

Illinois Funeral Directors Association

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IFDA Preneed Trust: Questions and Answers

An Update on the IFDA Trust

I am very pleased to share with you good news from IFDA.

With the approval of state regulators, Merrill Lynch Bank & Trust Co. FSB, (a wholly-owned subsidiary of Merrill Lynch & Co., Inc.) through its trust division, Merrill Lynch Trust Company ("MLTC"), has agreed to become Trustee of the IFDA Preneed Trust on a **temporary basis**. A highly respected trust company with personal trust assets under administration in excess of \$20 billion, MLTC is regulated by the U.S. Department of the Treasury Office of Thrift Supervision. This means after two years of intense work and negotiations, the regulatory timeline mandated for IFDA to find a trustee has been achieved.

Now, there are important next steps. An independent actuary will perform a key study to provide critical insight into the IFDA Trust. The study will consider the IFDA Preneed Trust Liabilities and Deposits and will provide information regarding cash flow issues. The report will also examine the key man life insurance policies the IFDA Preneed Trust currently holds and the value the Trust can expect to receive from those policies.

The goal of the comprehensive analyses is to provide critical information on how to best address the current and future needs of the Trust. This is extremely good news and significant support to the Board as we are tirelessly seeking the best information and multiple options for a new permanent Trust that provides the maximum benefit for our members.

We continue to battle inaccurate rumors about potential solutions to the Trust. Please be assured, no decisions have been made and the solutions to this issue are yet to be determined.

Here's how we intend to proceed: As soon as MLTC commences serving as Trustee, **IFDA will be in a position to clearly focus on reviewing and seeking options for a new permanent Trustee without the inherent disadvantages of a shortened timeline.** After the comprehensive study is completed and a solution has been determined, new trustee candidates will be fully aware of

the expectations for the future. This will allow IFDA to exercise appropriate diligence in engaging the best party to act as Trustee of the IFDA Preneed Trust in the future.

How does this affect you right now?

There will be virtually no impact on your everyday interaction with IFDA. Through an anticipated agreement between MLTC and IFDA Services, IFDA staff will continue to provide administrative services to our members. Additional information about the Trust will be communicated to our members as soon as it becomes available.

These issues are highly complicated and require continued thoughtful and careful study. We appreciate your patience as all of the moving parts are pulled together in search of a comprehensive solution for the Trust. Please rest assured, the IFDA Board, with the assistance of state regulators, is doing all it can to find the best solution we can implement for our members.

Sincerely,
Geoffrey W. Hurd, President

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