

Information Sheet

24 Pre-paid Funeral Plans

This information sheet explains what pre-paid funeral plans are and offers advice on what to look for if you are thinking about buying one. It also briefly explains what to do if you have a complaint about a pre-paid funeral plan.

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What are pre-paid funeral plans?

Pre-paid funeral plans are schemes that enable you to pay for all, or a large part, of your funeral in advance, at today's prices. They are available from a range of funeral plan companies and funeral directors. The plans vary greatly, but they all allow you to make the arrangements for your funeral without worrying that your family or friends will have to deal with it after your death.

Help with the cost of a funeral

If you are on a low income, you might be able to get help with paying for the cost of a funeral. Our advice leaflet *Can You Claim It?* has information about claiming a Funeral Payment for help with the cost of the funeral of a husband, wife or civil partner or close relative. You may also find it useful to read our advice leaflet *Bereavement*, which has information about paying for a funeral, and our information sheet no. 23 *Bereavement Benefits*.

For further advice on the help you can get with paying for a funeral you can ring SeniorLine, our free advice service, on **0808 800 6565** (**0808 808 7575** if you are in Northern Ireland).

How do pre-paid funeral plans work?

Funeral plan companies usually offer a selection of funeral 'packages'. The packages vary considerably in cost and style, so you should be able to find one to suit your income and taste. Some companies will put you in touch with a funeral director in your area to discuss the funeral that you want.

There are two types of plan. The money can either go into a trust (in which case, check that the trust deed says that the money is there for the purpose of paying for a funeral). Alternatively, you can buy an insurance policy. You can pay for the plan in one lump sum, or, with some funeral plans, pay in monthly instalments for up to five years.

Paying in instalments is a good idea if you do not have enough cash or savings to pay in full, but it usually works out more expensive (though you could opt for an interest-free plan, which several companies offer). If you die before all your instalments have been paid, your relatives will have to pay the outstanding amount. You should check this with the funeral plan company.

It is very important to check with the funeral plan company that your money is completely protected, even if the company goes out of business.

A trust fund, properly invested and managed by independent trustees, is usually the most effective way to protect your money. Ask the funeral plan company if it has such a trust fund. If it does not, you should make sure that alternative arrangements have been made to protect your money, even if the company fails. **If adequate arrangements are not made, you risk losing all your money and the funeral plan.**

Choosing a funeral plan

It is important to consider the following points when you are buying a funeral plan.

- **Shop around.** Get quotes from two or three companies. Prices vary.
- **Is the funeral plan company a member of the Funeral Planning Authority (FPA)?** This is the professional body for the funeral plan industry which sets standards for its registered providers. Ask the company for a copy of its code of practice.
- **How long has the company been established?** A well-established business could be a better choice than an untested company.
- **Does the plan have a clear complaints procedure?** Plan providers that are members of the FPA are required to have one. If you have a complaint that is not satisfactorily resolved with your plan provider, as a last resort you can complain to the FPA.
- **If you are claiming any means-tested benefits,** such as Pension Credit, Housing Benefit or Council Tax Benefit, you should be aware that having a funeral plan could count as savings. This can affect the amount of benefit that you receive. Ring **SeniorLine** free on **0808 800 6565 (0808 808 7575** if you are in Northern Ireland) for more advice.
- **Check what is included in the quote.** Does it include transportation to the crematorium or cemetery, pall bearers, an obituary notice in the

local paper? Think about what you want before you commit yourself and make sure that your chosen plan includes it.

- **If you pay by instalments**, how long do you do this for? Check whether you would have to pay interest on any unpaid balance? Check how many payments you will need to make and keep a record of this. Make sure you also keep a record of when you need to make the final payment so you know when to stop paying.
- **Check what would happen if you were to die before you had finished paying all the instalments.**
- **Check what would happen if you were to die away from home, or abroad.**
- **Does the cost of the plan include disbursements?** Disbursements are costs that the funeral director has no control over, such as cemetery or crematorium fees and doctors' fees. Most plans now include an allowance for disbursement. However, some funeral plans will not cover the costs of disbursements at all, or limit the amount they will pay towards them. If the fees exceed this allowance when your funeral is carried out, your relatives may have to pay any outstanding costs.
- **Can you choose the funeral director?** Make sure you can do so, if you wish to. If not, you can ask the funeral plan provider to recommend one.
- **What happens if your chosen funeral director goes out of business?** Your plan provider should find you an alternative – but do check.
- **If you change your mind** after you have paid, can you change the details of the plan? Will you get a full refund if you want to cancel? If you bought the plan a long time ago, the refund will probably not include interest.
- **How does the company invest the money from the plans?** Money from pre-paid funeral plans should **always** be kept either in a trust fund or in an insurance policy separate from the rest of the company's business. If it is not, you risk losing all your money should the funeral

plan company go out of business. If you opt for a trust, check whether the trust is administered by trustees independent of the company.

- **Ask your funeral plan company what would happen if you were to move house.** If you deal with a national plan provider, you should have no problem. Difficulties could arise, however, if you have bought your plan through a local company and move to another area. This could mean that it may cost more for your funeral to take place where you originally wanted.
- **Do not let a funeral plan company pressurise you into choosing its plan.** You should be completely sure about a company before you sign anything or start paying for the plan.
- **Do not commit to buying a plan until you are absolutely sure about both the plan and the company.** If you're in any doubt, seek advice from a financial adviser or someone with financial expertise.
- **Remember to tell your family or friends that you have taken out a plan so that they do not arrange and pay for another funeral for you.** If they do arrange and pay for another funeral, the funeral plan company may not be obliged to refund the money you paid towards your funeral.
- **Make sure you have a record of the arrangements you make and that you keep it safe.** You should receive confirmation of exactly what you want from the funeral plan company. Make sure your family or friends know where you have put the record of your arrangements.

