



# Funeral Planning Guide



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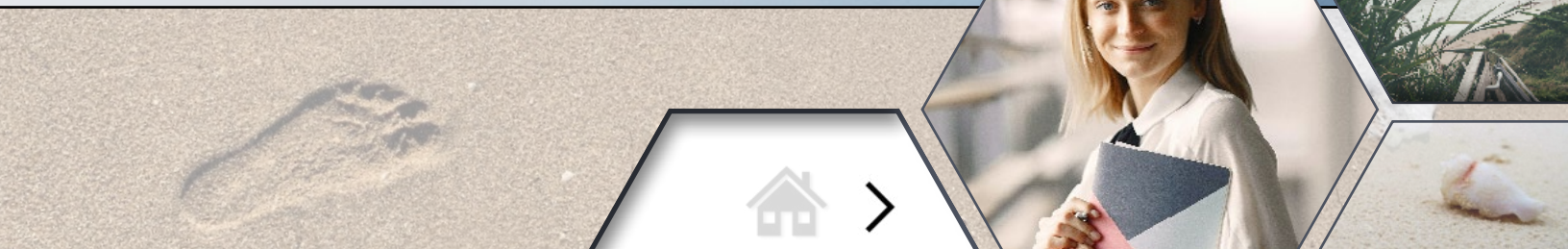
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# Introduction - to - Funeral Planning

Funeral Planning is something that will likely be done  
— to some extent —  
by everyone, at least once.

In many cases, a funeral service is arranged by a family member or friend of a person who has recently passed.

For surviving loved ones, this can be a very difficult task as they are still processing their loss and emotions.

On the other hand, planning one's funeral in advance, also referred to as pre-arrangement, has been an accepted course of action for hundreds of years.

...And for good reason.

There are many benefits to making Pre-Arrangements today.





# Introduction - to - Funeral Planning

Whether you're planning a funeral for yourself or your beloved, many difficult questions can arise when navigating one's end of life.

Prearranging a funeral can provide **peace of mind** during a difficult time, and can **leave behind a gift** for your loved ones.





# Introduction - to - Funeral Planning



Pre-Arranging a funeral ensures that choices and directions are documented and followed at the time of need.

These can include such personal preferences as specific aspects of a ceremony, merchandise, and final resting place.

Pre-arrangement also ensures that the service will reflect the personality and beliefs of the departed.





# Introduction - to - Funeral Planning

## FUNERAL PLANNING - IS A - CONVER- SATION

Typically, it is the surviving family who are most affected by a death.

Involving closest kin in the funeral planning as early as possible can keep everyone on the same page and help with setting expectations.

The planning process can also help to nurture loved ones toward acceptance, among other benefits.



# Introduction - to - Funeral Planning

## FUNERAL PLANNING - IS A - CONVER- SATION

Including your loved ones in your pre-arrangement process is recommended because it is an important conversation that covers pertinent issues. Such topics may include a will, the funeral, the cemetery (if applicable), the ceremony and any other final wishes.





# Three Main Choices

when planning a funeral

It is the intention of this guide to assist anyone contemplating the arrangement of a funeral, for themselves, for a relative or for a friend.



## 1 The Funeral Home

Included is helpful information about making the **three major choices**: the funeral home, the service & disposition, and the funding.



## 2 Service & Disposition



## 3 The Time & Method of Funding





# Choice 1: The Funeral Home



## SELECTING YOUR FUNERAL HOME

The first step in planning a funeral, regardless of time of need, is selecting your funeral home and director.

Many make this decision based on proximity and reputation of the funeral home. This is a valid approach; however, we suggest focusing this choice around the funeral **director**, as much as possible. Typically, he or she who will help you develop and orchestrate the funeral plan and will guide you through each step with gentle expertise.



# Choice 1: The Funeral Home

## SELECTING YOUR FUNERAL HOME

This may be the most important decision of the entire process. Take time to talk to one or more funeral directors. Visit their funeral homes and ask questions freely. Consider their reputation in the community and their ability to offer an appropriate selection of products and services that are within your budget.

You should feel confident that your funeral director will listen to your needs and honor the lifestyle and religious preferences of the person for whom you are planning.



