

# Essential Guide

## Prepaid Funeral Plans

YOUR ESSENTIAL GUIDE TO BUYING A PREPAID FUNERAL PLAN

 **over 50**  
choices taking control of life

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# Your essential guide to **buying a prepaid funeral plan**



## Introduction

Buying a funeral plan is a considered purchase – a once in a lifetime acquisition of the utmost importance so it is essential to have all the information to hand to help you make the right decision.

Not all funeral plans are the same though, so we have published this independent guide to help you find the right funeral plan for you and avoid making any costly mistakes.

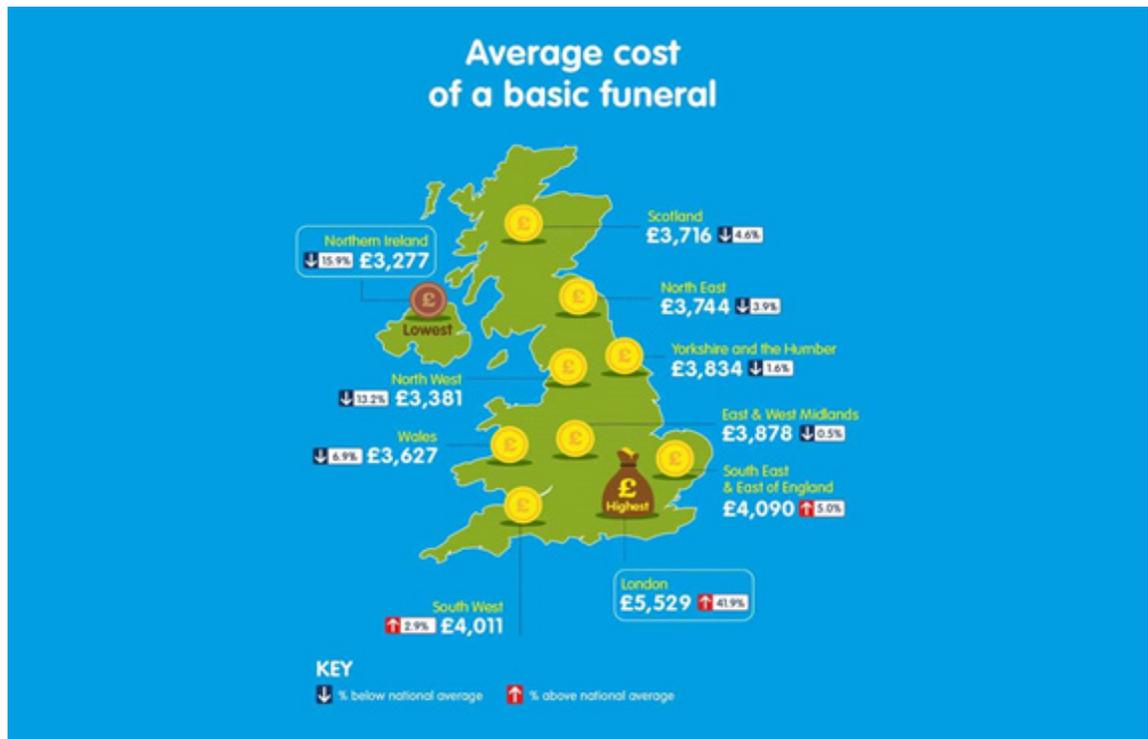
## Never buy the first plan you find

For most people choosing a funeral plan is not a job they relish, so the temptation to buy the first prepaid plan they come across is attractive as it gets the whole process over and done with quickly.

Be warned; plans vary and what may appear subtle differences could end up being costly mistakes, so taking time to read the small print and compare will definitely be time well spent.

This guide will explain what to look for and how to avoid these pitfalls.

