

# Funeral Insurance Policy

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## *your guide to* **BUYING FUNERAL INSURANCE**

from the word to the wise series | [www.funeralwise.com](http://www.funeralwise.com)

## your guide to **BUYING FUNERAL INSURANCE**

**W**ith so many things to consider, shopping for funeral insurance can be a difficult task. Luckily, there are ways you can make the job easier. As you start shopping you'll find yourself thinking about whether or not to buy funeral insurance at all, what type of policy to buy, and how much coverage to get. To be honest, it can be a bit overwhelming. But don't give up. We're going to lead you through the process, step-by-step. In the end, only you can decide if buying funeral insurance is the right financial decision for your particular circumstances. But when you follow our *Wise Way to Shop for Funeral Insurance* you can rest easy knowing you've made the decision that's right for you and your loved ones.

Part of the reason that buying funeral insurance can be difficult is that it has a language of its own. Here are a few terms you may encounter when shopping for funeral insurance.

**Guaranteed Issue:** Almost every applicant is accepted regardless of age or medical history.

**Medically Underwritten:** The insurance company "underwrites," or evaluates, your health based on your medical history.

**Whole Life:** A policy that can stay in force until the end of your life and pays a specified benefit upon death. Some whole life policies expire at age 100.

**Term Life:** A policy that expires at a point in time. Be sure that the policy term does not expire before you do.

**Level Premiums:** Premiums don't increase as you get older.



### **WISE SHOPPER TIP:**

**Look for a whole life policy with:**

- Level premiums
- A Top rated insurance company
- No medical exam

### **WHAT'S IN A NAME?**

**Funeral insurance...burial insurance...final expense insurance...pre-need insurance.**

When you start to shop for funeral insurance you see it referred to by all those terms. We call it funeral insurance.

### **WHAT IS IT...REALLY?**

Funeral insurance is a small life insurance policy (\$10,000-\$40,000) designed to cover funeral, burial, other final expenses such as medical bills, credit card bills, or probate expenses.

### **WHY BUY FUNERAL INSURANCE?**

The key reason people buy funeral insurance is to make sure your loved ones don't have to shoulder the burden of funeral costs. Many people find that having a special policy just to cover funeral and burial expenses can free them from the worry of what will happen when the time comes.

# THE WISE WAY TO SHOP FOR FUNERAL INSURANCE

## 1 ESTIMATE YOUR FUNERAL COSTS:

The biggest cost will be the funeral, but there may also be:

- Medical Bills
- Legal Fees
- Living Expenses
- Credit Card Bills

*\*\*Consider all these costs when deciding how much insurance you need.*

## 2 EVALUATE HOW MUCH YOU'LL LEAVE BEHIND:

- How much will your estate be worth?
- Will there be cash?
- Will it be enough?
- Can your heirs get it quickly?

## 3 MAKE SURE YOU REALLY NEED INSURANCE:

- If you will have available funds at end-of-life you may not need funeral insurance.
- Remember to consider the impact on your overall estate.

*\*\*Be sure to check with your financial advisor if you are unsure.*

## 4 CHOOSE THE TYPE OF INSURANCE & LIMITS:

- Guaranteed issue versus medically underwritten.
- Whole life versus term life.
- Select your insurance policy limits.

## 7 GET A QUOTE:

- Look online or contact your insurance agent.
- A simple web search will yield many results. Remember to do your homework on the providers.

## 6 SELECT A PROVIDER:

- Choose only a top rated company.
- Research the financial stability and customer service of the provider

*\*\*A.M Best is a highly regarded source for an independent opinion of a company's ability to meet its financial obligations.*

## 5 DECIDE IF YOU CAN AFFORD THE COVERAGE:

- If the premium will be more than you planned to spend you can:
- Rework your funeral plan.
  - Change the type of policy.

*\*\*The information on Funeralwise.com can help you develop a strategy for lowering your premium costs.*

## DOING YOUR HOMEWORK

It is always best to learn as much as you can before you get started. Doing your homework will help you know the right questions to ask, understand what you're reading, and spot red flags. Pay particular attention to the company you plan to buy a policy from. You will also want to think through the type of funeral you would like to have so that you can estimate how much insurance you need.

### WHAT WILL YOUR FUNERAL COST?

Estimate your costs by pre-planning. Use our online [funeral planner](#) or our [cost calculator](#), visit with a funeral director, search online, or use current industry averages. The exact cost will depend on the type of service you choose, how you are interred, and other customization, but you can calculate a range that will help you plan.

#### 2015 AVERAGE FUNERAL COSTS



### FUNERAL COSTS VS. FINAL EXPENSES

*Final expenses* refers to funeral/burial costs PLUS other items such as medical and legal expenses. To ensure there are funds left for additional expenses choose a limit amount that exceeds what you think will be required for your funeral and burial.



### CHOOSING A BENEFICIARY

Preneed policies are often assigned directly to the funeral home. With ordinary funeral insurance you assign a trusted family member or loved one as the beneficiary. When choosing a beneficiary choose someone you know will carry out your wishes. Be sure to let them know what you have planned.



### IS THE INSURANCE PROVIDER RELIABLE?

You can purchase funeral insurance from independent agents, direct from the company or online. Preneed policies are often sold directly by the funeral home. In any case, you want to be sure the company offering the policy is top rated.

Independent rating companies such as A.M. Best, Moodys, and Fitch can help. Only choose providers with the highest ratings and look for:

- Positive customer reviews
- Long business history
- Highly rated customer service
- Financial stability



## HOW MUCH WILL IT COST?

**W**hen it comes down to it, we all want to know the bottom line—what will it cost? That's not always an easy question. The best way is to gather quotes since the exact price depends on the type of policy, the limit, your age and gender and perhaps your health. Policies and rates are filed state-by-state by insurance companies and are rarely offered at a discount. Always be wary if you see an offer for a great deal on funeral insurance, read the fine print, and research the provider. It doesn't do much good to get "a good deal" if the policy or company issuing it isn't there when you need it. To give you an idea of current costs, below are some approximate prices.

**Sample Monthly Rates:  
\$5,000, Guaranteed Issue**

| Gender | Age | Average Rate | Gender | Age | Average Rate |
|--------|-----|--------------|--------|-----|--------------|
| Female | 55  | \$18.88      | Male   | 55  | \$23.56      |
| Female | 65  | \$29.27      | Male   | 65  | \$36.75      |
| Female | 75  | \$50.21      | Male   | 75  | \$63.95      |

**Sample Monthly Rates:  
\$5,000, Underwritten, Non-Smoker**

| Gender | Age | Average Rate | Gender | Age | Average Rate |
|--------|-----|--------------|--------|-----|--------------|
| Female | 55  | \$15.80      | Male   | 55  | \$19.15      |
| Female | 65  | \$22.11      | Male   | 65  | \$29.48      |
| Female | 75  | \$37.81      | Male   | 75  | \$51.37      |

\*2016 average rates for several different policies. Actual rates will vary by 2-5% from the averages shown. To estimate the price for a \$10,000 policy multiply the rate by 2, for \$15,000 multiply by 3, and so on.



### WHAT ABOUT PRENEED INSURANCE?

A *preneed policy* is tied directly to a specific funeral services provider. It can be a good choice for many people since it may lock in current rates for products and services. Regulations can vary by state and you will want to be sure you understand what happens if you make changes to your preneed plan or if your provider's ownership status changes. **Always read the fine print.**