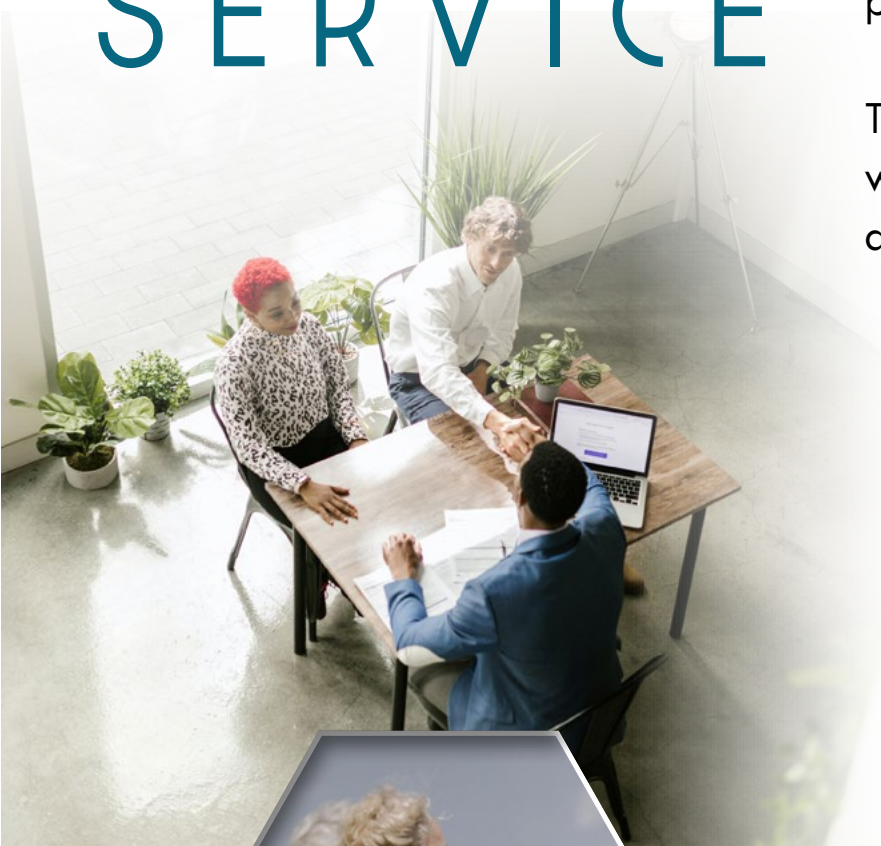


# Choice 2: Service & Disposition

## PLANNING A FUNERAL SERVICE

Determining your budget is in many cases the best place to start the selection process. Try to arrive at a dollar amount you want to and can afford to spend early in the planning process.

The price list your Funeral Director will provide you will help give clarity around cost.





# Choice 2: Service & Disposition

## PLANNING A FUNERAL SERVICE

Keep in mind, your Funeral Director may also help identify alternative sources of funds to which you may be entitled, such as Social Security, Veterans Administration, union or employee pension funds, and state or local governments.





# Choice 2: Service & Disposition

## F U N E R A L H O M E S E R V I C E S

A common list of services a typical Funeral Home offers can include the following:

- The professional services of the funeral director and their staff
- Removal and transportation of the deceased
- Embalming and preparation of the body
- Use of the funeral home for visitation and ceremony
- Hearse and limousine transportation





# Choice 2: Service & Disposition

## INTRODUCTION TO FINAL DISPOSITION

The next most significant topic to address is the matter of final disposition, of which there are three general categories: **in-ground burial**, **above-ground burial**, or **alternative disposition**, such as cremation.

Each method comes with a variety of additional services and merchandise to enhance the funeral ceremony.





# Choice 2: Service & Disposition

## F I N A L D I S P O S I T I O N : I N - G R O U N D B U R I A L

This form of interment is the most common type of funeral and requires the purchase of interment rights, casket, and possibly a vault. When choosing a cemetery or final resting place, be aware of the location's religious affiliation, if any, and any restrictions or requirements pertaining to vaults and monuments. It is common for a cemetery to require an outer container, or vault, in which to place the casket.

Another good question to ask is whether the cost of the plot includes perpetual care.





# Choice 2: Service & Disposition

## FINAL DISPOSITION: A V O V E - G R O U N D B U R I A L

With an above-ground burial, you may have the choice of entombment in a mausoleum, which will require the purchase of a crypt in a building specifically designed for the placement of a casket or urn.