# [ Funeral Costs **are rising...** ]



## Funeral Costs are Rising

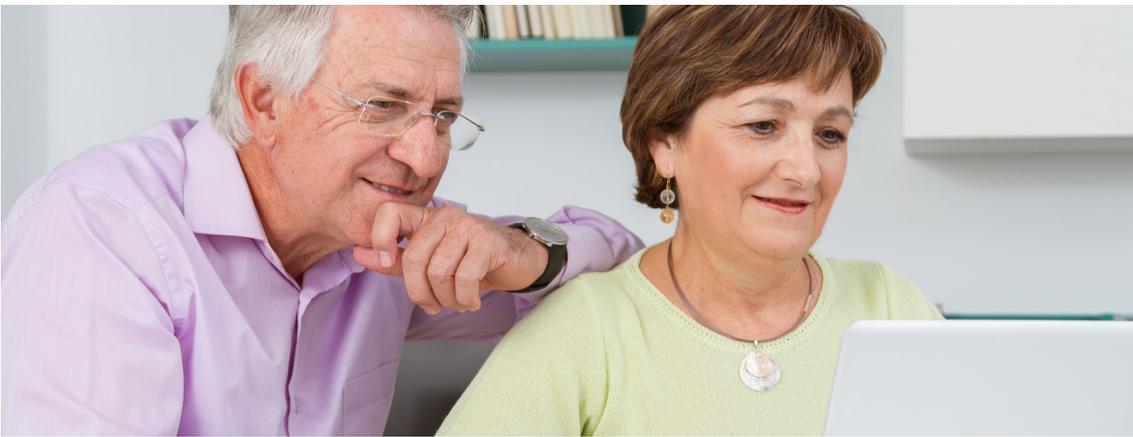
According to SunLife Cost of Dying Report in 2016 funeral costs rose by 5.5% far outstripping inflation (RPI). In fact it's hard to believe that in 2004, the average cost of a funeral was just £1,920 compared to today's average funeral cost of £3,897 - that's nearly double!

In fact if funeral inflation continues to grow at this rate, in 10 years your funeral could cost £6,657 and over £11,000 in 20 years. It's therefore easy to see why funeral plans which give you the opportunity to pay for your funeral at today's prices therefore avoiding future inflation have grown in popularity.

Of course the average cost of a funeral does vary throughout the UK with cremation funerals being the cheaper option compared to burials.

So it's hardly surprising that around 80% of us choose a cremation funeral. (Map provided by SunLife).

# Funeral plans or Life Insurance?



## Funeral plans or Life Insurance?

You could be forgiven for thinking that over 50 life insurance plans, like those advertised on TV by SunLife, LV and British Seniors etc, are funeral plans and with premiums starting from around £4 a month, they could seem an attractive option.

It's worth noting though that an Over 50 life insurance plan will not arrange and guarantee to pay for your funeral. What it will do is provide a cash lump sum upon your death that could be used to help with your funeral costs but your family will still need to make these arrangements when the time comes.

It is also important to be aware that although you are covered for the full cash sum within one or two years of taking the plan, as you pay your monthly premiums either for life or until you are 90, there is a chance you could pay more into the plan than the cash sum paid out; it all depends on how long you live. What's more, as the cash sum is fixed, inflation will reduce its value over time.

# Why you should **buy a funeral plan**

## Why you should buy a funeral plan

When you purchase a prepaid funeral plan you are arranging your funeral in advance and freezing the funeral director's costs at today's prices, which could save you and your family hundreds or even thousands of pounds. In fact the younger you are when you take a plan out, the more money you potentially stand to save .

In addition to the financial benefit, putting plans in place yourself means you are helping to remove the emotional stress and burden of arranging your funeral from your family at what will undoubtedly be one of their most difficult times. Once your plan is in place, your family will need to make just one phone call when the time comes and their arrangements will be taken care of.



# Single Payment or Monthly Payments?

## Single Payment or Pay Monthly?

Funeral plans are priced from around £3,000 to £4,000 depending on level of service with a range of ways to pay. If your budget will allow, the cheapest option is to pay in one go or spread your costs over 12 months, as with most plan providers you won't incur any additional administration fees.

If you prefer to stick to a monthly budget and spread your costs, instalment terms over a longer period are available. Instalment options do vary by provider but most allow you to spread your payments up to 10 or 15 years, starting from around £25 a month.

