

Funeral Preplanning Can Offer Emotional and Financial Security

Thinking about one's funeral leaves most people feeling a little uneasy, but more adults are finding that preparing for the inevitable is a wise decision. Those preplanning their own funerals say it offers great emotional and even financial security.

Approximately 98 percent of American funeral homes offer preplanning options to families in their communities, according to the National Funeral Directors Associations (NFDA). Among the biggest reasons families prearrange is the peace of mind that comes with knowing a spouse or child will not be left with making important decisions at a stressful time.

Preplanning ensures the family that their loved one's final wishes will be met. Many families are comforted knowing the funeral reflects what their loved one wanted. Preplanning may or may not involve prepaying. NFDA recommends prearranging for everyone and suggests discussing with a licensed funeral director the benefits prepayment can offer.

There are generally three basic ways to prepay a funeral.

1. A regulated trust can be established by a licensed funeral director.
2. A life-insurance policy can be purchased, equal to the value of the funeral.
3. Individuals can establish a savings or certificate of deposit account earmarked for funeral expenses. The account can be designated as "payable on death" (POD) to the funeral home.

As with any contract, it's wise to read the prepayment agreement carefully to be sure you understand all the provisions. You may want to ask:

- Who receives the interest on the account, and who must pay taxes on the interest?
- Is the prepayment ever refundable, in part or in full?
- Can the plan be used at a funeral home of my choice?
- What happens if the funeral home goes out of business or is sold?
- In the event the purchaser of the plan moves, is the prefunded plan transferable?

Once you've made your prearrangements, keep a copy of your plan and any pertinent paperwork in a safe place and inform a close friend or relative what arrangements you've made and where the information may be found.

One of our funeral directors can walk you through the prearrangement process. NFDA recommends prearranging for everyone and developed the [Consumer Preneed Bill of Rights](#) as a resource for understanding what to expect from a preneed contract.