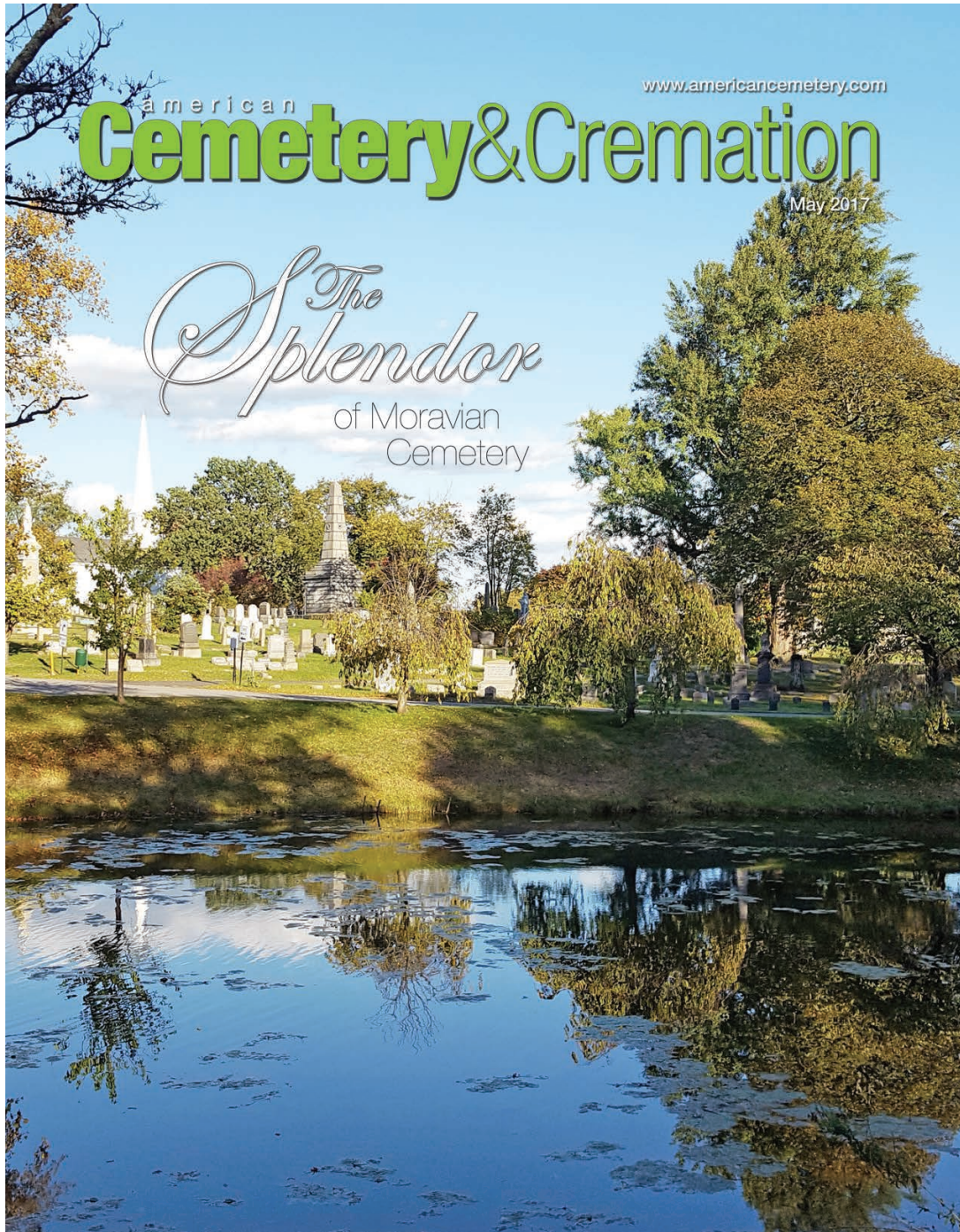


Cooperative Funeral Fund Inc.

Spring Cleaning Your Finances

as seen in:



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Finance

By Todd D. Mannix

Spring Cleaning *Your* Finances



The term “spring cleaning” can have a presumptive meaning for those that endure inclement weather during the winter months. Spring cleaning can connote many things, but one can infer it’s a time for a fresh start and a breath of fresh air. For those in the northern climates where the weather has been cold for many months, the calendar date of March 20, the first day of spring, is a promise of warmer days to come.

