

What should I be concerned about?

Although there are many honest and reputable people and companies that offer preneed funeral planning, there are unscrupulous con artists who sell overpriced plans or will take your money with no intention of fulfilling their promises. Ask to see a valid business license and for recommendations from clients.

Consumers should make sure they have complete information about the advantages and disadvantages of different prearranged funeral products before making any decisions. You have the right to cancel a funeral trust at any time and receive a full refund of your money plus a share of any interest earned. This feature is helpful for people who want to change funeral providers or move to another part of the country.

Will the funeral home remember my plans?

You must tell your loved ones about your funeral plan. There is absolutely no guarantee that the staff in a funeral home will know when you have died or that you have made a plan.

What laws protect me?

The *Funeral Rule*, enforced by the Federal Trade Commission, requires funeral directors to give you itemized prices in person and, if you ask, over the phone. The rule also requires funeral directors to give you other information about their goods and services. For example, if you

ask about funeral arrangements in person, the funeral home must give you a written price list to keep that shows the goods and services the home offers. If you want to buy a casket or outer burial container, the funeral provider must show you prices and descriptions of the available selections before actually showing you the caskets.

A funeral provider may offer you a package deal, but you do not have to buy a package and are entitled to see the individual price of each item in the package.

Questions or concerns?

About prearranged funeral trust accounts:

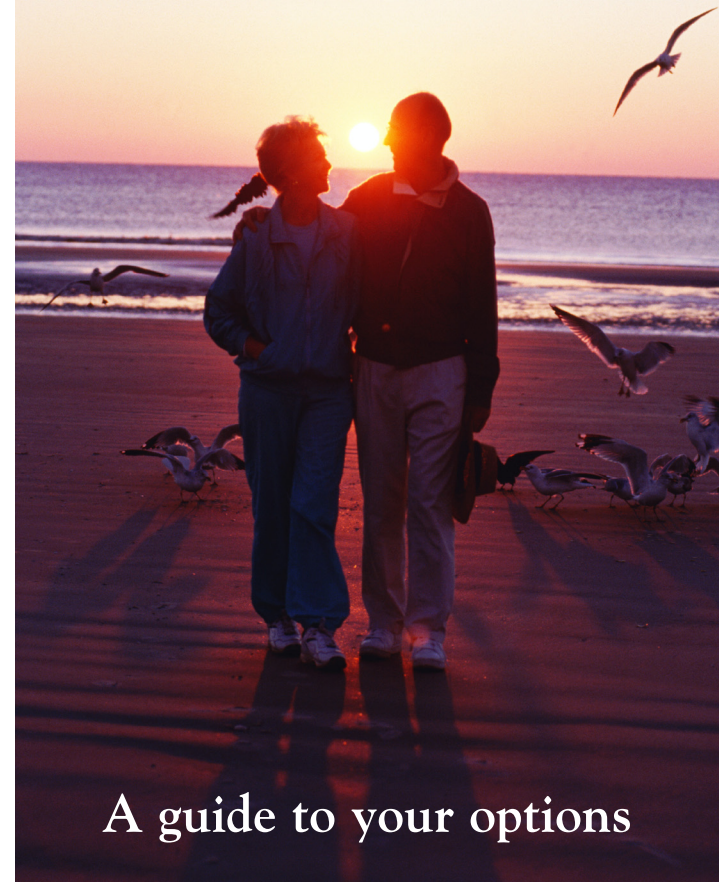
Oregon Division of Finance and Corporate Securities
350 Winter St. NE, Room 410
P.O. Box 14480
Salem, OR 97309-0405

(503) 378-4140
E-mail: dcbs.dfcsmail@state.or.us
Web: www.dfcs.oregon.gov

About funeral insurance policies:

Oregon Insurance Division
350 Winter St. NE, Room 440
P.O. Box 14480
Salem, OR 97309-0405
(503) 947-7984
(888) 877-4894 (toll-free in Oregon)
E-mail: dcbs.insmail@state.or.us
Web: www.insurance.oregon.gov

Preneed funeral plans and so-called “funeral insurance”



A guide to your options



Preneed funeral plans and so-called “funeral insurance”

*Though in the past many people have avoided this topic, planning one’s own funeral ahead of time is becoming more common. A **funeral plan** helps ensure that the wishes of the person who died are honored and helps loved ones who are grieving make funeral arrangements. This is part of **preneed funeral planning**.*

Will I use a funeral plan?

A funeral plan is almost guaranteed to be used — the question is *when* the plan will be used rather than *whether*. If a person has planned and prepaid for his or her funeral, he or she should let loved ones know where to find detailed information. Doing this can provide a lot of relief to loved ones when they are grieving. If you don’t tell loved ones about your funeral arrangements, your wishes may be ignored as family members make new arrangements.

How can I prepay for my funeral?

There is no such thing as “funeral insurance” that will cover all possible expenses surrounding death and burial. Some consumers have bought very expensive funeral policies that provide only minimal services. Normally there are three ways to pay for a funeral ahead of time. Whichever method you use, it is always important to tell loved ones about the existence of the policy or account and how you want them to use it.

1. A funeral trust account set up with a funeral home or bank
2. A life insurance policy
3. Money that a loved one can access to pay for a funeral

A funeral trust account can be set up at a bank or with a local funeral home. The language in the contract should tell how and where to receive funeral services. If you intend to move or travel you may need to provide for costly transportation expenses. Make sure that each service you want is listed. If it is not listed, the service probably will not be provided.

Life insurance should be purchased through a licensed insurance producer (agent). Some funeral service providers in Oregon are encouraging people to buy life insurance policies with the funeral service provider named as beneficiary. Consumers should ask the following questions if their

funeral plan provider tells them to switch from a traditional funeral trust plan to life insurance:

- ◆ Why is this change being proposed?
- ◆ Can I change the policy beneficiary if I move or want to change funeral providers?
- ◆ Will I get full value if I cancel the policy early?
- ◆ How much will the funeral provider receive for moving my funds from a trust account to an insurance policy?
- ◆ How much commission will the insurance agent receive for the sale?
- ◆ What are the tax implications?

Do I have to prepay my funeral?

You can preplan your funeral even if you don’t prepay for it. Of course, whether money is available to pay for your funeral probably will determine whether your plans will be carried out. A typical funeral costs around \$6,000, and may be much more if you desire flowers, limousine service, and burial rather than cremation.

The money to pay for a funeral usually comes from the estate of the person who died, but it can take several weeks or months for an estate in probate court to release funds. Money can be easier to access if it is kept in a joint account with another person’s name on it. Creating a funeral trust account ensures that the money will not be used for something else.