it is time for a trust withdrawal, Regions can send the funds directly into a client’s business account – no check processing or waiting for the mail to arrive.

Many of my clients were hesitant to switch from paper deposits and withdrawals. They were worried about having a copy of the check or other documentation for their files. Once they saw how quickly their money gets where

it needs to be and how Regions can provide documentation of each transaction for their records, they very much appreciated the speed and efficiency of moving money electronically.

COVID-19 has caused us to rethink how we do business. Electronic deposits and withdrawals of trust funds are certainly ways to keep the money flowing and not worry about the next time there is a disruption in what we think is “normal.”

Please contact your Regions Relationship Consultant to discuss how we can help you speed up your cash flow. ▲

### Regions Bank Funeral and Cemetery Trust Contacts

Summer Bokhary 714.244.8088  
Charles Burrell 713.244.8073  
Jenny Crespo 713.244.8079

David Falconer 713.244.8083  
Colin Ramsey 713.244.8084  
Eyal Shavitzy 713.244.8091

3773 Richmond Avenue, Suite 1100  
Houston Texas 77046  
800-850-0571

**Member FDIC** Regions Bank, Member FDIC. Only traditional bank deposit products are FDIC insured. Some products and services are made available through Regions Asset Management, a business unit within Regions Wealth Management.

This information is general in nature and is not intended to be legal, tax, or financial advice. Although Regions believes this information to be accurate, it cannot ensure that it will remain up to date. Statements or opinions of individuals referenced herein are their own—not Regions’. Consult an appropriate professional concerning your specific situation and irs.gov for current tax rules.

Employees of Regions may have positions in securities or their derivatives that may be mentioned in this report or in their personal accounts. Additionally, affiliated companies may hold positions in the mentioned companies in their portfolios or strategies. The companies mentioned specifically are sample companies, noted for illustrative purposes only. The mention of the companies should not be construed as a recommendation to buy, hold or sell positions in your investment portfolio.

| Investment, Insurance and Annuity Products |  |   |
|--|--|---|
| Are Not FDIC-Insured                       | Are Not Bank Guaranteed                          | May Lose Value                              |
| Are Not Deposits                           | Are Not Insured by Any Federal Government Agency | Are Not a Condition of Any Banking Activity |