

FREQUENTLY ASKED QUESTIONS REGARDING THE DEATH BENEFIT and BENEFICIARIES

- Where can I find IRS information regarding exempt organizations?

www.IRS.Gov and search for Publication 557

This publication has the best information on Exempt Organizations. The attorneys of course had law books and case law, etc.

- Does YLGI pay a Death Benefit or a Funeral Benefit?

Beneficial members are entitled to a Death Benefit.

There is no Funeral benefit, but over the years some members may have erroneously called the death benefit by the wrong name.

- How is the Death Benefit funded?

Beneficial members have always paid a few dollars more in dues than an Associate member. Currently Beneficial members pay \$6.00 more per year in dues than an Associate member pays. Of that \$6.00, a total of \$4.20 per annum is paid to YLGI when assessments are paid with their Quarterly report. This money goes directly into the YLGI Death Benefit Fund. Annually this will pay approximately 8-10 Death Benefits at \$1800.00. Fortunately, when YLGI had more members the money from Death Assessments that was left at the end of the Fiscal Year was invested. This money is known as the Reserve Death Benefit. Those investments grew and that is what YLGI relies on to pay the Death Benefits after the current assessment is paid out. YLGI operating expenses for the Death Benefit are paid from the Reserve Death Benefit.

- Is the Death Benefit like insurance?

No. YLGI does not operate a separate insurance business. YLGI has never incorporated an insurance business.

- Who gets the Benefit?

According to the IRS the benefits are limited to the members and their dependents. If members have the ability to confer benefits to others our exemption will not apply. This IRS ruling is one of the rulings used to determine if an organization meets exempt organization status.

- Has there been a change in the IRS definition recently?

No. There may be a change in the future.

- How did YLGI determine who could be a beneficiary in the past?

There is no record of the change from paying the Death Benefit to the funeral home and to what we see currently in our Constitution. Opinion: YLGI made the change not knowing the IRS rulings.

- Why do Beneficial members have to complete a new beneficiary designation form?

The beneficiary issue affects the YLGI exempt organization status. Many years ago YLGI was not aware of this restriction on beneficiaries and allowed "other named" beneficiaries.

- Has the name "Death Benefit" been changed to "Funeral Benefit"?

No

- What happens if an Institute cannot get a new form a Beneficial member?

See YLGI Constitution, ArticleXI. There is no change to this. The Institute will need to contact whomever was the responsible party for the funeral. The check will be paid to the Institute to pay the responsible party to apply against funeral expenses,