

# **CHOICE ENDINGS**

## **TEAM MEMBERS**

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**Project Name:**

**Choice Endings**

**Team Participants:**

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**Opportunity**

According to the Federal Trade Commission, funerals are among the most expensive purchases many consumers ever make. Funeral home goods and services alone can cost thousands of dollars, and do not include cemetery expenses or other miscellaneous items, such as burial clothes, transportation charges, flowers, clergy honoraria, and newspaper notices. From start to finish, the traditional adult funeral including cemetery expenses can easily cost over \$10,000.

A funeral can be the third-largest lifetime purchase for many consumers, after a home and car, according to the Federal Trade Commission. The amount of money involved provides good reason to purchase a funeral with great care. Budget and true desires should guide the choice of arrangements.<sup>1</sup>

Unlike shopping for a home, a car, or almost anything else, consumers in the market for funeral services are typically in a terrible emotional state and under strict time pressures.<sup>2</sup> Americans have been overpaying for funerals for decades. In fact, a *Time* magazine article from 1961 described the high costs of funerals during that era.<sup>3</sup>

We believe that credit unions can provide assistance with this pain point. Funerals do not have to be so expensive. Nearly half of all American consumers have never arranged for a funeral. As trusted financial partners, we believe credit unions can help members by offering education on the funeral planning process and by helping them save money to cover these expenses. These services will boost member loyalty while increasing credit union deposits and non-interest income.

## **Solution**

There are three key elements involved in assisting members with funeral planning:

1. Education

Working with the Funeral Consumers Alliance (FCA, [www.funerals.org](http://www.funerals.org), a nonprofit, educational organization that supports increased funeral consumer protection), credit unions can offer information that educates members, helps them avoid paying too much for a funeral, and enables pre-planning, and communicates final wishes to surviving family members. Our team will develop a front-line brochure, a Web page design, and staff training materials.

2. Totten Trust/Payable on Death Accounts

The program will recommend establishing a subaccount or CD account with an “agent” on the account to administer the member’s affairs. Totten Trusts, also known as payable on death (POD) accounts, and/or joint owner accounts can be established without a written trust agreement. Like any other savings account, members will be able to add or withdraw funds or, even close the account if they wish. Funds will be held in a revocable trust for a named beneficiary. At the time of death, the account balance will automatically pass to the living beneficiary(ies). We know that many, if not most, credit unions offer this type of account to members. The difference is that we plan to tie the account to a document that spells out the members’ funeral plans and final wishes.

3. Affordable, easy to obtain, insurance

The i<sup>3</sup> team will propose an insurance package, positioned as a final expense policy, to help members who either do not want to earmark money for funeral expenses or simply do not have the means. Member fulfillment will be simple and available through multiple channels.

## **Member Benefits**

- Peace of mind.
- Significant savings on funeral costs.
- Personal asset protection.

## **Credit Union Benefits**

- Improved member loyalty.
- Increased non-interest income.
- Increased deposits.

## **Target Market**

- Baby Boomers and their aging parents.

## **Operational and Other Considerations**

The resources the team can provide credit union members:

- Comprehensive Web site—The team will guide the development of a sample web page that credit unions can integrate into local Web sites to provide advice on preparing for death and funerals.
- Prototype brochure and “Dear Family” letter template—These materials will be developed for use by consumers to make their end of life wishes known.
- Participating credit unions will need to offer a sub-account or CD account that includes an “agent” to administer the member’s affairs. These may include POD/Totten Trust accounts tied to individual member funeral arrangements.
- Trained staff—Either dedicated employees or member service officers that have been trained to broach the topic will need to be available at participating credit unions. These employees will answer member questions and guide them toward the various available resources. The i<sup>3</sup> team will provide a proposed training plan.

## **Proof of Concept**

The i<sup>3</sup> team is seeking credit unions to participate in the pilot.

## **How to Get Started**

Participating credit unions would:

1. Adopt our Choice Endings brochure and brand it for local use.
2. Add a funeral planning page to the credit union Website. (The team has a sample Web page.) The web page should include:
  - a. Access to an electronic copy (pdf) of the Choice Endings brochure.
  - b. Access the “Dear Family” letter template and determine whether your credit union will save an electronic copy for members.
  - c. POD/Totten Trust information.
  - d. The local insurance offering.
3. Tie their POD/Totten Trust offerings to their funeral consumer advocacy offerings. (This is not necessary for members who have a Trust account.)
  - a. Member benefits:
    - Peace of mind.
    - Significant savings on funeral costs.
    - Personal asset protection.
  - b. Features
    - i. Flexible.
    - ii. Member controlled.
    - iii. Requires no special paperwork.
4. Contact CUNA Mutual or your member insurance provider and arrange a \$10,000 (maximum) whole life insurance offering for member funeral arrangements.