Where can you buy pre-paid funeral plans?

Various companies offer pre-paid funeral plans. They often advertise in the local and national press, in magazines or on television. Some independent funeral directors also have their own plans, though these may cost more and offer less flexibility, so it is worth shopping around.

Help the Aged offers its own range of pre-paid funeral plans. For further details contact:

Help the Aged Funeral Plans

Freepost SCO5885

Glasgow G61 2BR

Tel: **0800 169 1112**

Web: www.helptheaged.org.uk

Other funeral plan providers who are registered with the Funeral Planning Authority are listed on their website www.funeralplanningauthority.com or you can phone them free on 0845 601 9619.

Alternative funerals

The majority of people choose to use a traditional funeral director and have a full funeral service. However, there are more choices available than you may realise, and there are no legal requirements for funeral ceremonies.

If you want a non-religious funeral contact the British Humanist Association on 020 7430 0908.

If you want a green or woodland funeral, UK Funerals Online has lists of funeral directors throughout the UK who can provide this type of ceremony. Write to UK Funerals at: Freepost Lon 7609, London, SE26 5BR or visit their website at www.uk-funerals.co.uk

Some of the organisations that provide pre-paid funeral plans will be able to arrange an alternative funeral if that's what you would prefer. Make sure you ask if this is possible when you contact them. See above for details.

Doorstep selling

Some funeral plan companies have representatives who visit you in your own home. This can be a very good idea if you are unable to leave your home easily, but do be careful that you are not rushed into making a decision about buying their plan immediately. Some doorstep sellers use hard-sell tactics to try to get people to sign up. But be careful: it isn't always clear what you are committing to.

Ask if you can contact the salesperson later once you have had a good think – there is no reason for you to sign any agreements there and then. After all, you are thinking of spending a lot of money and it is very important that you get proper explanation and advice. For more information on buying from salespeople who visit you at home see our information sheet no. 19 *Buying Goods or Services at Home*.

Remember to take the time to shop around for the plan which suits you best, and never be rushed into making a decision.

How to complain if something goes wrong

If you want to make a complaint, you should initially write to the funeral plan company giving details of your complaint. It should reply promptly and either resolve your complaint or give you a fair explanation of the matter. If your complaint is not resolved, you may wish to take further action.

How you do this will depend if the funeral company is a member of the **Funeral Planning Authority (FPA)**. The FPA provides a conciliation scheme for members and their customers. Contacting the FPA should be a last resort for people who are still unhappy after complaining to their funeral plan provider. Contact the FPA for further information (contact details on page 8).

If the funeral plan company or funeral director does not belong to the FPA, you can take your complaint directly to your local county court (in Scotland, your local sheriff court) if it cannot be resolved. It is a good idea to get advice from the Citizens Advice Bureau before taking any action. You can find the contact details of your local Citizens Advice Bureau in your phone book.

Other ways of paying for your funeral

Pre-paid funeral plans are not the only way to pay for your funeral in advance; some life insurance companies and friendly societies operate schemes to help you cover your funeral expenses.

A life insurance policy will pay a specified amount when you die either to your estate or to someone you specify when you take out the policy. Your family can then pay for your funeral with this money and any money left over will be

covered by your will. With a life insurance policy you could find that the sum insured would be payable by the company even if you were to die after making only one payment. On the other hand, if you were to live for many years after starting the policy, you could find yourself paying out much more than the price of a funeral.

An endowment policy is a policy which is for a specified length of time. If you die before the end of the policy then your family will be paid as if you had a life insurance policy. If you live until the end of the policy then you will receive a lump sum which you can then invest towards the cost of your funeral. With both life insurance and endowment insurance policies you pay a set amount on a regular basis to the insurance company.

Alternatively, you could invest your money in a high-interest savings account.

For more information about the options seek advice from an independent financial adviser. The **IFA Promotion hotline** on **0800 085 3250** can give you details of your nearest independent financial adviser.

Useful contacts

Citizens Advice Bureau (CAB)

Your local CAB should be listed in your phone book.

Funeral Planning Authority Limited

Tel: 0845 601 9619

Web: www.funeralplanningauthority.com

IFA Promotion Ltd

2nd floor, 117 Farringdon Road

London EC1R 3BX

Hotline: 0800 085 3250

Web: www.unbiased.co.uk

For further information contact:

Information Resources Team
Help the Aged
207–221 Pentonville Road
London N1 9UZ
Tel: 020 7278 1114

If you have access to the internet you can download our advice leaflets and information sheets by logging on to **www.helptheaged.org.uk**

SeniorLine is the free welfare rights advice and information service run by Help the Aged for older people and their carers. Trained advice workers offer free, confidential and impartial advice about:

- welfare and disability benefits
- community and residential care
- housing options and adaptations
- access to health and community services
- equipment to assist independence
- support for carers
- agencies offering local practical help.

Freephone: **0808 800 6565**

Textphone: **0800 26 96 26**

9am to 4pm, Monday to Friday

If you are in **Northern Ireland**, contact **SeniorLine** on **0808 808 7575**.

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Help the Aged is a registered charity No. 272786, registered in England at the above address.