

**Illinois Funeral Directors Association**

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## IFDA Preneed Trust: Questions and Answers

### What is the IFDA?

The Illinois Funeral Directors Association (IFDA) was founded in 1881 by funeral directors seeking a common voice, a way to share information, ideas and methods and to protect themselves and consumers through legislation. Today, we are proud to serve more than 1,000 members statewide.



### What is the IFDA Preneed Trust?

The IFDA Preneed Trust was created in 1980 to invest Preneed funeral funds deposited only by our members. Currently, there are approximately 49,000 policies and the fund's assets are valued at more than \$300 million.

### What is the current status of the IFDA Preneed Trust?

In the financial markets there are ups and downs. The IFDA Trust has been in deficit and in surplus throughout the years.

Currently, the Trust's liabilities are \$40 million greater than stated assets, however it must be noted that, for accounting reasons, the stated assets do not include approximately \$160 million in life insurance policies owned by the Trust.

### How did this situation occur?

The simple explanation is there are two reasons for this discrepancy:

1. The stated assets do not include approximately \$160 million in life insurance policies owned by the Trust, and
2. IFDA paid out more in earnings and death benefits to our

customers' Preneed depositors than the fund was earning in the first part of this decade. The market was in considerable flux following the September 11, 2001 attacks, and we incurred losses that have yet to be recovered.

## Has this issue affected death claims?

No. IFDA continues to pay death claims in full.

## When could a deficit be a problem?

We strongly feel the only time the imbalance in the Trust would be a factor is if the individual trust account beneficiaries all died at once or withdrew their funds before the Trust receives all of the proceeds from the life insurance policies.

## What steps is IFDA taking to address the deficit issue?

The IFDA Board is working diligently on a number of fronts to improve the IFDA Preneed Trust well into the future.

### 1. A New Premier Trustee

The Board has concluded its search for a new third-party trustee for the IFDA Preneed Trust, as required by the State of Illinois. Regions Bank was the Board's selection. Regions is a Top 10 bank in the U.S. with \$140 billion in assets. It offers the largest dedicated prearranged funeral trust division in the country, offering exceptional expertise.

### 2. New policies to Protect the Integrity of the Trust

The IFDA Board has modified the Trust's investments in an effort to protect against further loss in value under the current investment conditions.

### 3. A New Comprehensive Plan for the IFDA Preneed Trust

The IFDA Board is in the process of completing a comprehensive plan that will address the current issues and, with the assistance of Regions Bank, correct the imbalance in the Trust with a plan that meets the approval of Illinois regulatory officials. The new comprehensive plan is expected to be announced soon.

For more information, please feel free to contact IFDA Immediate Past President Charles S. Childs, Jr. at 773-846-6133 or the IFDA at 217-525-2000.

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