For many people, spring is a new beginning symbolized by the circle of life in our environment. New buds begin to emerge on perennials, trees start to show new growth, their green leaves once again hasten to fill the horizon in the coming months. The grass is shedding its brown, malnourished color as the sun lengthens its time in the sky, providing much needed nutrients to each blade below. These are all signs that spring is a time of rebirth and hope. It can be a time to shed winter clothing. A time to put away storm windows to let the

transforming fresh warm breezes of impending summer sweep through our homes and offices.

Growing up in the Northeast, it was hard not to feel hope and opportunity as spring hinted that warmer days and summer were coming. For many New Englanders, winter is a time to hunker down and “hibernate” indoors where they can stay warm. Windows were closed and often shrink-wrapped (in our old drafty home). Bulky blankets, sweaters and winter coats took up space in all the rooms of the house. As the winter

months rolled on, a sense of cabin fever could take hold. So, it made sense that spring signified a cleansing of sorts. It was also the opportunity to be outside again and to enjoy longer days ending in dinners on screened-in porches with family, listening to your favorite team playing baseball on the radio. For me, it was either all these things or the fact that, when I was younger, spring meant summer break from the long and arduous school year was coming.

The concept of spring cleaning has deeper roots. According to

Wikipedia, researchers found that in the Jewish religion spring cleaning related to the feast of Passover where followers are not only restricted from eating leavened bread, but also must remove any traces of it from their homes in a spring cleaning. Catholics use this time to clean the altar in preparation for their Easter celebration, and in North America and Northern Europe, it was a time where they could dust (before the invention of the vacuum cleaner) and clean with the windows open utilizing the open air and fresh breezes. Additionally, in the times of coal-burning furnaces where soot was commonplace, it gave the people an opportunity to literally clean the walls and furniture of the soot buildup that had occurred over the winter months.

In the cemetery industry, it is a time where flowers begin to bloom and the hustle and bustle of visitors, landscaping projects, and the sound of lawnmowers fill the cemetery grounds once again. The attention cemeterians pay to making their property a serene, comfortable place of worship or remembrance adds to the healing power when family members visit their loved ones.

During the past three years, winter has brought considerable loss to my family that included two parents, two grandmothers and a very special great aunt. I look forward to going to visit my parent's graves in the coming months at Holyhood Cemetery in Brookline, Massachusetts, (and not just because our common Massachusetts family now shares an address with the Kennedys) as the weather improves. I look forward to spending some time in a wonderful outside environment while being reflective and thankful for all the lessons my parents taught me during my life with them.

Whatever the reasons, spring almost universally brings signs of new perspective and an opportunity to clean out the old to make room for the new. However, how many people extend this feeling to the picture of their personal and professional financial health?

There are many reasons why spring makes the perfect time to re-examine financial health and dust off any soot on financial plans, but none more so than the dreaded tax deadline of April 15. Some people do the work themselves, and some give all their documents and receipts to an accountant. Regardless of who files, most everyone I have encountered – (with perhaps the exception of my accountant who profits greatly this time of year) dreads going through their finances for tax purposes. Nobody likes to talk about, or prepare for, how much they need to pay (or paid) the government in taxes. Therefore, when they are done with the taxes, they put them away and try to forget about it until next year. However, while everything is still fresh in mind and all the documents and latest statements are out, wouldn't it make sense to revisit the financials to see if there are opportunities for improvement?

Depending on the financial situation and the aptitude with financial instruments and products one might have, thinking about examining finances can feel like tax time all over again. For many, it's more stuff they don't understand or things that they decided on years ago and do not want to revisit because of the feeling that a banker or financial person will make them feel lost by using concepts and terms they are not that familiar with. Do not let that deter this all-important financial checkup. Try and think about it this way: If the financial professional were asked to prep a gravesite for a winter burial while the ground was frozen solid, they wouldn't feel all that comfortable either.

The point is they deal with finance for a living. Just like a cemeterian running their cemetery, it is what they deal with day in and day out. When it comes to finances, one should never shy away. Even if the person is not that financially savvy, they should force themselves to look at their financial picture at least once a year.

Here is a simple spring cleaning exercise any cemetery should consider this time of year.