# Choice 2: Service & Disposition

## FINAL DISPOSITION: ALTERNATIVES

Of the several emerging alternative methods of disposition, the most popular are cremation and alkaline hydrolysis, also known as “flameless cremation.” Both reduce a body to ash, or cremains, commonly enclosed in an urn. An urn can then be interred at a cemetery or kept in a more personal location.

Keep in mind, these alternative methods do not preclude one from taking advantage of a full funeral service.





# Choice 2: Service & Disposition

## F U N E R A L M E R C H A N D I S E : C A S K E T

In selecting a casket, you will find a great variety to choose from, differing in material, craftsmanship, and style. Take the time to choose to ensure comfort in your decision in terms of style and cost.





# Choice 2: Service & Disposition

## F U N E R A L M E R C H A N D I S E : V A U L T

A vault is an outer burial container, which is now required by many cemeteries. Vaults vary in material from cement, metal, plastic, or any combination of the three. They may be sealed or unsealed.





# Choice 2: Service & Disposition

## F U N E R A L M E R C H A N D I S E : - U R N -

With alternative disposition, such as cremation or alkaline hydrolysis, an urn in which the cremains may be placed can be purchased.

As with caskets, there are a great number of urns typically available varying in material, craftsmanship and style.





# Choice 2: Service & Disposition

## CASH ADVANCES

Known as **Cash Advances** or **Cash Disbursements**, these are goods and services offered by the funeral home that are provided by outside sources:

- Medical Examiner
- Published Notices
- Grave opening
- Hair Dresser
- Clergy
- Flowers
- Musician
- Crematory

In planning a service at the time of need, it is not uncommon for the funeral establishment to ask for payment in advance of the funeral to cover these cash disbursements.





# Choice 3: The Time & Method of Funding

## PRICING -&- PAYMENT

After selecting your funeral director and completing your Pre-Arrangements, the process is complete with a discussion and confirmation of the terms of payment—timing and method.

The funeral industry is strictly regulated at the state and federal level.

The Federal Trade Commission (FTC) requires funeral directors to give you their **current price lists**, which must clearly present the cost of each item or service offered.





# Choice 3: The Time & Method of Funding



## PRICING - & - PAYMENT

As you make selections, they are recorded on a **Statement of Goods and Services**. This Statement is divided into three sections: service, merchandise and cash disbursements.

The Statement will also have an explanation of embalming requirements, which may not be necessary if your preference is direct cremation or immediate burial.





# Choice 3: The Time & Method of Funding



## PRICING -&- PAYMENT

Pre-payment is not a requirement of the funeral Arrangement. It is acceptable to make your selections and preferences known to your funeral director without paying in advance.

However, there are strong advantages to prepaying for your funeral arrangements, when possible.





# Choice 3: The Time & Method of Funding



## PRICING -&- PAYMENT

Prepaying for your funeral arrangements greatly reduces the financial burden that can fall upon loved ones at the time of need.

A preneed funeral contract can also be used to protect assets from attachment by state agencies or to reduce one's assets to qualify for Medicaid or SSI.

If offered, you may also secure a "Guaranteed Agreement," which would lock in the cost of part or all of the arrangements at the current prices when the Preneed Contract is signed.





# Choice 3: The Time & Method of Funding



## PRICING - & - PAYMENT: GUARANTEE vs. NON-GUARANTEE

If the Preneed Agreement is guaranteed, the interest helps the funeral director offset the impact of inflation. Under a “Guaranteed Agreement,” the funeral director may not seek additional payment if the actual costs of the guaranteed services and merchandise exceed their contracted price. Should the funds in the account exceed actual costs at the time of need, the excess belongs to the funeral director.

If the Preneed Agreement is *not* guaranteed, the interest enhances the ability of the fund to accommodate the funeral. The purchaser would be liable for additional payment when the actual cost of the funeral services and merchandise exceed the funds in the trust account. Any excess funds after the provisions for the funeral will be refunded to the purchaser or the beneficiary’s estate.





# Choice 3: The Time & Method of Funding



## PRICING - & - PAYMENT

Just as it is acceptable to make Pre-Arrangements without payment, it is also acceptable to prepay without Pre-Arrangement.

