

Your Funeral: The Financial Options

Death is a taboo subject in most families. We think about it as little as possible, yet it will happen to each of us at some point. According to a Federal Trade Commission study, only 33% of individuals made funeral arrangements prior to their death. Based on a 1997 survey by Consumers Union, a direct cremation with low-cost casket/container costs \$1110, a minimum burial with minimum casket costs \$1384, and a standard funeral with bronze/copper casket costs \$7100. However, if you donate your body to a medical school in Kentucky, the cost ranges from zero to a few hundred dollars, based on the distance that the body must be transported to the university. Many who donate a body then have a memorial service. Family members are under emotional strain when a loved one dies, and without preplanning and making your wishes known, they may end up using their savings or going into debt because of guilt or grief. Review each of the following options and consider which ones will best meet your needs.

Existing Life Insurance Coverage

Millions of dollars in prepaid life insurance goes uncollected each year because surviving family members don't know the policies exist. If you have insurance policies, it is vital that you tell your children or named beneficiaries so they can collect the money. You might also ask your parents if they bought a life insurance policy on you when you were a child. Survivors can *only* collect insurance benefits by sending a death certificate to the insurance company.

If you are unsure if there is a policy, write or call:

Kentucky State Treasurer's Office
Room 183
Capitol Annex
Frankfort, KY 40601
1-800-465-4722

Please include name, social security number (if available), and any additional information that may be helpful such as birthday, place of residence, etc.

Employer Life Insurance

Your company or labor union may provide a small amount of free or low-cost group life insurance. This insurance is usually the best buy for the money.

Social Security

If you are working or have worked and paid Social Security taxes, your family is entitled to a death payment of \$255, as well as survivors' benefits, which are determined by the number of years you worked. The maximum benefits are received after ten years of work. To determine your benefits or those of a family member, call the Social Security Office's toll free number, 1-800-772-1213; or call your local Social Security Office.

Military Benefits

If you served in the military at any time, you *may* qualify for benefits. Veteran burial and cremation benefits include a gravesite at a national cemetery, headstone or marker provided by the government, burial flag, and

Presidential Memorial Certificate. Burial reimbursements also are available, with the amount depending on whether the death was service-related (\$1,500 - \$2,000) or non-service-related (\$450 - \$600). Call a Veteran's Benefits Counselor at 1-800-827-1000 to ask questions or to see if you qualify.

Personal Burial Insurance

The typical burial insurance policy marketed today allows you to make monthly payments. Some ads for these policies say, "no physical needed" or "cannot be turned down because of health reasons," while others ask for your medical history.

Read the policy carefully, as many of these policies have a waiting period before benefits will be paid. If you die during the waiting period, your family will only receive the amount paid, and not the full amount of the policy.



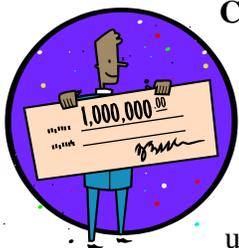
Prepaying with Pre-Need Burial Contracts and Trusts

While preplanning is a good idea, it doesn't save you money, according to Consumers Union, which publishes *Consumer Reports*.

However, if your health is failing and you need long term care, you might want to prepay. Keep in mind that money deposited into these plans is excluded as income for the purposes of Medicaid and Supplemental Security Income.

Kentucky law states that funeral home directors who receive money for a pre-need funeral have 30-days to deposit that money into an interest-bearing account. This account may include not only your money, but also the money of others who have pre-need arrangements. This account is monitored, and records are kept on individual deposits and interest earned. Pre-need contracts funded by insurance products are exempt from these requirements and are regulated by Kentucky Insurance Department.

For more information on Kentucky laws related to pre-need contracts, go to the website or write the Attorney General.



Can I upgrade my pre-need contract?

You and/or your family may choose to upgrade funeral services. **Remember:** *If family members decide to make changes, the prepaid policy becomes a down payment and they will be responsible for covering any extra costs.* Under Kentucky law, it is

possible to upgrade by buying caskets and other services *outside the funeral home*, while not changing the set price for services already contracted.

Before deciding to upgrade merchandise or add services such as music, surviving family members should consider the wishes of the deceased, both emotional and financial.

Kentucky law mandates that you receive 100% of your money, plus accrued interest, if you choose to back out of the agreement.

Funeral Alliances (Formerly known as Memorial Societies):

The Funeral Consumer's Alliance is a non-profit, volunteer-run group that provides information on funeral fraud, consumer tips, laws regarding the funeral industry, guidelines on filing a complaint, and a complete listing of all state funeral alliances.

Currently, the Funeral Consumers Alliance of Greater Louisville is the only one in Kentucky. An individual membership costs \$25, and family membership costs \$40. Member services include newsletters, educational materials, reduced rates at cooperating funeral homes, and lists of affiliated groups. Their website also provides a price list for services including direct burial, cremation, and standard funeral.

Resources and References:

Funeral Consumers Alliance of Greater Louisville

P.O. Box 5326
Louisville, KY 40255-5326
502-454-4855
<http://www.funerals.org/Louisville/>

Funeral Consumer's Alliance

PO Box 10
Hinesburg, VT 05461
1-800-548-5563
Email: info@funerals.org
<http://www.funerals.org/>

Office of the Attorney General

Consumer Protection Division
1024 Capital Center Drive
Frankfort, KY 40601-8201
(502) 696-5389
<http://kyattorneygeneral.com/cp/>
Cemetery and Funeral Home
Section, Publications:
Funeral Laws: Pre-arranging a Funeral and Pre-need Purchases

The Federal Trade Commission

Publication: *The Funeral Rule*
<http://www.ftc.gov/bcp/rulemaking/funeral/index.htm>

Final Arrangements, Consumer Reports, published by Consumers Union, Vol. 66, No. 5, May 2001, pp. 28-33.

Written by: Robert Flashman, Ph.D., Extension Specialist in Family Resource Management; and Linda Klos, MS in Family Studies; and edited by Alex Lesueur, Jr., M.S.L.S., Staff Support Associate.

Reviewed by: Raymond Forgue, Ph.D., Department of Family Studies, University of Kentucky; and Joanne Bankston, Ph.D., Extension Specialist in Family Resource Management, Kentucky State University.

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