You are covered for your services once you have completed your payments. If anything were to happen to you prior to this time, all the payments you have made will go towards the cost of your funeral with any shortfall being paid by the family, but based on the pre-agreed price.

Don't forget though, the cost of the plan is based on today's prices therefore avoiding rising funeral costs and the family will still have the payments you have made to that point to help with costs, something they wouldn't have if you hadn't taken out the plan in the first plan.



***"Please be warned, instalment options vary massively from company to company. A few pounds may not sound like a big difference on a monthly basis but can have a significant impact on the total amount you pay for the plan so shop around."***

As administration fees are added to instalment options greater than 12 months you will pay more for your plan, however the total cost of the plan once you have completed your term is still likely to be less than the cost of a funeral if funeral inflation continues to increase as it has done over the last 20 years.

Please be warned, instalment options vary massively from company to company. A few pounds may not sound like a big difference on a monthly basis but can have a significant impact on the total amount you pay for the plan so shop around.

# How do funeral plans work?

All funeral plans will guarantee your funeral director's services and also either provide a guarantee or as is the case with most plans, a contribution towards the 3rd party costs, also known as disbursements. (this is a significant difference between plans).

The funeral director's services consist of their professional advice, help and guidance; services on the day, the coffin and hearse. Differing levels of service will give you other options such as a limousine and use of the chapel of rest for visiting. (please see point 9).

3rd party costs consist of the cremation or burial charges and the minister's and doctors fees - the funeral director will pay for these on your behalf from the monies provided by the funeral plan. If your plan doesn't include these costs, or has a contribution for these services rather than a guarantee, then your family could be asked to pay more, depending on how much these services cost in your area compared with the size of the contribution included in the plan.



## WHO DOES WHAT?

■ **The funeral plan provider:** this is the company that sells and manages the plan from start, right through to the time of death.

■ **The trust fund:** your money is paid and held in an independently managed trust fund. The funeral plan provider is unable to touch the money invested here, which is audited to ensure that it can meet all its future funeral commitments. Some insurance backed funeral plans will be invested in a Life Insurance Fund.

■ **The funeral director:** the funeral director will carry out the funeral service.

In the event that the funeral director went into liquidation, as your money is held in the trust fund it will be reallocated to another funeral director, so you can see that your money is safe. The funeral director will liaise with your family to make the arrangements in accordance with your wishes. The trust fund will release the monies to pay for your funeral costs to the funeral director, who will also take care of paying the third party expenses, such as your cremation or burial fees, ministers and doctors fees (if applicable).

# Making it personal



## Who is the funeral for?

Although you will be taking centre stage, the funeral service itself is generally for friends and family, giving them the opportunity to celebrate your life and to say goodbye. Pre-arranging your own funeral will mean that you can choose and personalise the service in the way that you want. Don't forget that your family and friends will undoubtedly want to give you a "good send off" though, so it may therefore be worth checking whether the plan you buy has the flexibility for your family to add things at the time, such as a limousine.

You may of course be arranging the funeral plan for your parents or someone else, in which case you will be taking their wishes into account. Again some plans give you the option to add 'special wishes' so the funeral director will know exactly what is wanted at the time of need.

Most funeral services are arranged between mid-morning and mid-afternoon as this allows for family and friends to arrive from where they live. However if this is not a concern for you and your family, then there are now some cheaper plans available that offer cremation services at restricted times such as first thing in the morning or late afternoon.

Another alternative type of funeral that has recently been introduced is Direct Cremation. This is where you are taken directly to the crematorium, usually in a van rather than a hearse, with no family present and no service. Whilst the simplicity of this option may appeal to some, it is a conversation to be had with family first as many will be unhappy at the thought of not having a funeral service and opportunity to show their respects and say goodbye.

# Is your Money Safe?

## Is your money safe?

We recommend you choose a funeral plan provider who is regulated by a professional body like the Funeral Planning Authority (FPA) who oversee the operation of registered funeral plan companies.

Most household funeral plan providers are regulated by the FPA; Co-op, Dignity, AgeUK, Golden Charter, Avalon, Golden Leaves etc. There are some providers who have chosen not to be regulated by the FPA, which include Safe Hands and Pride Planning.