Before anyone can begin to evaluate how healthy their financial picture is, there should be a good idea of what they are working toward. The best way to explain this is similar to individuals looking at retirement. How much will they need to live when they retire? To do this, they need to know a myriad of things and break them down into two main buckets: income and living expenses.

1. On the *income side*, the question is what will they have to live off of when they retire. Most people can expect to receive something from Social Security, pension or 401(k) plans, separate investments, and even part-time work (if retirement simply means shorter hours or a shift or two a week at a local Wal-Mart). The idea is basically to assess what opportunities are there for them to draw money from when they retire. These should be broken down into two buckets as well (new money coming in, and existing money being used as a source to draw down on in retirement). The more they can count on the first bucket of new money coming in, the less they will need to draw down on the accounts they have built up through savings, and thus, the longer their savings will last.

2. On the *living expense side*, they need to consider all the costs they have today and try to gauge if things will get more expensive or less expensive with retirement? For many, retirement means spending time reading books and doing projects around the house that they never had time for while they were working. This may mean fewer expenses in retirement. For others, it's time to travel, take classes, and explore life differently. This may mean more expenses in retirement. Nobody knows for sure what the costs will be, but based on what their goals and objectives are, they should be able to get a basic understanding of what the costs are today and how much those costs will either reduce or increase with retirement. Then they can simply apply how much they will need each year (expenses) against how much they have coming in with new money (income) to calculate how long their savings will last and if they are saving enough today.

These concepts are similar to a cemetery's goals and planning for the longevity of its property, with the obvious and large exception that the cemetery never dies. However, the other concepts still exist. For example, for the "income side," income coming in today from existing sales is not only what pays current expenses but also what funds the care fund (the fund that acts like a pension or 401(k)). When the cemetery is sold out and has no more current income, this will be used to cover expenses. Other income sources now, and when the cemetery is sold out, should be considered creatively to see if opportunities exist to create new revenue streams. Some examples of revenue opportunities we have seen are using cemetery facilities for events such as weddings, having a movie night on the cemetery grounds, tours, picnics, fundraisers, etc.

The "living expense side" refers to the costs to maintain the cemetery today and over time. These can be the heaviest burden on a cemeterian's mind because he or she is working to create an environment that keeps a

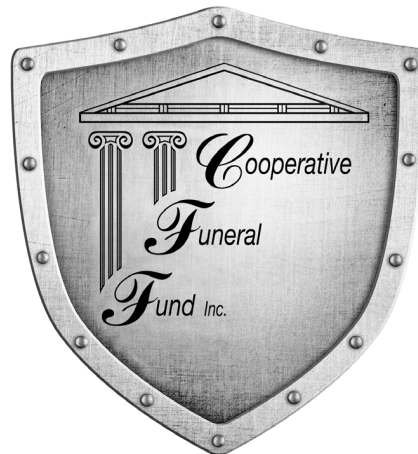
promise to the deceased and their families that it will be a place that dependents can come and pay respects. The challenges are that rather than just having to last 20-30 years or so, a care fund must last forever. This is a real challenge that most cemeterians have a great ambition for, but many do not know how to manage it beyond their tenure or should something happen that creates an unexpected expense. Furthermore, there are tough decisions that may need to be made once the cemetery is sold out and maintenance costs need to be deferred and stretched to preserve the cash flows of the cemetery as much as possible.

Many cemetery consultants tout the importance of a long-term cemetery master plan that exposes not only these critical areas but also how to extend income potential in some of the examples above, as in the feasibility of potentially building columbaria for example. A master plan can also help us understand what the major costs are projected into the future and how to create a plan for starting to fund them now instead of waiting until the cost is

incurred. The plan can assist in: evaluating competitive pricing for the cemetery against the local market; exploring new ways of creating value that customers will pay more for that will help both in the short term and in the long term; outsourcing versus insourcing maintenance and much more. They are basically a blown-out business plan that can set the goals and objectives for the cemetery for decades to come.

It all starts with the review of current financials and a spring cleaning of sorts. It's not easy for cemetery operators as money is scarce (especially in a tight economy), but revisiting each spring with a fresh new outlook can create opportunities to make things incrementally better. That is all that is needed with a cemetery because unlike a retirement plan, there is no race to an end. Incremental improvement is better than no improvement, and slow incremental increases in income or care fund accounts can make lasting impacts over time, which in turn can fulfill that promise to their community into the future. •

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