

After 10 Years in the Death-Care Industry, *What's Next for* **Unitrust?**

In 2009, Missouri introduced an alternative perpetual care distribution approach called “unitrust” to the death-care industry. Now in 2019, 10 years after its inception, 14 states have enacted the unitrust distribution method within the industry, with two-thirds of them implemented in the past three years.

While deemed “too good to be true” by some, its popularity has grown tremendously in a short period of time ... and it shows no signs of slowing down. To comprehend how this alternative approach has grown so quickly, one must understand why unitrust is such an effective strategy in today’s market for the modern-day cemetery.

What Is Unitrust?

Unitrust is an alternative distribution method that does not limit distributions to the income generated by your trust. Instead, a percentage – typically between 3% and 5% – of the trust’s total market value is withdrawn to maintain the cemetery each year.

This concept changes the investment goals of the trust – from production of income only, to that with a much broader focus of increasing the total value of the trust. This is also known as investing for total return. The end result is typically a higher total annual return, which allows for a greater annual distribution for the care and maintenance of the cemetery, while still growing the trust’s principal at a similar rate.

This strategy meets the needs of perpetual care cemeteries in today’s economic climate while also taking advantage of more advanced financial strategies. While unitrust is a relatively new concept for the death-care industry, it should come

as no surprise that nearly every major endowment in the United States incorporates this concept for investment and distribution of funds. A few examples include Duke University, Stanford University, the American Heart Association, Mayo Clinic and the Make-A-Wish Foundation.

What States Have Adopted Unitrust So Far?

The majority of states have adopted the Uniform Trust Code, which is a national model designed to standardize trust regulations across states. This opened the door for unitrust election in the death-care industry. So far, states that have officially adopted unitrust for

death care are Missouri, Iowa, Tennessee, Oklahoma, Florida, Arizona, California, Colorado, Georgia, Nevada, Texas, Virginia, Washington and Indiana.

There are many states where cemeteries are not allowed to utilize the unitrust distribution method because the states have yet to amend their statutes and codes to allow unitrust in the death-care industry – but that is changing quickly.

An Example of Unitrust Success

At Funeral Services Inc., we have been proud to serve as one of the first death-care companies that advocated the adoption of unitrust in the profession. Our team played a crucial role in its adoption in Florida in 2016, and many of our clients saw the benefits immediately.

Specifically, John Williams of Venice Memorial Gardens and Farley Funeral Homes and Crematory in Venice, Florida, saw his distributable funds for cemetery maintenance triple just one year after implementing unitrust into his business. This increase in funds allowed John's company to increase its full-time-equivalent employees by 25%, improve the quality of its grounds and find new, mutually beneficial ways to serve its clientele.

Where Will Unitrust be in Another 10 Years?

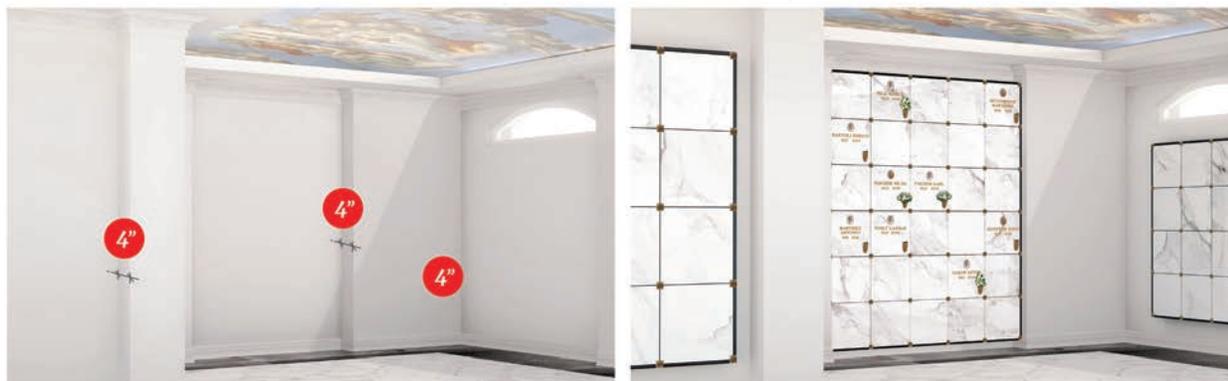
Because cemetery owners such as John Williams are quickly experiencing the benefits of unitrust, it's reasonable to predict that all 50 states will enact unitrust into the death-care

profession in the next 10 years.

For the profession to achieve this goal by 2029, our national and state associations – as well as the cemetery owners and operators across the country – must continue to educate their members on what is unitrust and its value. It is achievable, but it requires a great deal of time and collaboration among industry professionals, regulators and legislators.

For example, FSI and other industry professionals worked closely with state legislators to pass Florida House Bill 473, which allowed Florida-licensed cemeteries to utilize the unitrust distribution method. This is why the collaboration among cemetery owners, association leaders, regulators and legislators, among others, is so critical.

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**My State Has Enacted Unitrust.
What's Next?**

Your state has enacted unitrust, which is a huge win! Now that you are able to utilize unitrust, there are a few steps cemeteries must navigate before officially integrating it into their business.

This road can be somewhat challenging, as cemeteries will face slightly different scenarios, but you don't have to travel that road alone. State associations and third parties such as FSI have guided cemeteries across the country to successfully transition to the unitrust distribution method.

Anyone seeking to make the transition should first familiarize themselves with their state's laws

and regulations, as they vary widely. Florida law, for example, requires specific notification to the Florida Board of Funeral, Cemetery and Consumer Services. Tennessee also has a form that is filed with the state's regulatory division. You can find your state's specific requirements through the state's regulatory agency.

The Change Unitrust Brings to the Industry and Our Communities

If we achieve our vision of nationwide operation of unitrust, the death-care industry will change as we know it, and positively impact the communities we serve in more ways than just one.

Cemeteries will share the same

results that John Williams from Venice Memorial Gardens has experienced, which include an expanded budget, an increase in dedicated staff and a stronger upkeep of cemetery grounds. Communities will begin to see some cemeteries that are lacking budget as less of an eyesore and more as a vital part of their society.

In my over 30 years of serving the profession, I have not seen a better approach to distributing funds than unitrust. The unitrust distribution method is an industry-changing tool that has and will continue to reshape the care and maintenance of grounds, bringing a proven perpetual solution to perpetual care cemeteries. •

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