

Funeral Plan Guide



A practical guide to Funeral Plans

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What is a funeral plan?

A funeral plan allows you to pay for your funeral upfront so that when you pass away, certain aspects of your funeral are already paid for which avoids your loved ones having to cover the cost themselves or from using money from your estate.

Funeral plans are usually offered to those who are over the age of 50 but certain plans do allow for those as young as 18 to set up a plan.

What is covered in a funeral plan varies from provider to provider but the below list outlines what is usually covered, what may be covered depending on the plan and what is not included in a prepaid funeral plan. It is important to check what is and isn't covered in a plan before you buy so that you can understand any additional costs that may occur after you pass away.

WHAT IS USUALLY INCLUDED IN A PREPAID FUNERAL PLAN:

- Transport of the body to the funeral directors' location
- Care of the body
- Visiting the body in the chapel of rest
- A coffin, hearse and funeral director personnel

WHAT IS SOMETIMES INCLUDED IN A PREPAID FUNERAL PLAN:

- Doctor's fees
- Minister's or celebrant's fees
- Limousines for mourners
- Complete fees for the crematorium

WHAT IS NOT INCLUDED IN A PREPAID FUNERAL PLAN:

- Funeral notices
- Order sheets
- Embalming
- Burial plot and some burial fees - the price of a burial plot can vary significantly depending on the location
- Flowers, catering and other costs for a wake
- A headstone/memorial
- Local authority fees

How much do funeral plans cost?

The cost of a funeral varies depending on how elaborate you would like your funeral to be but the cost of funerals are increasing so by buying a funeral plan now, you are helping your loved ones cover the costs. Most funeral plan providers offer various payment methods:

Pay for it in one lump sum:

If you are able to pay for your funeral plan in one lump sum, it means that you won't need to worry about monthly payments or your loved ones having to make repayments to the provider should you pass away before completing your payment plan.

Pay over 12 months:

This option allows you to pay off the full amount of the plan within 12 months and usually without any additional charges. The downside to this is that if you die within the 12 months and haven't paid off your plan, your loved ones will be asked to pay the remaining balance. If they cannot afford this, your plan will be cancelled with any money you have paid returned to your estate after they have deducted the cost of their cancellation fee.

Pay over a number of years:

If you are unable to afford to pay in a lump sum or over 12 months, you can spread the cost of paying for the plan for up to 30 years but the cost of the plan will be higher (on average 10% more). If you die before paying the full balance, your loved ones will be asked to pay the remaining amount and if they don't, your plan will be cancelled at a charge and any remaining money paid into your estate. It is important to check with the funeral plan provider if there are any exceptions to this.

Is your money safe when paying for a funeral plan?

The funeral planning industry is not regulated which means that your money isn't protected like it would be if you had your money in a savings account. There is a voluntary organisation that has been set-up to regulate providers called the Funeral Planning Authority (FPA) which has a code of conduct that members must comply to. Every funeral plan provider, whether they are FPA members or not, must legally invest your money to pay for the funeral in either an insurance policy or place it in a trust fund. This protects your money should anything happen to the provider.

If your funeral plan provider were to go out of business, if they were registered with the FPA, they will endeavour to make sure your funeral is still delivered by another one of their registered providers. If your provider were to go out of business whilst you are still alive, it may mean that your money is returned to you and you no longer have that funeral plan.

You may also be protected under Section 75 of the Consumer Credit Act 1974 if you paid for the funeral in a lump sum or part of the costs (such as a deposit if you are paying in monthly instalments) on your credit card.

It is also important to note that you may not be covered by your plan if you were to move home. When you buy a funeral plan, you will need to tell the funeral plan provider which funeral director you would like to arrange your funeral with. If you then move from the area that your plan is registered with, you will need to contact your provider to see if you can change your funeral directors. When you pay for a funeral plan, each plan specifies how far a funeral director will travel to collect a body which varies depending on the provider. Many plans do allow you to choose another funeral director but some may charge you to do it so it is best to check the plan prior to investing in it.

The positives and negatives of funeral plans

Although there are alternatives to purchasing a funeral plan such as setting cash aside in a savings account that your loved ones can use to cover the costs of your funeral, there is a risk that there won't be enough money to cover the full cost of the funeral and they would need to arrange everything themselves. One of the main positives of buying a funeral plan is that it is protected against inflation. This means that should you buy a funeral plan today and the costs of a funeral increases over a number of years, when you die your family would not be expected to pay the additional amount that, due to inflation, the funeral would now cost.

POSITIVES

Avoid cash flow problems:

By pre-paying for your funeral now, it means that it can help your loved ones avoid additional financial stress when you pass away. If you have put money into a savings account, your loved ones may not be able to access it in time to pay the costs due to legal processes.