## Notes

<sup>1</sup> <http://datcp.state.wi.us/cp/consumerinfo/cp/factsheets/funeral.jsp>

<sup>2</sup> [http://www.boston.com/business/personalfinance/articles/2006/09/03/funeral\\_expenses\\_can\\_easily\\_catch\\_consumers\\_unprepared?mode=PF](http://www.boston.com/business/personalfinance/articles/2006/09/03/funeral_expenses_can_easily_catch_consumers_unprepared?mode=PF)

<sup>3</sup> <http://www.time.com/time/magazine/article/0,9171,827010,00.html>

Funeral Consumers Alliance  
33 Patchen Road  
South Burlington, VT 05403  
1-800-765-0107

[www.funerals.org](http://www.funerals.org)

FCA, a nonprofit, educational organization that supports increased funeral consumer protection, is affiliated with the Funeral and Memorial Society of America (FAMSA).

AARP Fulfillment  
601 E Street, NW  
Washington, DC 20049  
1-800-424-3410

[www.aarp.org](http://www.aarp.org)

AARP is a nonprofit, nonpartisan organization dedicated to helping older Americans achieve lives of independence, dignity, and purpose. Its free publications, *Funeral Goods and Services* and *Pre-Paying for Your Funeral*, are available from AARP Fulfillment at the address listed above. This and other funeral-related information also is posted on the AARP website.

Council of Better Business Bureaus, Inc.

## **Appendices**

Marketing Tactics

Financial Pro Forma

# How to Read a Funeral Home's Price List

A funeral home's general price list (GPL) is one of the most important tools for understanding and controlling funeral costs. The GPL lists (or should list) all the goods and services the funeral home offers, along with the price for each. Like a menu in a restaurant, the GPL allows you to consider costs and select only the items you want. The Federal Trade Commission's Funeral Rule compels funeral directors to give you a copy of the GPL that you can keep. It is a good idea to ask the director to leave the room so you can contemplate the GPL in private. If time permits, take the list home and discuss it with your family, so you can make an informed decision.

The Funeral Rule, developed in response to consumer pressure after ten years of research and hearings by the FTC, removed some of the disadvantages consumers face when they purchase funeral goods and services. FTC regulations mandate that funeral homes "unbundle" their prices and allow customers to buy only those things they choose (except for the non-declinable "basic services fee" discussed below).

While funeral homes are allowed to offer packages of services at a discount over the itemized total, they must also offer services priced individually.

## Required Items on the GPL

GPLs must be accompanied by certain printed disclosures that give you important information, including:

- Consumers may select only the goods and services they desire.
- Embalming is not required by law, except in certain, special cases.
- A basic services fee will be added to any items purchased.
- Alternative containers, such as those made of cardboard, are available for direct cremation.
- A Casket Price List is available.
- An Outer Burial Container (vault) Price List is available.

The Funeral Rule requires that GPLs list the prices of 16 items—if the services are offered by the funeral home—including the basic services fee, embalming charge, cost of picking up the body, the price of a viewing, the price of a funeral or memorial service, the cost of funeral vehicles, and other commonly offered goods and services.

*Funeral Consumers Alliance Newsletter*, Fall, 2006, v10, n3, p. 7-8

# Common Funeral Myths and Facts

**DON'T DIE BEFORE YOU READ THIS!**

Here are some of the most common myths about funerals and funeral law that cost people more than they need to spend. Share these myths and facts with your family and friends. They're guaranteed to say, "I never knew that!"

**MYTH:** Embalming is required by law.

**FACT:** Embalming is never required for the first 24 hours. In many states, it's not required at all under any circumstances. Refrigeration is almost always an alternative to embalming if there will be a delay before final disposition.

**MYTH:** Embalming protects the public health.

**FACT:** There is no public health purpose served by embalming. While medical science has trounced this myth time and again, mortuary school-educated funeral directors continue to make this false claim. A dead body is less of a threat to public health than a live one that is still coughing and breathing.

**MYTH:** It's always necessary to view the body for "closure."

**FACT:** Some families feel a need to view the dead, especially if the death was sudden, traumatic, or came at a young age. But for natural deaths that come at the end of a long life, many people have said their goodbyes while the person was alive. Friends and neighbors outside the family circle rarely feel a burning need to view the corpse—they've come to the funeral to support the family.