Many people place funds with their funeral director to pay for their eventual funeral without making any specific selections.

Note, however, this may not be the best course for those applying, or plan to apply, for Medicaid and/or other state assistance, as an itemization of the arrangements may be required.



# Choice 3: The Time & Method of Funding

## FUNDING - A - PRENEED

There are **four funding methods** commonly used for funding Preneed Agreements:

**Trust Accounts**

**Savings Accounts**

**Insurance**

**Annuities**



# Choice 3: The Time & Method of Funding



## FUNDING -A- PRENEED: TRUST

A trust account is one of the most common methods for handling funds paid toward a Preneed Agreement. Funds are deposited with a bank or trust company in a trust fund, which earns interest. If the trust account is invested on a commingled basis with other similar accounts, a higher rate of interest may be earned. Note, there may be federal tax liabilities associated with the interest generated on a trust account.





# Choice 3: The Time & Method of Funding



## FUNDING -A- PRENEED: SAVINGS ACCOUNT

Savings accounts can be established with funds paid on Preneed Agreements. In the past, they have been set up in the individual's name to be held jointly with the funeral home. At the time of death, the account belongs to the funeral home. Interest earned on these accounts may carry federal tax liability. These accounts are **not** irrevocable trusts. Therefore, the funds may be counted as personal assets in a review of qualification for Medicaid & SSI financial assistance.





# Choice 3: The Time & Method of Funding



## FUNDING -A- PRENEED: INSURANCE

Life Insurance policies may be used to fund Preneed Agreements. In some cases, a pre-existing life insurance policy's death benefit may be pledged or, if permitted, assigned to the funeral home.

In some states, funeral directors may be licensed to sell life insurance. Answers to age and health questions may be required to qualify for life insurance. Also you should ask the insurance agent if the policy offered has a fixed death benefit, or if it will increase over time to cover your funeral needs. There is no tax liability on death benefits paid on life insurance policies.





# Choice 3: The Time & Method of Funding



## FUNDING -A- PRENEED: ANNUITIES

Annuities are the least common of the four methods used to fund Preneed Agreements. Annuities are insurance-based financial instruments that earn and accrue interest somewhat similar to a certificate of deposit. There are federal tax liabilities involved with annuities; However, they are deferred to the time of death.





# Choice 3: The Time & Method of Funding



## FUNDING - A - PRENEED: MEDICAID - & - SOCIAL SECURITY

Many individuals benefit from financial assistance under Title XIX (19) of the Social Securities Act. In order to qualify for State Medicaid or the Social Security Administration's Supplemental Security Income Program, one must be below a certain dollar amount in personal assets.

Any assets unjustifiably transferred over the preceding 60 months (5 years) from the date of the application may cause delays and/or disqualify the applicant. An irrevocable Prepaid Funeral Agreement is an allowable transfer and is exempt from being counted as part of your assets.

Some states may limit the amount that may be established in an irrevocable trust, while others may only require that the funds be established in an irrevocable account prior to application. Your funeral director deals with these issues on a daily basis. They are the best equipped to guide you in these matters.



# Understanding Your Preneed



With Trust Accounts and Savings Accounts, some state laws allow the funeral director to take a percentage of the funds associated with the Preneed Agreement at the time of its creation as a consultation or administration fee. This is similar to commissions paid to funeral directors who sell insurance-based products.



# Understanding Your Preneed



You should discuss the effect of cancellations or changes to your Preneed Agreement.

Many states require a “Right to Rescind” clause or a cooling off period. If you cancel the Agreement prior to the expiration of this time period, you will receive a full refund.

After this time period, an irrevocable Preneed Agreement may not be cancelled. However, it may in many cases be transferred to another funeral establishment. This may be desirable should you move from one area of the country to another. A transfer may void any guarantees that you secured from the originating funeral director.

# Understanding Your Preneed

A funeral is a service of worth, a rite of passing,  
a ceremony for those left behind,  
a chance to say goodbye.

Whether you're planning a funeral for yourself or your beloved,  
many difficult questions can arise when navigating one's end of life.

We hope this resource helps clarify some of them.

**Remember**, prearranging a funeral can provide **peace of mind**  
during a difficult time, and can **leave behind a gift** for your loved  
ones. If you have any questions along the way, you can rely on your  
chosen funeral director as a source of comfort and sage guidance.



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