

Prepaid funeral plans

Planning and prepaying for your funeral and burial arrangements helps ensure that your wishes are honored, and relieves loved ones who are grieving from having to plan and pay for a funeral.

Will I use a funeral plan?

A funeral plan is almost guaranteed to be used - the question is when. If you plan and prepay for your funeral, it is important to let loved ones know where to find detailed information, including the funeral home where you planned and prepaid, otherwise family members may make new arrangements.

How can I prepay for my funeral?

You can preplan your funeral and burial without paying in advance, but many people choose to prepay the expenses ahead of time. Contact several locations to compare prices and understand your planning and pricing options.

Normally there are three ways to pay for a funeral ahead of time:

- A trust account set up by an authorized funeral home or cemetery.
- A life insurance policy with your own licensed agency or a licensed agent working with the funeral home or cemetery.
- Funds set aside in a personal bank account that a loved one can access to pay for a funeral.

Whichever method you use, remember to tell loved ones about the existence of the prepaid policy or account.

Funeral contracts

Once you have made your plan, you will receive a contract addressing important matters including:

- the total cost,
- the payment plan (if applicable); and method of payment (trust or insurance)
- an itemized listing of the funeral or burial service and/or merchandise provided (casket, headstone, etc.),
- guaranteed and non-guaranteed services and items; and
- cancellation terms.

The contract should tell how and where you will receive funeral services. Make sure that each service you want is listed.

Can I get my money back if I change my mind?

If you establish a revocable prepaid contract funded with a trust, you can withdraw the principal and accrued interest at any time. However, if you establish an irrevocable agreement, you cannot withdraw any principal or interest, or cancel the contract. If you are applying for Medicaid, or other public assistance, an irrevocable trust would not be counted toward your assets.

Life insurance

If you're healthy enough to purchase regular life insurance, the policy could take care of your funeral costs. Some people who are unable to qualify for a life insurance policy, however, buy a "small-face" or "pre-need" type of life insurance that is designed to cover their funeral costs.

Here are some factors to consider with these funeral policies:

- They may not pay if you die within a couple years of buying the policy.
- It's a good idea to calculate how much you will pay in premiums compared to what the policy will pay out. Are you better off saving on your own?
- If the price of the funeral you want goes up significantly, will your policy only cover a flat amount?

Life insurance should be purchased through a licensed insurance agent. Some funeral service providers in Oregon encourage people to buy life insurance policies with the funeral service provider named as beneficiary.

There is no such thing as "funeral insurance" that covers all possible expenses surrounding death and burial. Some consumers buy expensive funeral policies that provide minimal services.

Switching from a trust to life insurance

If your funeral plan provider tells you to switch from a traditional funeral trust plan to life insurance, ask:

- 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?

What should I be concerned about?

Although there are many honest and reputable people and companies that offer preneed funeral planning and prepaid contracts, there are unscrupulous con artists who sell overpriced plans or simply take your money. Ask to see a valid business license.

- **Trusts contracts:** The Oregon Division of Finance and Corporate Securities certifies funeral homes and cemeteries that sell contracts to prepay your funeral involving a trust. The division's financial services examiners can provide a list of certified providers and answer any questions about trusts.
- **Insurance:** The Oregon Insurance Division licenses insurance agents. Its consumer advocates can answer questions you might have about whether an agent is licensed or how a funeral (life insurance) policy might work.

What laws protect me?

The Funeral Rule, enforced by the Federal Trade Commission, ensures that you:

- Buy only the funeral arrangements you want. You have the right to buy separate goods (such as caskets) and services (such as embalming or a memorial service). You do not have to accept a package that may include items you do not want.
- While federal and state law doesn't require the use of an outer burial container (to surround the casket or urn), many cemeteries require them. Get price information on the telephone. You don't have to give them your name, address, or telephone number first. Although they are not required to do so, many funeral homes mail their price lists, and some post them online.

Learn more [here](#).

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