You should note that funeral plans are not covered by the Financial Services Compensation Scheme, however regulated FPA providers offer additional protection compared to those that aren't registered with them.

The FPA has a set of rules and code of practice that goes above and beyond the minimum standards required and registered providers must agree to have their finances and procedures independently monitored. Buying a plan through an FPA member will also give you access to the FPA's independent dispute resolution process service should you have a problem with your plan provider which you can't sort out with them directly.

All of the registered providers are required to pay your money into either a Whole of Life policy or Trust Fund that is independently managed and audited, so in the event the plan provider goes into liquidation, your money will be safe.



# Types of Funeral Plan

## Types of funeral plan

**All of the mainstream funeral plan providers typically offer 3 levels of service, all known with different names but in essence offering a standard, midrange and superior service.**

**You should always read the plan information for full details but generally they will include the funeral director's services such as their help and advice, the service on the day, the coffin and the hearse.**

Where they differ is typically whether limousines are included for the family, the quality of the coffin, family viewing and some additional minor services. For example a standard plan will have a standard coffin and no limousine; a midrange plan will have a midrange coffin and one limousine and a superior plan will have a high quality coffin and two limousines.

Some providers offer a fourth type of plan, often known as a Simple, Limited or Restricted plan. As previously mentioned in this guide, this type of plan will have restrictions such as the times of the service.

Do not confuse these Simple or Limited plans with basic plans that are available with a few companies which only provide a guarantee for the funeral directors costs with no provision made for the third party costs such as the cremation or burial fees and the ministers fees. These would therefore need to be paid for at the time by your family.

Direct Cremation is a relatively new option including just the actual cremation with no service and no one present; so not appropriate for those wanting a funeral service and the chance to pay respects and say goodbye.



## [ Cremation or **Burial?** ]

This is of course your personal preference but budget may come into it as burial, especially in some areas can be the more costly option depending on plot prices.

The cost of a plot is not included in any plan and can range enormously depending on which part of the country you live in. \* For example in Manchester you could expect to pay £1,619 for a plot whereas in Belfast, the cost would be closer to £580.

Some councils will allow you to pre-pay for your plot today, whilst others will only allow purchase at the time of death.

This cost along with the perceived ease of cremation may be why more people these days opt for a cremation funeral.

\*see [www.manchester.gov.uk](http://www.manchester.gov.uk) and [www.belfastcity.gov.uk](http://www.belfastcity.gov.uk) for details

## [ To embalm or not to **embalm?** ]

Embalming is the process of preserving the body and is not usually necessary if the funeral takes place within the usual time frames of one to two weeks, as refrigeration is so good these days.

Therefore embalming isn't carried out as a matter of course, especially as it is quite an invasive process. If embalming is required and not included in the funeral plan, it can be arranged for around £70 (today's prices).



# WARNING

## Things you NEED to remember not all plans are the same!

Take care and be sure the plan you buy provides the services you think it does.



### NOT ALL PLANS WILL GUARANTEE TO PAY YOUR CREMATION & MINISTERS FEES

Whilst all funeral plans will guarantee and freeze your funeral director services at today's prices, the following listed plan providers only offer a

contribution towards cremation and minister's fees which could leave a shortfall for your family to pay when the time comes:

**Golden Charter**  
**Perfect Choice**  
**SunLife**

**Avalon**  
**Golden Leaves**

**Safe Hands**  
**Open Prepaid Funerals**  
**Funeral Planning Services**

This is why as an independent company, Over50choices has chosen to recommend the Dignity Funeral Plan which guarantees to cover these costs in full, no matter when it is in the future.

Please note that following changes to legislation in May 2015 there will no longer be a charge for a medical certification for any deaths registered in Scotland. Similar legal changes are being considered for the rest of the UK, which is why some plans don't include them, i.e. they don't want you paying for something you may not need.



### SOME "SIMPLE PLANS" RESTRICT THE TIMES THAT THE CREMATION CAN BE CARRIED OUT

Some plan providers offer a restricted/simple plan, which offers a cheaper alternative that restricts the time of the cremation service to early morning or late afternoon, possibly on

certain days of the week which may prove more problematic when it comes to friends and family attending the funeral service.