**MYTH:** Protective caskets help to preserve the body.

**FACT:** While gasketed caskets may keep out air, water, and dirt for a while, the body will decompose regardless. In fact, a gasketed or sealed casket interferes with the natural dehydration that would otherwise occur. Fluids are released from the body as it begins to decompose, and the casket is likely to rust out from the inside. Likewise, no vault will keep the casket or body dry and preserved indefinitely.

**MYTH:** Cremated remains must be placed in an urn in a cemetery lot or niche.

**FACT:** There is no reason you can't keep the cremated remains in the cardboard or plastic box that comes from the crematory. It's legal in all states to scatter or bury cremated remains on private property (with the land-owner's permission). Feel free to scatter in the woods or the water—there are no "cremains police" checking on what you do, and government officials confirm they're not concerned about scattered ashes, no matter what laws are on the books (and there are very few at that).

**MYTH:** It's a good idea to prepay for a funeral, to lock-in prices.

**FACT:** Funeral directors selling pre-need funerals expect the interest on your money to pay for any increase in prices. They wouldn't let you prepay unless there was some benefit for the funeral home, such as capturing more market share or being allowed to pocket some of your money now. Prepaid funeral money is not well-protected against embezzlement in most states. Furthermore, if you were to move, die while traveling,

or simply change your mind—from body burial to cremation, perhaps—you may not get all your money back or transferred to a new funeral home. The interest on your money, in a pay-on-death account at your own bank, should keep up with inflation and will let you stay in control.

NOTE: If you are going on Medicaid or SSI, you may need to set aside your funeral money to shelter it from an asset spend-down requirement. Check with your state's Medicaid office to see if a private, irrevocable account—one that stays in your name, not with a funeral home—will satisfy the asset test.

*Funeral Consumers Alliance* Newsletter, Fall, 2006, v10, n3, p. 8-9

## PLANNING FOR A FUNERAL

**1. Shop around in advance.** Compare prices from at least two funeral homes. Remember that you can supply your own casket or urn.

**2. Ask for a price list.** The law requires funeral homes to give you written price lists for products and services.

**3. Resist pressure** to buy goods and services you don't really want or need.

**4. Avoid emotional overspending.** It's not necessary to have the fanciest casket or the most elaborate funeral to properly honor a loved one.

**5. Recognize your rights.** Laws regarding funerals and burials vary from state to state. It's a smart move to know which goods or services the law requires you to purchase, and which are optional.

**6. Apply the same smart shopping techniques** you use for other major purchases. You can cut costs by limiting the viewing to one day or one hour before the funeral, and by dressing your loved one in a favorite outfit instead of costly burial clothing.

**7. Plan ahead.** It allows you to comparison shop without time constraints, creates an opportunity for family discussion, and lifts some of the burden from your family.

FEDERAL TRADE COMMISSION  
WWW.FTC.GOV FOR THE CONSUMER  
TOLL-FREE 1-877-FTC-HELP

## PRICES TO CHECK

Make copies of this page and check with several funeral homes to compare costs.

### “Simple” disposition of the remains:

Immediate burial \_\_\_\_\_  
Immediate cremation \_\_\_\_\_  
If the cremation process is extra, how much is it? \_\_\_\_\_  
Donation of the body to a medical school or hospital \_\_\_\_\_

### “Traditional,” full-service burial or cremation:

Basic services fee for the funeral director and staff \_\_\_\_\_  
Pickup of body \_\_\_\_\_  
Embalming \_\_\_\_\_  
Other preparation of body \_\_\_\_\_  
Least expensive casket \_\_\_\_\_  
Description, including model # \_\_\_\_\_  
Outer Burial Container (vault) \_\_\_\_\_  
Description \_\_\_\_\_  
Visitation/viewing — staff and facilities \_\_\_\_\_  
Funeral or memorial service — staff and facilities \_\_\_\_\_  
Graveside service, including staff and equipment \_\_\_\_\_  
Hearse \_\_\_\_\_  
Other vehicles \_\_\_\_\_  
Total \_\_\_\_\_

### Other Services:

Forwarding body to another funeral home \_\_\_\_\_  
Receiving body from another funeral home \_\_\_\_\_

### Cemetery/Mausoleum Costs:

Cost of lot or crypt (if you don't already own one) \_\_\_\_\_  
Perpetual care \_\_\_\_\_  
Opening and closing the grave or crypt \_\_\_\_\_  
Grave liner, if required \_\_\_\_\_  
Marker/monument (including setup) \_\_\_\_\_

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