

## **Instructions How To Complete the “Manual” Preneed to At-Need Reconciliation Worksheet for Contracts With Non-Guaranteed Cash Advance Items**

**IMPORTANT:** The amounts in the worksheet may not be rounded. For example, \$125.35 may not be entered as \$125. Documentation supporting the amounts entered on the worksheet must be retained for review purposes.

**PAGE 1: Section I. Guaranteed Services and Merchandise** – You must enter the contract information as it appears on the PFC and the at-need contract in Columns A and B. The items and respective prices must be reflected on the worksheet *exactly* as they appear on the contracts. Next, complete Columns C through F using the data in Columns A and B as follows:

- **Column C (Inflation Discount)** – By line item, only when there is an amount in both Column A and B, and the amount in Column B is *greater* than Column A; then, subtract the preneed price in Column A from the at-need price in Column B and enter the amount here.
- **Column D (Items not sold on PFC)** – By line item, enter any at-need price from Column B that does not have a preneed price in Column A.
- **Column E (Credits for items not used from the PFC)** – By line item, enter any preneed price from Column A that does not have an at-need price in Column B.
- **Column F (Price Adjustment)** – This is the amount when the at-need price is *less* than the original preneed price. By line item, only when there is an amount in both Column A and B, and the amount in Column A is *greater* than Column B; then, subtract the preneed price in Column A from the at-need price in Column B and enter the amount here.

**PAGE 1: Section II. Non-Guaranteed Services and Merchandise** - Enter the information as it appears on the PFC and the at-need contract in Columns A and B.

**PAGE 2: Section III. Calculation of Proportionate Amount of Interest to Be Applied Towards Non-Guaranteed Items** –

- **Item # 1:** - Enter the total PFC price from the Section I and II Total Column A on Page 1, less any discount amount on the PFC.
- **Item # 2:** - Enter the total of non-guaranteed items on the PFC from Section II Subtotal, Column A on Page 1.
- **Item # 3:** - This is calculated by dividing Item # 2 by Item # 1. Record to two decimal places.
- **Item # 4:** - Enter the total earnings/policy growth attributable to the PFC.
- **Item # 5:** - This amount is calculated by multiplying Item # 3 by Item # 4.

**PAGE 2: Section IV. Non-Guaranteed Cash Advance Items Calculation** –

- **Item # 6:** - Enter the total of non-guaranteed items on the PFC from Section II Subtotal, Column A on Page 1.
- **Item # 7:** - Enter the total of non-guaranteed items on the at-need contract from Section II Subtotal, Column B on Page 1.
- **Item # 8:** - Enter the amount from Section III, Item # 5.
- **Item # 9:** - This amount is calculated by adding Item # 6 and Item # 8 and then subtracting the result from Item # 7. This amount reflects either the amount due from the family to the funeral provider or the amount due to the family from the funeral provider for non-guaranteed cash advance items.

**PAGE 2: Section V. Preneed to At-Need Contract Reconciliation** – This Section reconciles the activity from the PFC to the at-need contract. Calculate the following and enter all as positive numbers, except Item # 17:

- **Item # 10:** - Enter the total of the PFC and the at-need contract from Section I Subtotal, Columns A and B.
- **Item # 11:** - If applicable, enter any discounts on the PFC in both the Preneed and At-Need Columns.
- **Item # 12:** - Enter the total from Section I, Column C (*Inflation Discount*).
- **Item # 13:** - If applicable, enter the total of any other discounts listed on the at-need contract.
- **Item # 14:** - Enter the total from Section I, Column F (*Price Adjustment*).
- **Item # 15\*:** - If applicable, enter the extra charge collected for any merchandise and services that is upgraded from the PFC to the at-need contract.
- **Item # 16\*:** - If applicable, input the credit given for any merchandise and services that is downgraded from the PFC to the at-need contract.
- **Item # 17:** - Enter Section IV, Item # 9.
- **Item # 18 (Subtotals)** - Beginning with Item # 10 add or subtract the amounts through Item # 17 to arrive at this amount. (+ means to add and – to subtract). Item # 17 will be added if it is positive or subtracted if it is negative.
- **Item # 19:** - If applicable, enter the remaining balance due on the PFC.
- **Item # 20:** - This amount is calculated by subtracting Item # 19 from Item # 18 subtotal amount.
- **Item # 21:** - This amount is calculated by subtracting the amount from Item # 20 from the At-Need subtotal Item # 18 amount. This amount reflects either the *final* amount due from the family to the funeral provider or the *final* amount due to the family from the funeral provider.

\* The value attributable to any contracted funeral merchandise or service that is surrendered or exchanged in a modification must be calculated on a comparable time-price basis. See Section 154.1551 of the Finance Code.