### SOME "BASIC PLANS" WILL ONLY PROVIDE YOUR FUNERAL DIRECTORS SERVICES

These basic plans offered by a few plan providers are a cheaper option but do not make any provision for your cremation or burial fees or the

ministers fees, so these would need to be paid for by the family when the time comes.



### NOT ALL PLAN PROVIDERS ARE REGULATED BY THE FUNERAL PLANNING AUTHORITY

As previously mentioned, the Funeral Planning Authority ensures the companies registered with them abide by their rules and strict code of

conduct, safeguarding the way your money is held and the service you receive.

*Above all – always read the small print.*

## [ Other **Benefits** ]

**MOVING HOME** - when you purchase a plan with a national funeral plan provider, it should be portable which means it can be re-allocated to the nearest funeral director to your new home. Although free with many providers, this service may carry a cost so it could be worth checking with the plan provider before you buy. Also consider that when you buy a plan directly from a local funeral director, you may not have this flexibility.

**JOINT PLANS** - whilst having a plan each could be a better option as it secures the services for the two of you at today's prices, there are circumstances when purchasing a plan in joint names could be beneficial. A joint plan is one plan that is placed in both names and can be used by either the first or the second person to die.

**PERSONALISATION** - when you buy a pre-paid funeral plan you are purchasing a set of fixed services, however, you can still personalise your funeral. Ask for a "special wishes" or "personal requests" form and you can include any special requirements, for example, music, hymns, readings, flowers etc.

**ECO-FRIENDLY PACKAGES** - if you considering a more green eco-friendly funeral then most providers offer the option to change the coffin to a wicker, willow, bamboo or cardboard coffin - but be aware all of these options are likely to increase your costs.

## [ How to **buy a plan** ]

We would always recommend shopping around for your prepaid funeral plan, which is something that your family are unlikely to do when the time comes. When you buy a funeral plan in advance you will have the time to search the market and select the right plan for you, therefore saving your family the financial worry.

**Buying direct from plan provider:** please bear in mind that they can only offer you advice on their own plans.

**Buying direct from a funeral director:** some funeral directors will offer you a national funeral plan provider's plan, whilst others will offer you a bespoke tailored plan. Take care that you only include what you want for your funeral and are not persuaded to include extras you don't need.

If there is any chance that you might be moving area, make sure that you can take the plan with you to use with another funeral director.

**Use an independent website:** You could visit consumer website Which? for independent advice or a site like ours at Over50choices as we compare the prices and services of leading plan providers. Please note that we have decided to only recommend the Dignity Prepaid Funeral Plan based on quality, price and comprehensive level of service, which includes the guarantee for cremation and ministers fees.

When using comparison sites check which plans they offer and why they recommend them, some may look like they offer all plans but usually it's only one or a small selection.

Unlike most funeral plans comparison sites we show you how prices compare.

**Using an IFA or other Broker Firm:** as part of receiving financial advice you may be recommended a funeral plan.

Be wary of companies that try to sell you the plan over the telephone and refuse to send you a brochure or written quote, unless of course you have previously researched and know which plan you wish to purchase.

# How to apply & **What happens next**

Once you have read the brochures, compared quotes and decided on which funeral plan is best for you, you can apply using a paper application form, over the telephone or online.

## Application Process

You will receive your plan documentation from the plan provider usually within 7 to 10 days – depending on the plan provider you will then have 14 to 30 days to review all of the details and if you change your mind (cooling off period) cancel the plan and receive a full refund.

Once you have checked that the details are correct make sure that you store your plan documents in a safe place, one that your family will find once you have passed away. Better still, telling your family that you have pre-arranged your funeral will be of comfort to them and they will know what to do when the time comes.

When the plan is required, your family will need to make just one phone call and everything will be taken care of for them.

