

2012 Cemetery Preneed Cemetery Merchandise and Burial Products and Services Transition

Step 1: Cemetery Submits Form CT

110% of wholesale costs for preneed merchandise and 100% of retail for preneed services and burial products as of December 31, 2011, for all existing preneed merchandise, service, and burial products sold on or prior to December 31, 2011, will need to be submitted to the secretary of state on Form CT.

Step 2: SOS Internal Audit

The SOS will review Form CT and compare to the December 31, 2011, bank statements received from the trustee. The bank statements will be requested upon receipt of the cemetery's 2011 annual report, Form CAR. The SOS will use the market value as of December 31, 2011, to determine the trust fund value. The SOS will use the authority provided in KSA 16-326 to equitably resolve this audit. Step 5 discusses this process in greater detail. The final determination of value for each piece of preneed merchandise, service, and burial product will be the base value used going forward in 2012 and beyond.

Step 3: SOS works with the Cemetery

The SOS will ask the cemetery any necessary questions. Once the analysis is complete, the SOS will give the cemetery an Excel document containing the analysis between Form CT and the bank statements.

Step 4: Cemetery Reviews Audit Documentation

The cemetery will have an opportunity to review the documentation and ask any questions.

Step 5A: Overfunded Trust Funds: Cemetery Determines Course of Action

If the trust funds are overfunded, the cemetery has two options.

- Option 1: Take out the overage in a lump sum payment to the cemetery.
- Option 2: Allocate the overage equally among each piece of preneed merchandise, service, and burial products.

Step 5B: Underfunded Trust Funds: SOS Works with Cemetery to Determine Course of Action

The course of action will be determined on case by case basis.

Step 6: Cemetery Signs Transition Agreement Document

The cemetery will sign a document agreeing to the following items:

- The decision to take the lump sum payment or allocate is a one-time decision and the cemetery agrees to not come back at a later date and try to take out any overages.
- If, for any reason, a piece of preneed merchandise, services, or burial product did not make the Form CT, then the cemetery will still be obligated to provide the item, but no money will be taken from the trust fund to pay for it.
- Any requirements agreed to if the trust funds are underfunded.

Step 7: Use of Transition Document Going Forward

- The final Excel Document will give each piece of preneed merchandise, service, or burial product its base value as of December 31, 2011. This value is the amount that can be taken out for each piece of preneed merchandise, services, or burial product, until such time as the trustee allocates earnings in 2012.
- If the cemetery took out more or less than this amount, prior to the completion of the transition, then the values of every other piece of preneed merchandise, services, or burial product will be adjusted accordingly.
- All existing preneed merchandise, service, and burial products sold on or prior to December 31, 2011, that are on payment plans will continue to make deposits until the initial (110% of wholesale costs for preneed merchandise and 100% of retail for preneed services and burial products) minimum funding requirement has been deposited.
- This document will be updated by the SOS each time the trustee allocates interest and each time the cemetery makes a withdrawal or sells additional preneed merchandise, services, or burial products. Withdrawals by the cemetery will be compared to this document, and any discrepancies will be addressed between the SOS and the cemetery.
- As of January 1, 2012, all preneed cemetery merchandise and preneed burial products and services will be withdrawn under the new law requirements and all new sales will fall under the new statutory requirements.