Exemption from Inheritance Tax:

Money that has been paid for a funeral plan is exempt from inheritance tax. Should you need to go into care, your funeral plan may not be counted towards the help of your cost of care. It is important to check what saving limits your council sets if you are planning on investing in a funeral plan to bring your savings down so that you do not trigger the threshold if you were to be assessed for help for care

Assists your family in the long term:

When you pass away, your family will be in an emotionally charged state. Trying to fund and organise a funeral can be difficult so buying a funeral plan helps to ease this pressure when the time comes.

It could save you money:

Buying a funeral plan can be cheaper if you live in an expensive area, the cost of a funeral depends on the area in which you live.

NEGATIVES

A pre-plan could cost more:

Although the cost of funerals are increasing, if the costs do start to reduce, it could mean that you have paid more for your funeral than the cost of a funeral at the time of your death. You could also pay more than the cost of a funeral that smaller providers charge if you live somewhere that is not as expensive compared to taking out a funeral plan with a national company.

Paying for protection you do not need:

One of the reasons many people buy a funeral plan is to protect themselves against the increasing cost of funerals but if you are going to need a funeral shortly, the protection against inflation would not be necessary. It is also possible to find a funeral that costs less than similar plans but at the time of researching, your family will be in an emotionally charged state so it would be best to assess whether they would be able to compare prices at the time of your death.

Less choice on the time and date of your funeral:

Some plans may restrict the time and date in which your funeral is held. It is important to check with the provider prior to buying your plan if there are any restrictions.

Longer waiting times:

Some plans restrict the choice of the funeral director that you can use so it is important to check how many directors work within a plan providers area prior to paying for your funeral plan.

You need the money now:

If you need the money to live off now, it is important to consider whether a funeral plan is the right option at this moment in time.

Can I include details of my wishes for my funeral in my funeral plan?

Your wishes will be noted in the plan so that your loved ones are aware of your wishes but they will be expected to pay any additional costs that are not covered in the plan.

How can I compare funeral plans?

Although you may wish to use a comparison website, the focus on these websites is the price and service details opposed to the individual undertaker. It is important to check that their prices are up-to-date and are competitive to funeral directors in your local area. You may also wish to conduct research of plan providers yourself but need to be vigilant about companies who are mis-selling funeral plans. As the sector is not regulated by the Financial Conduct Authority, it is important to ensure that any provider you go with is signed up to Funeral Planning Authority (FPA) so that you are protected against fraudulent companies.

Can I change the arrangements in my plan?

Some funeral plans will allow you to amend your plan without any administration cost (providing you do not want to add any additional features) but it is best to check the terms and conditions in your plan prior to buying it.

There are funeral arrangements listed in my Will, can this override my funeral plan?

Even if your Will was written after the plan was paid for, whatever is written in the funeral plan will still stand unless the Executors of your estate decide to go with the wishes outlined in the Will. If the funeral plan was taken out many years ago and the Will is more recent, this may be something that the Executors should consider doing as it reflects your most up-to-date wishes. Conducting a Certainty Will Search assists Executors in locating your most recent Will. Therefore, disclosing any wishes that are contained within your Will for them to consider when arranging your funeral. If there are any changes that the Executors would like to make, it will be down to them to do this and to pay for any costs that may occur.

Are over 50s' life insurance the same as a funeral plan?

A funeral plan and an over 50s' life insurance plan are not the same. A funeral plan you pay either in a lump sum or over a set period of time whereas an over 50s' life insurance plan is something you continuously pay into and often leads to people paying far more in than what they get out.

How can my loved ones find my funeral plan?

It is always best to tell your loved ones that you have a funeral plan as when you die, the Executors of your estate will need to notify the funeral plan provider or funeral director that you have passed away and clarify who will be arranging and paying for the aspects not covered in the funeral plan. So, it is important to keep a copy of your plan in your personal documents and to tell your loved ones of its existence and who it is with.

If your loved ones do not know if you had a funeral plan, or think there may be one but are unsure who you purchased it with, the Funeral Planning Authority (FPA) have got a facility on their website to **trace any plans** that have been taken out with their registered providers. There is no central database or registry for all funeral plans in the UK so if you have taken out a funeral plan from a provider that is not a member of the FPA, it would make it more difficult for your loved ones to trace your funeral plan.

Where can I find any further information and guidance?

You can visit the Government's **Money Advice Service** to learn more about help with funerals and their costs. You can also visit **FuneralAdvice.org** which has been set up by the National Society of Allied and Independent Funeral Directors.

The information contained in this guide is meant for information purposes only and you should seek your own legal or professional advice where applicable.

This guide has been created with reference to the **Which? Funeral plans explained** and **Money Saving Expert Prepaid Funeral Plans** guides.



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