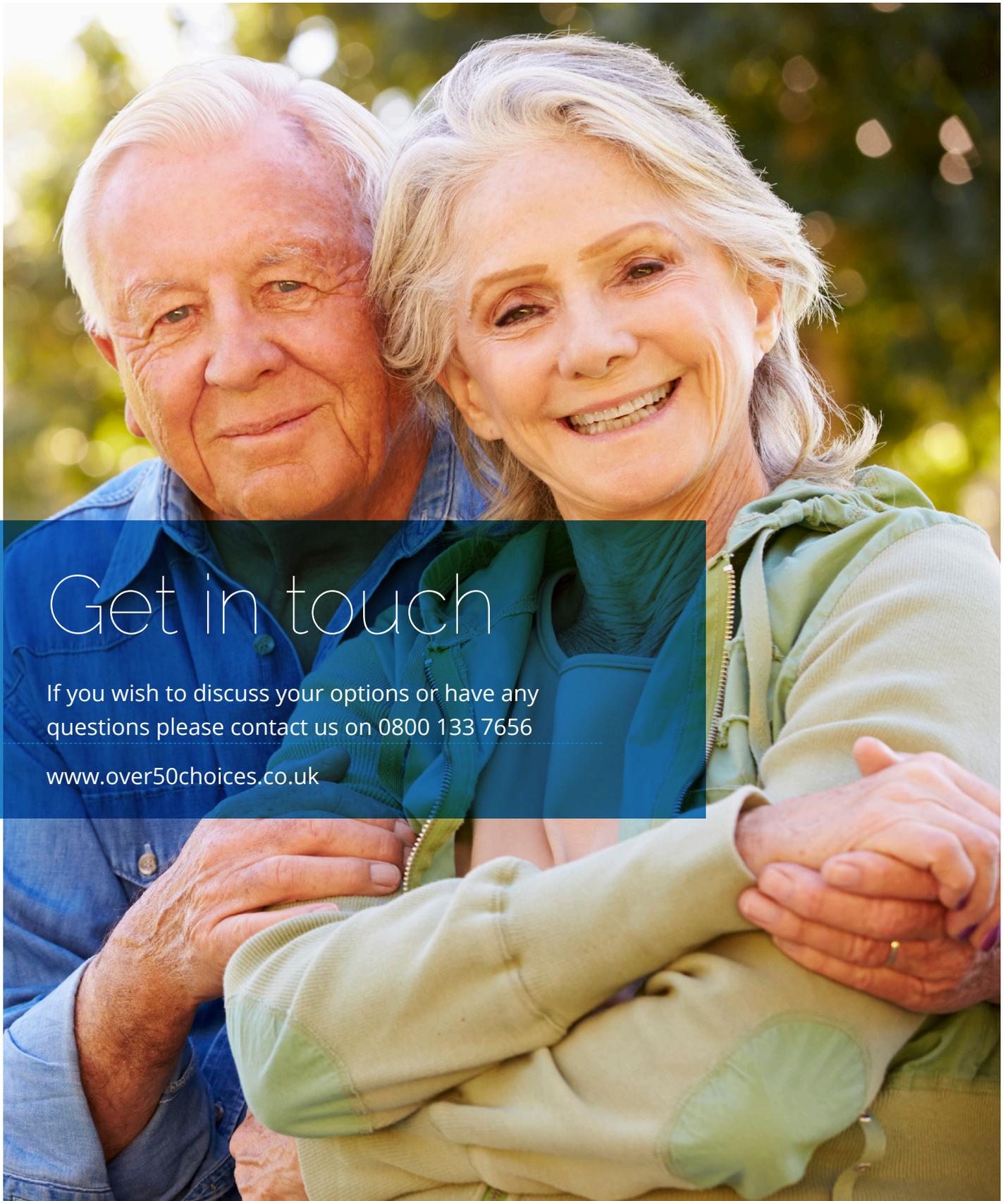
Only additional items not included in the plan will need to be paid for separately - remember that if you choose a plan that doesn't guarantee your cremation and ministers fees there could be more to pay.



We hope this guide has been useful in helping you decide on the right plan for you.

If you wish to discuss your options or have any questions please contact us on 0800 133 7656.

Visit [over50choices.co.uk](http://over50choices.co.uk) to obtain a quote or brochure.



## Get in touch

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